SUSTAINABLE DESIRABLE RELIABLE

ALDAR PROPERTIES ANNUAL REPORT 2020

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 Middle East region.

Since Aldar was established, it has continued to shape and enhance the urbanisation of the UAE's capital city by delivering desirable destinations where communities can work, live and visit. Those destinations include Yas Island, Reem Island, Al Raha Beach, Saadiyat Island and now Mina Zayed.

This report, which was originally published on 1 April 2021, was re-published on 18 April 2021 to include updates to the Corporate Governance Report.

SUSTAINABLE

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. Our responsibility towards our stakeholders, the community, and the environment will continue to drive our business decisions and long-term value creation.

Read more on page 20.

DESIRABLE

Customers are at the heart of all aspects of our business. Our mission is to create exceptional and memorable experiences that maximise value for all customers and outperform their expectations. We are engaged with our customers in all areas of the customer journey from design and development, to purchase and handover to ensure a better process and increased satisfaction. As a result of our rigorous drive to build a customer centric culture, Aldar has become one of the most trusted landlords and desirable developers in the UAE.

Read more on page 22.

RELIABLE

We are a commercially independent business, focused on balancing the interests of our shareholders and customers through sustainable growth and efficiency initiatives. We are an agile and integrated organisation that continuously optimises people and performance to deliver operational excellence.

Read more on page 24.

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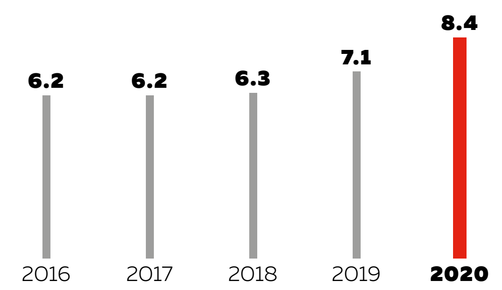
2020 HIGHLIGHTS

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

Revenue

AED 8.4bn

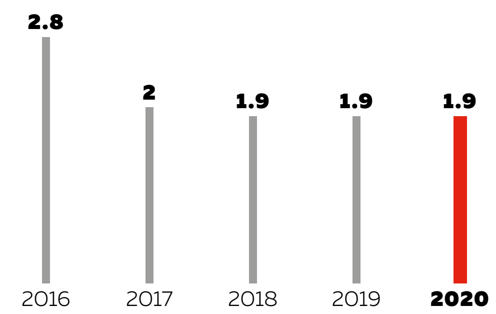
+17% (2019: AED 7.1 BILLION)



Net Profit

AED 1.9bn

+0.4% (2019: AED 1.9 BILLION)



Earnings Per Share

25 fils

(2019: 25 FILS)

Total Assets

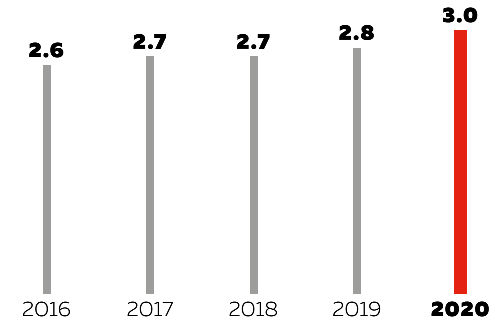
AED 40bn

(2019: AED 41 BILLION)

Gross Profit

AED 3.0bn

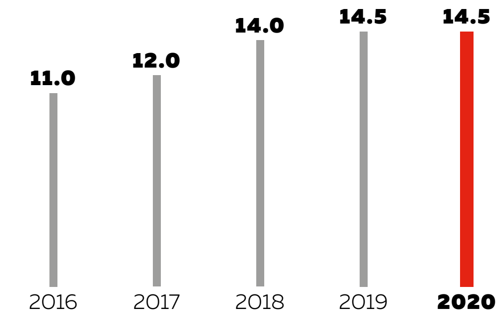
+8% (2019: AED 2.8 BILLION)



Dividend Per Share

14.5 fils

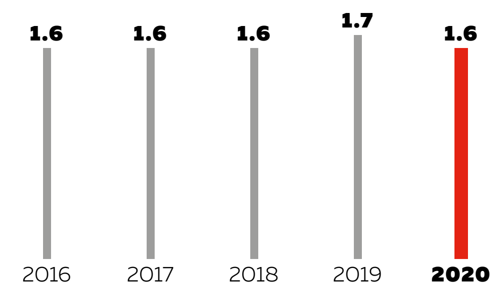
(2019: 14.5 FILS)



Net Operating Income from Aldar Investment

AED 1.6bn

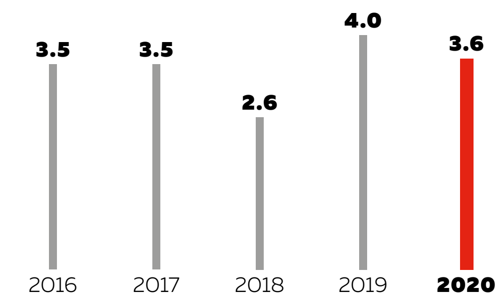
-7% (2019: AED 1.7 BILLION)



Off-plan Development Sales

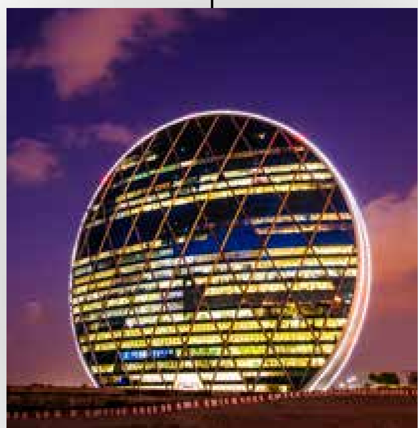
AED 3.6bn

-8% (2019: AED 4.0 BILLION)



2020

KEY HIGHLIGHTS



JANUARY

- Aldar reaffirms commitment to Sustainability in 2020 with the launch of inaugural Sustainability Report in 2019
- Aldar announces finalists for its Manassah entrepreneurship competition designed to support the UAE's most ambitious retail and F&B entrepreneurs

FEBRUARY

- Aldar partners with Abu Dhabi Finance and Abu Dhabi Islamic Bank for a limited time, exclusive home finance offer with rates starting from 2.99% and no fees applicable
- Aldar announces 7% net profit rise to AED 1.98 billion in 2019
- Aldar issues dividend of 14.5 fils to shareholders

MARCH

- Aldar holds AGM via video conference
- Aldar announces programmes totalling AED 100 million aimed at supporting residential communities, schools, retail partners, and home buyers
- Aldar invests AED 2 million in Abu Dhabi's first social impact bond by The Authority of Social Contribution – Ma'an

APRIL

- Aldar partners with ADCB, ADIB, and FAB to offer home finance offers for Aldar customers
- Aldar invests in 'ATMAH' programme to increase employment opportunities for People of Determination in Abu Dhabi
- Aldar partners with Sandooq Al Watan contributing AED 5 million, to provide 10,000 laptops in support of the distance learning initiative
- Aldar employees contribute AED 1 million to the 'Together We Are Good' programme launched by The Authority of Social Contribution – Ma'an

MAY

- Aldar announces Q1 2020 Financial Results/Aldar reports revenue of AED 1.76 billion in Q1 2020
- Aldar announces cumulative programmes worth up to AED 190 million aimed at supporting residential communities, schools, retail partners, and home buyers

AUGUST

- Aldar issues second sustainability report and launches new key sustainability commitments
- Aldar records 21% revenue growth to AED 2.01 billion in Q2 2020

Darna

SEPTEMBER

- Aldar unveils 'Darna' digital loyalty programme
- Aldar launches a new building sale at Water's Edge on Yas Island following solid demand

OCTOBER

- ADQ and Aldar sign MOU to develop and manage government capital projects with a total value of approximately AED 40 billion

NOVEMBER

- Successful launch of Aldar's Noya on Yas Island which sold out on first day
- Aldar records 30% revenue growth to AED 2.1 billion in Q3 2020

DECEMBER

- Aldar Properties sells Abu Dhabi Golf Complex including the Westin Hotel for AED 180 million
- Aldar signs agreement with Tabreed to sell Abu Dhabi district cooling assets for AED 963 million

LEADING REAL ESTATE GROUP

Aldar is the leading real estate developer and manager in Abu Dhabi, supported by an owned, strategic land bank of approximately 65 million square metres across prime areas of the Emirate.

Since Aldar's inception in 2004, the Company has delivered many iconic developments in Abu Dhabi and is recognised for creating destinations that people can live in, work at and visit. Aldar also owns one of the largest diversified property portfolios in the region, located across Abu Dhabi.

Aldar is split into two main business segments:
- Aldar Development (previously Development Management) comprises Aldar's core development and sales business responsible for developing Aldar's expansive land bank and houses Aldar's fee-based development management business.
- Aldar Investment (previously Asset Management) comprises Aldar's flagship real estate investment platform, Aldar Investment Properties LLC (AIP)[1]; a Hospitality and Leisure platform; and a portfolio of adjacent businesses including a leading Abu Dhabi education business and a real estate services platform.

ALDAR DEVELOPMENT

Aldar is the largest developer within Abu Dhabi and one of the largest in the UAE. Since inception, it has completed over 29,000 residential units across the Emirate. As at 31 December 2020, more than 6,000 residential units are under development.

Aldar owns a significant land bank of approximately 65 million square metres across Abu Dhabi, in prime locations providing through-the-cycle optionality that address specific segments of the real estate market.

ALDAR INVESTMENT

Aldar owns and manages a diverse real estate and hospitality portfolio of approximately AED 18 billion in value, all located within the Emirate of Abu Dhabi. The portfolio is predominantly split across four asset classes: residential, retail, office and hotels. Aldar Investment also owns several adjacent businesses that provide strategic synergies for the wider group such as schools; 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) residential developments. In addition, Aldar Investment owns a significant residential portfolio of around 6,200 units, including The Bridges, across Abu Dhabi, which are leased to a mix of individual and corporate tenants.

Retail

Aldar has developed a substantial retail footprint within Abu Dhabi with approximately 490,000 square metres of gross leasable area across both super-regional malls, such as Yas Mall and Al Jimi Mall as well as community and convenience-focused retail destinations located around its residential developments.

Commercial

Aldar has developed and acquired a high-quality, predominantly Grade A commercial office portfolio of approximately 319,000 square metres of gross leasable area that attracts top-tier local and international tenants. The commercial portfolio is principally located across Abu Dhabi Island and has a significant exposure to the Government of Abu Dhabi as a tenant.

Hotels

Aldar owns a unique cluster of hotels (3,000 keys) predominantly on Yas Island that benefit from their close proximity to tourist attractions and continue to support Yas Island as the leisure and entertainment hub of Abu Dhabi.

ADJACENT BUSINESSES

Aldar Education

Through its wholly owned subsidiary, Aldar Education, Aldar is also heavily invested in schools where it caters for the education of more than 25,000 students. Aldar Education owns and operates its own schools, as well as managing schools owned by the Abu Dhabi Government and ADNOC.

Provis/Khidmah

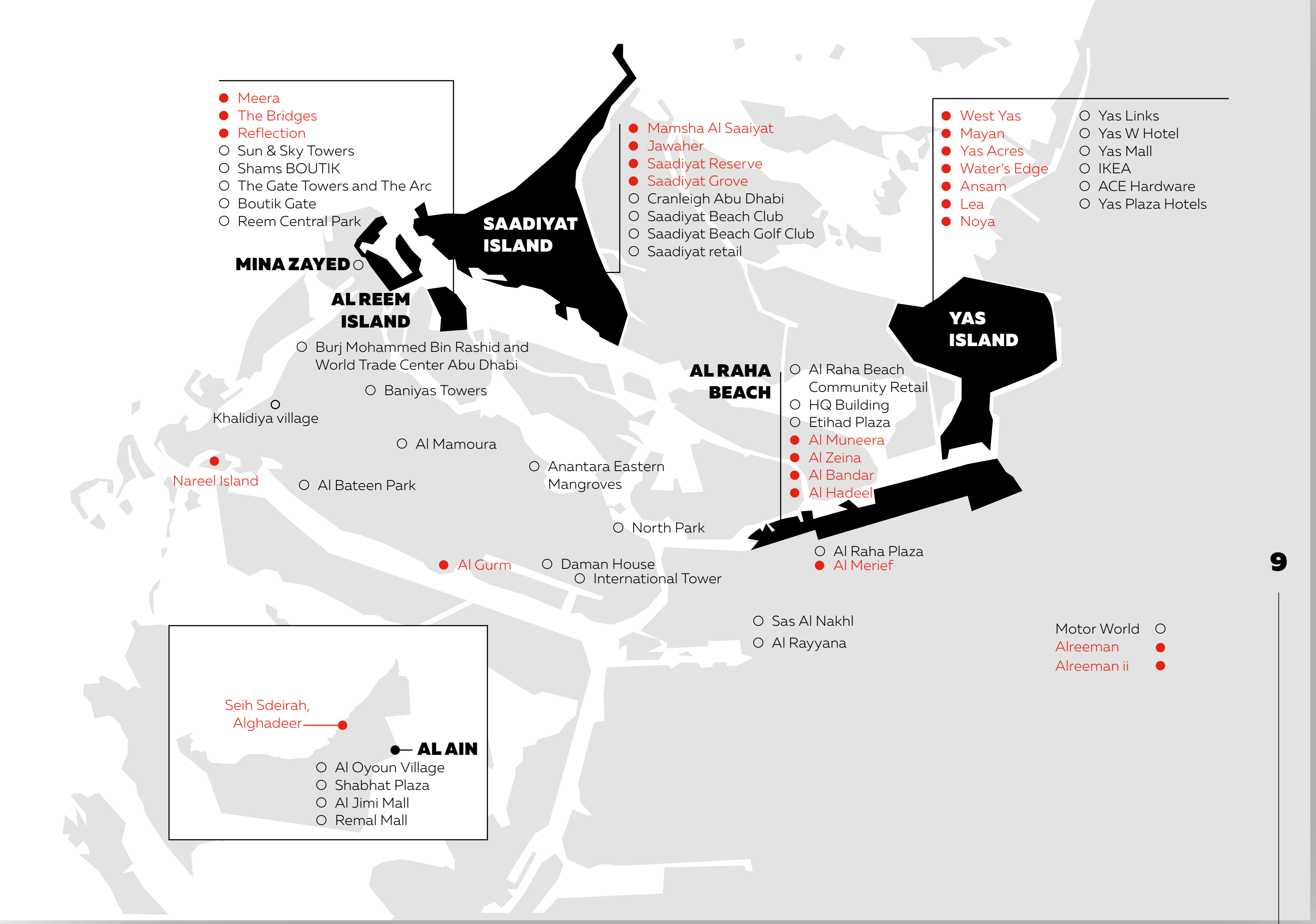
Aldar acquired full ownership of its property and facility management company in 2018. Following this acquisition, Aldar invested heavily in reshaping Khidmah's operational model to drive further value by splitting Khidmah's property management arm into a separate company called Provis. Today, both the property management function and the facilities management function are run completely independently. In early 2021, Provis acquired Asteco to bring its total units under management to over 60,000 units, further supporting Provis' position as one of the leading property management companies in the UAE.

OUR STRATEGY
Read more on page 28.

MARKET OVERVIEW
Read more on page 14.

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.

KEY DESTINATIONS



KEY

● ALDAR DEVELOPMENT
○ ALDAR INVESTMENT

OPERATIONAL REVIEW
Read more on page 48.

Note: This report follows the reporting segmentation that was in place during the 2020 fiscal year and does not reflect any proposed changes to reporting segmentation (due to the new Group operating model) which may come into effect from Q1 2021.

SUSTAINABLE LONG-TERM GROWTH

I am delighted to report that your Company has had a strong year of progress despite the significant challenges of the Covid-19 pandemic.

The resilience of the Abu Dhabi economy and real estate market have underpinned Aldar's achievements. We have experienced progressive political, economic, and legislative policy changes intended to make the Emirate a top global destination for quality of living, business opportunity and tourism appeal. Key milestones included the signing of the Abraham Accord, which is further deepening the desire for increased tolerance between nations; legal amendments to allow foreign investors full ownership of Limited Liability Companies; and modification of citizenship laws as well as the expansion of the Golden Visa programme.

Even in the most challenging of years, Aldar has remained focused on operational excellence and customer satisfaction. The business recovered well after the initial lock-down period in March 2020 and by the fourth quarter was able to report strong revenue and profit growth. This has enabled the Board to recommend a cash dividend to shareholders of 14.5 fils per share or a cash distribution of over AED 1.14 billion. Aldar intends to retain its progressive dividend policy and continue to provide long-term sustainable returns to shareholders.

During this critical period, Aldar has made significant headway to move forward with its growth strategy, which is closely aligned with Abu Dhabi's plans for investment and economic diversification.

A major step in this new strategy has seen Aldar become the trusted partner for public-private collaboration on strategic real estate and infrastructure development. This was evident from the appointment of Aldar by the Government of Abu Dhabi Department of Finance and Department of Economic Development on an exclusive basis as strategic delivery partner for an initial AED 40 billion of key capital projects, including public housing and associated community infrastructure projects. This is true testament to the Company's track record and reliability in consistently delivering high-quality developments.

"During this critical period, Aldar has made significant headway to move forward with its growth strategy, which is closely aligned with Abu Dhabi's plans for investment and economic diversification."

We continue to drive change right through the business, making very significant and real commitments to ambitious ESG goals, aligned to national and international frameworks. In 2021, Aldar will incorporate major programmes for energy efficiency, waste management and reliable data collection. This commitment to ESG is fundamental to the way we want to do business today and in the future.

This year will be an important year as we celebrate the 50th anniversary of the founding of the United Arab Emirates. As the world adjusts to the new realities of the global pandemic and momentous societal change, it will be a moment to reflect on the extraordinary achievements of our young nation and embolden our vision for the future.

On behalf of the Board, I would like to finish by thanking the nation's leadership for their exceptional guidance in such a complicated and difficult year. They have risen to the challenges of the Covid-19 pandemic, implementing rigorous programmes to protect citizens and encourage vaccination. I would also like to compliment our front-line workers for their extraordinary hard work and commitment to keep us safe.

And finally, thank you to our shareholders, customers and employees for their continued loyal and resolute support.

H.E. Mohamed Khalifa Al Mubarak
Chairman of Aldar Properties

POWERFUL PERFORMANCE

Aldar Properties delivered a powerful operating and financial performance in 2020, drawing on its fundamental institutional strengths to successfully navigate through the most difficult challenges that the Company has ever faced.

The Company's strong progress has been founded on the bedrock provided by Abu Dhabi's effective response to the global pandemic. The Government has acted decisively to protect the health and safety of residents and to support the economy, including measures to sustain confidence in the real estate market. Recovery is now within sight thanks to the effective testing regime as well as a rapid and comprehensive vaccination programme.

In parallel, Aldar was quick to implement safety measures across all our properties and we launched an AED 190 million programme of support for customers, tenants, and our school communities. The Company also rolled out a suite of digital solutions to ensure continuity in customer service and sales.

While Aldar adapted rapidly to fast-changing conditions, we continued to take important strides to assure accelerated sustainable growth in the coming years.

The Company has adopted a new operating model to propel it to the next level in terms of scale and breadth of activity. The new structure promotes agility and accountability throughout the organisation, with two core businesses – Aldar Investment and Aldar Development – led by their own Chief Executive Officers. This is an exciting transformation that reflects Aldar's maturity, and will help us to enhance the customer experience, accelerate our digital transformation, further improve operational efficiency, and achieve our sustainability targets.

"While Aldar adapted rapidly to fast-changing conditions, we continued to take important strides to assure accelerated sustainable growth in the coming years."

Our diversified businesses are supported by a robust balance sheet and a clear mandate to pursue both profitable capital recycling and new growth opportunities. Our transactions in 2020 – notably the divestment of two district cooling assets and a hotel and golf complex in Abu Dhabi and the acquisition of Asteco to add to the Aldar Estates property management business – are examples of these strategies in action, and we have allocated AED 2 billion for additional growth capital in 2021.

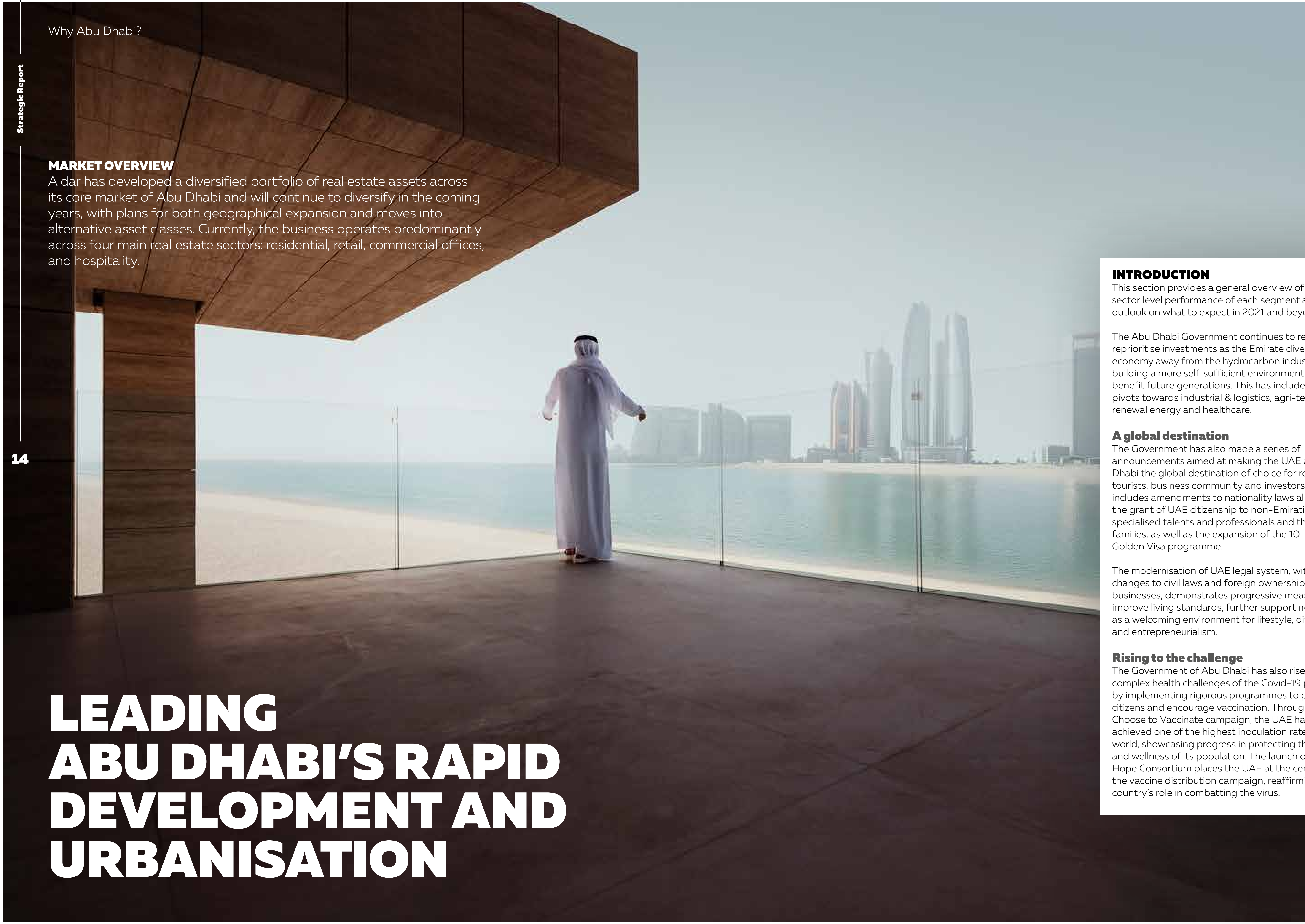
We will experience significant expansion across all our platforms in the coming years. Aldar Investment will build scale and enhance asset class diversification, while Aldar Development is continuing to develop prime destinations in Abu Dhabi and is planning to enter the Egyptian market. Businesses such as Aldar Education and Aldar Estates will build on their positions as leading operators in their respective markets.

A key engine for future growth will be our expanded public-private partnership with the Abu Dhabi Government. In October 2020, we unveiled a new AED 40 billion programme of capital projects to be managed by Aldar over the next five years, providing a strong and predictable fee income and cementing the Company's central role in shaping Abu Dhabi's real estate sector.

Aldar's performance in 2020 and the Company's growth trajectory are remarkable given a challenging macro-economic environment of the last year. They are testament to the strength of our diversified business model, driven by our strong commitment to high standards of corporate governance, the robust and clearly defined strategies of our core businesses, and the hard work and fortitude of our employees.

On behalf of the Company, I would also like to express appreciation for the Government's decisive management of Covid-19 challenges and its leadership in setting a clear ambition for recovery and future growth. The clear strategic direction has inspired strong investor confidence in the long-term fundamentals of the UAE economy and the Abu Dhabi real estate sector.

Talal Al Dhiyebi
Group Chief Executive Officer of Aldar Properties



MARKET OVERVIEW

Aldar has developed a diversified portfolio of real estate assets across its core market of Abu Dhabi and will continue to diversify in the coming years, with plans for both geographical expansion and moves into alternative asset classes. Currently, the business operates predominantly across four main real estate sectors: residential, retail, commercial offices, and hospitality.

LEADING ABU DHABI'S RAPID DEVELOPMENT AND URBANISATION

INTRODUCTION

This section provides a general overview of the sector level performance of each segment and a brief outlook on what to expect in 2021 and beyond.

The Abu Dhabi Government continues to refocus and reprioritise investments as the Emirate diversifies the economy away from the hydrocarbon industry, building a more self-sufficient environment to benefit future generations. This has included recent pivots towards industrial & logistics, agri-tech, renewal energy and healthcare.

A global destination

The Government has also made a series of announcements aimed at making the UAE and Abu Dhabi the global destination of choice for residents, tourists, business community and investors alike. This includes amendments to nationality laws allowing the grant of UAE citizenship to non-Emirati investors, specialised talents and professionals and their families, as well as the expansion of the 10-year Golden Visa programme.

The modernisation of UAE legal system, with changes to civil laws and foreign ownership of businesses, demonstrates progressive measures to improve living standards, further supporting the UAE as a welcoming environment for lifestyle, diversity, and entrepreneurialism.

Rising to the challenge

The Government of Abu Dhabi has also risen to the complex health challenges of the Covid-19 pandemic by implementing rigorous programmes to protect its citizens and encourage vaccination. Through the Choose to Vaccinate campaign, the UAE has achieved one of the highest inoculation rates in the world, showcasing progress in protecting the health and wellness of its population. The launch of the Hope Consortium places the UAE at the centre of the vaccine distribution campaign, reaffirming the country's role in combatting the virus.

Amidst these changes, Abu Dhabi continues to receive strong support from both international debt and investment markets, with successful and oversubscribed bond offerings totalling around US$ 15 billion completed during 2020, including a 50-year tranche which was the longest term for a bond issuance from any GCC sovereign issuer. Major FDI transactions were also concluded, including a US$ 20.7 billion institutional investment into ADNOC's oil pipeline and wider oil infrastructure by Global Infrastructure Partners, Brookfield Asset Management, Singapore's sovereign wealth fund GIC, Ontario Teachers' Pension Plan Board, NH Investment & Securities and Snam. The deal was one of the single largest energy infrastructure deals of the year and reaffirms investor confidence in the national oil company.

With estimates for Brent Crude oil pricing in 2021 generally in the range of US$ 65-70/barrel, the Abu Dhabi economy is set to see an improved outlook as demand in global oil markets rebound from 2020's lows. ADNOC's US$ 122 billion five-year investment programme underlines Abu Dhabi's fundamental economic strength and strong ability to deploy capital ahead of recovery in global demand, ensuring the Emirate will remain a major, reliable energy producer in years ahead. This will have a positive impact on Abu Dhabi's oil and gas ecosystem and supply chain, and will inject further liquidity into the local economy.

STIMULUS MEASURES

Amidst the unprecedented impact of Covid-19 on the global economy, the UAE and Abu Dhabi and government acted swiftly to help protect the economy and local businesses and citizens, by launching a series of stimulus packages, some of which will continue into 2021 as the effects of the pandemic continue to disrupt normal business activity.

UAE Central Bank

The UAE Government and Central Bank of UAE have put in place far-reaching support measures to ensure the stability of the economy and shore up the financial position of individuals and businesses.

The AED 100 billion stimulus package includes measures to promote lending activity to small and medium enterprises (SMEs) and encourage new mortgages and reduce fees for individuals. The Targeted Economic Support Scheme (TESS) has also been extended to June 30, 2021 to further protect the economy from the financial impact of the pandemic. This includes an extension of the AED 50 billion Zero Cost Facility (ZCF) to support retail and corporate banking customers through collateralised zero cost funding.

Abu Dhabi Finance and Department of Economic Development

The Abu Dhabi Department of Finance and Department of Economic Development and several Abu Dhabi banks, set out a 10-point package to help sectors and individuals worst affected by the pandemic, including retail, trade, and hospitality customers. This includes deferred instalments on both principal and interest payments on existing loans (personal, auto, mortgages, credit cards), halting of foreclosures on mortgages for defaulted customers, refunding of processing fees and instalment programs.

Abu Dhabi Executive Council

To promote and encourage continued economic activity across the Emirate, all approved capital expenditure and development projects would be continued, whilst priorities would be given to start-ups and SMEs to help kick-start expansion of small business activities, including various initiatives through Ghadan 21 and Hub71, which focused on incubating new tech ventures. This was further supported by development of new investment laws and regulations, to ensure greater flexibility and to help maintain long-term economic growth.

A range of other fee reductions and waivers were also made, including commercial property registration (Tawtheeq) and commercial vehicle registration fees, rental rebates for restaurants, suspended tourism and municipality fees, reduced land rents for new industrial leases, as well as AED 5 billion in water and electricity subsidies for UAE Nationals and commercial and industrial sector businesses, as the governments strived to lower business and living costs. There was also a AED 3 billion allocation to the SME Credit Guarantee Scheme, which is managed by Abu Dhabi Investment Office (ADIO), to help protect smaller businesses.

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

During 2020, the residential sector saw contrasting fortunes for the sales and leasing segments, with the transactional market generally outperforming the leasing market. This was reflected in continued downside to average rentals across the year, against a more positive shift in sales values, at least during the second half of the year, as pricing levels found a floor after a multi-year decline in values. This included growth in sales values for many of Abu Dhabi's established investment zone villa communities as well as some other select projects.

Whilst most locations and unit typologies experienced lower rental rates, there were some exceptions, specifically good quality low-density housing communities (villas and townhouses) which witnessed an increase in demand and, in some cases, even modest rental growth. This was primarily driven by the impact of Covid-19 and some new emergent occupational trends, including higher demand from tenants seeking bigger spaces and greater privacy.

There was also an increase in the propensity of expatriates to upgrade their accommodation amidst heightened market affordability. This was also evident in the strong occupancy and rental performance of high-quality, well managed residential apartments, which bucked a broader shift away from high density locations.

With residential occupiers focusing on quality and space, there has been increased migration of residents from older areas on Abu Dhabi Island towards newer master planned destinations such as Saadiyat, Yas, Reem and Raha Beach. This trend is expected to continue as the market continues to experience rental deflation resulting in heightened affordability.

Overall supply and demand dynamics for the residential market remained finely balanced, with minimal new launches and a relatively manageable development pipeline, which has been supported by developer consolidations over the past decade, ultimately limiting private-led supply. However, demand has been impacted by job redundancies, with an overweight impact across the lower income segments, as the economic fallout resulted in employment losses across sectors such as aviation, construction, hospitality and trade.

Despite the impact to wider market sentiment, sales across Aldar's developments remained buoyant in 2020, driven by a combination of demand for standing inventory and off-plan through the launch of Noya. Moving forwards, sustained UAE household formation is expected to help drive sales for villas/townhouses and villa plots, further supplemented by upgrading trends of resident expatriates. Investment demand for smaller higher yielding apartments is also anticipated, supporting new launches of more affordable housing projects such as Water's Edge.

During 2020, the Abu Dhabi Region saw the completion of around 6,500[1] new units, bringing the total housing stock to approximately 267,000 units. Most units were delivered across master planned communities such as Reem Island, Raha Beach, including various legacy projects from previous development cycles.

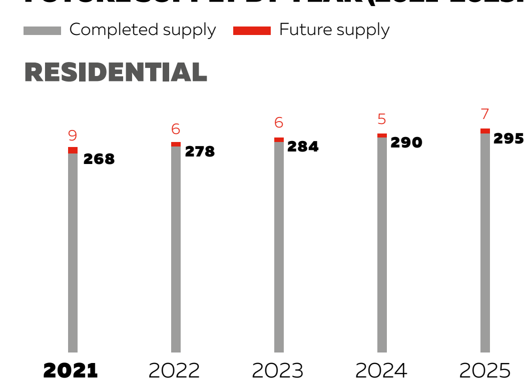
Despite otherwise testing conditions, Aldar's residential asset management portfolio saw occupancy increase, rising from 88% in December 2019 to 89% at the end of 2020, significantly outperforming the wider market average, supported by a continued "flight-to-quality" to newer and well managed residential developments. Rental rates also demonstrated a premium to other similar secondary-landlord products in the market, underlining the strength of both the Aldar product appeal and property management regime.

Outlook

The long-term supply picture up to 2025 comprises over 30,000 new residential units, with the near-term picture oriented towards the investment zones, particularly Reem Island, Raha Beach and Yas Island, which together will dominate deliveries in the coming years. However, based on historical trends, the realisation rates for this supply may be much lower. This is likely to result in rising vacancy levels amongst secondary held units, amidst heightened competition between independent landlords, with rentals likely to face further sustained downward pressure at least in the immediate near term. However, as what has been the case, quality assets will continue to generate a premium and will attract the stronger demand flows, supporting more attractive long-term occupancy rates.

FUTURE SUPPLY BY YEAR (2021-2025F)

RESIDENTIAL



Residential Supply ('000/units)
Source: Aldar internal research/estimates.

Commercial

As with 2019, only a small number of office completions were recorded during 2020, comprising nearly 50,000 sqm of Grade B accommodation, with total office stock now equating to around 3.8 million sqm of GLA as of year end.

With minimal new speculative supply delivered, high-quality Grade A office properties have generally benefitted from a "flight-to-quality" and have been able to either protect or grow their occupancy rates, despite an otherwise challenging macro-economic and business environment.

This has been primarily been driven by sustained demand from Government and GREs occupiers, as well as consistent take up of smaller fitted office spaces, due to prevalence of short-term contract work and rising demand for flexibility due to Covid-19 as well as other global trends. However, there has been some weakness in the SME segments, mainly impacting the Grade B/C market, with further muted performance expected during 2021.

At a wider market level, average vacancy rates have continued to rise, reflecting the continuation of a two-tiered market between prime Grade A and Grade B assets. Aldar's overall commercial office portfolio, witnessed positive tenant inflows, ending the year at an average occupancy of around 92%, the same level as 2019. However, the Grade A component of the portfolio significantly outperformed, with an average occupancy of around 96%[2] at the end of 2020.

Outlook

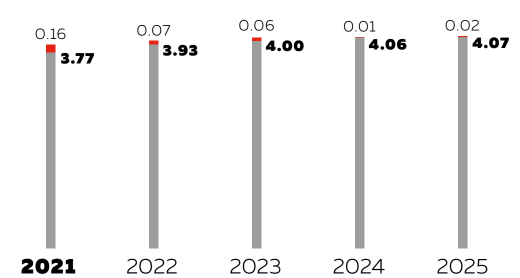
With no major recent launches, the future office pipeline remains steady with around 0.4 million sqm set for delivery between 2021-25. A large portion of this (circa. 90,000 sqm) will comprise the new Abu Dhabi Media Zone campus in Yas Island, which is being developed by Aldar on behalf of twofour54, meaning there is actually very limited speculative office accommodation likely to be delivered over the next five years.

This will provide some level of support to the Grade A market, although overall demand levels are likely to remain somewhat subdued in the short term with modest economic growth in 2021, likely to take place amidst an employment recovery.

FUTURE SUPPLY BY YEAR (2021-2025F)

Completed supply   Future supply

COMMERCIAL



Office Supply (Mn/sqm/GLA)
Source: Aldar internal research/estimates.

Retail

There were no major retail completions during 2020, with various projects seeing delivery dates pushed back into 2021 amidst prevailing difficulties across the sector. As a result, total retail stock remained close to 2.8 million sqm GLA[3] as of 31 December 2020.

With many malls closed for parts of the year and capacity restrictions in place across the majority, the sector faced a very testing 2020. Whilst asset performances have clearly been impacted, there was a strong rebound during H2 2020, with footfall and sales volumes recovering a significant portion of the ground lost during H1.

The market was also aided by a captive domestic market, with less outbound travel to popular shopping destinations in Europe, US and Asia during the summer months, meaning spending capacity remained in-country and specifically within Abu Dhabi. This was most evident in the performance of luxury, convenience, and parts of the Home segments, which saw growth across certain centres and retail brands.

However, the sector overall has been impacted by a reduction in spending power, with job losses and depopulation, adding to consumer led spending cuts due to ongoing uncertainty in the economy and wider jobs market. The impact has been most pronounced within lower income job segments, particularly across sectors such as construction, aviation, trade, and hospitality, which have seen the bulk of job losses over the past 12 months, with a lesser impact on higher yielding jobs. Consequently, there has been a more noticeable shift in remittance patterns, and a less noticeable change in sales volumes through high-quality retail assets.

Occupancy rates have come under pressure during the year, with Aldar's portfolio seeing a decline from 89% at the end of 2019 to 83% a year later, although occupation levels were impacted by ongoing redesign and refurbishment works across a number of retail facilities.

Outlook

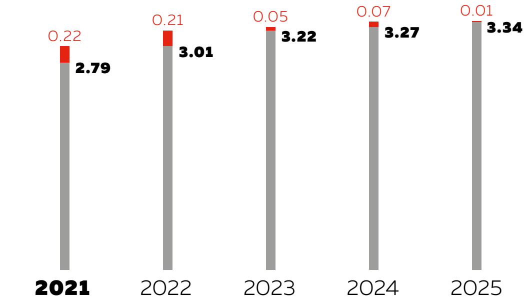
There is approximately 550,000 sqm GLA of new retail space set to be delivered by the end of 2025, with the largest component coming from the anticipated completion of Reem Mall on Reem Island. The super-regional centre comprises around 185,000 sqm and is likely to be completed in 2022.

Most of the remaining supply is spread across community malls and other street and mixed-use retail projects, as developers in the Emirate start to move away from the construction of large scale malls. Whilst new supply will add further pressure to the retail sector, it is likely to be felt more acutely across older retail assets which lack entertainment and destination appeal.

FUTURE SUPPLY BY YEAR (2021-2025F)

Completed supply   Future supply

RETAIL



Retail Supply (Mn/sqm/GLA)
Source: Aldar internal research/estimates.

Hospitality

As with all markets globally, Abu Dhabi's hospitality sector was severely disrupted by the negative impact of Covid-19, which led to restricted tourism flows both internationally and domestically. Many major sport and leisure events and conferences were also cancelled. As a result, during 2020, visitors totalled 3.15 million, down around 39% from 5.1 million in the previous year[5].

However, despite the very challenging landscape for global and regional tourism, Abu Dhabi's hotels ended the year with an average occupancy of around 66%, down from 73% in 2019[5] fairing better than neighbouring Dubai which saw average occupancy rates fall from 75% in 2019 to just 54% in 2020[5].

Occupancy rates in Abu Dhabi were supported by the temporary closure of some properties and the use of others for quarantine facilities, which effectively removed some rooms from the market and helped to stabilise performance. This was further supported by the lack of new supply, with no major hotels opening during the year as completions were pushed back into 2021.

Average room rates were also widely affected, with ADRs of AED 283/night versus AED 369/night during 2019, down around 23% year-on-year[5].

Aldar's hospitality portfolio, which includes nearly 3,000 hotel keys was significantly disrupted by Covid-19 with average occupancy rates declining from 75% in 2019 to 46% in 2020, with hotel closures limiting the performance of key assets over the course of the year.

Outlook

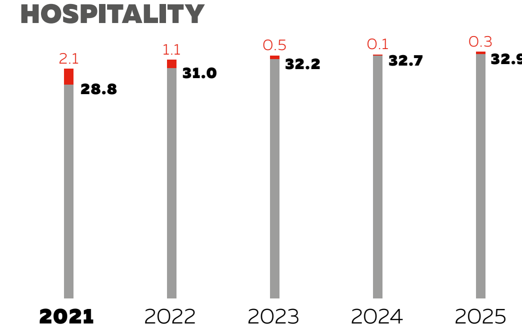
After no major deliveries were recorded during 2020, a number of new properties will start operations during 2021, including the recently opened Hilton Yas Bay, potentially adding close to 2,000 new keys to the existing 28,854 rooms across the Abu Dhabi Region[4]. With overall tourism demand likely to remain muted in the face of ongoing travel restrictions, the market is expected to see a modest recovery, but visitor numbers will remain well below 2019 levels, in what is likely to be a multi-year recovery.

Despite the challenges, the Government of Abu Dhabi continues to invest in the tourism and hospitality sector, with various cultural and leisure facilities set to be completed over the next two years which will further bolster the Emirate's vacation market appeal, including the Zayed National Museum on Saadiyat Island and Sea World on Yas Island.

FUTURE SUPPLY BY YEAR (2021-2025F)

Completed supply   Future supply

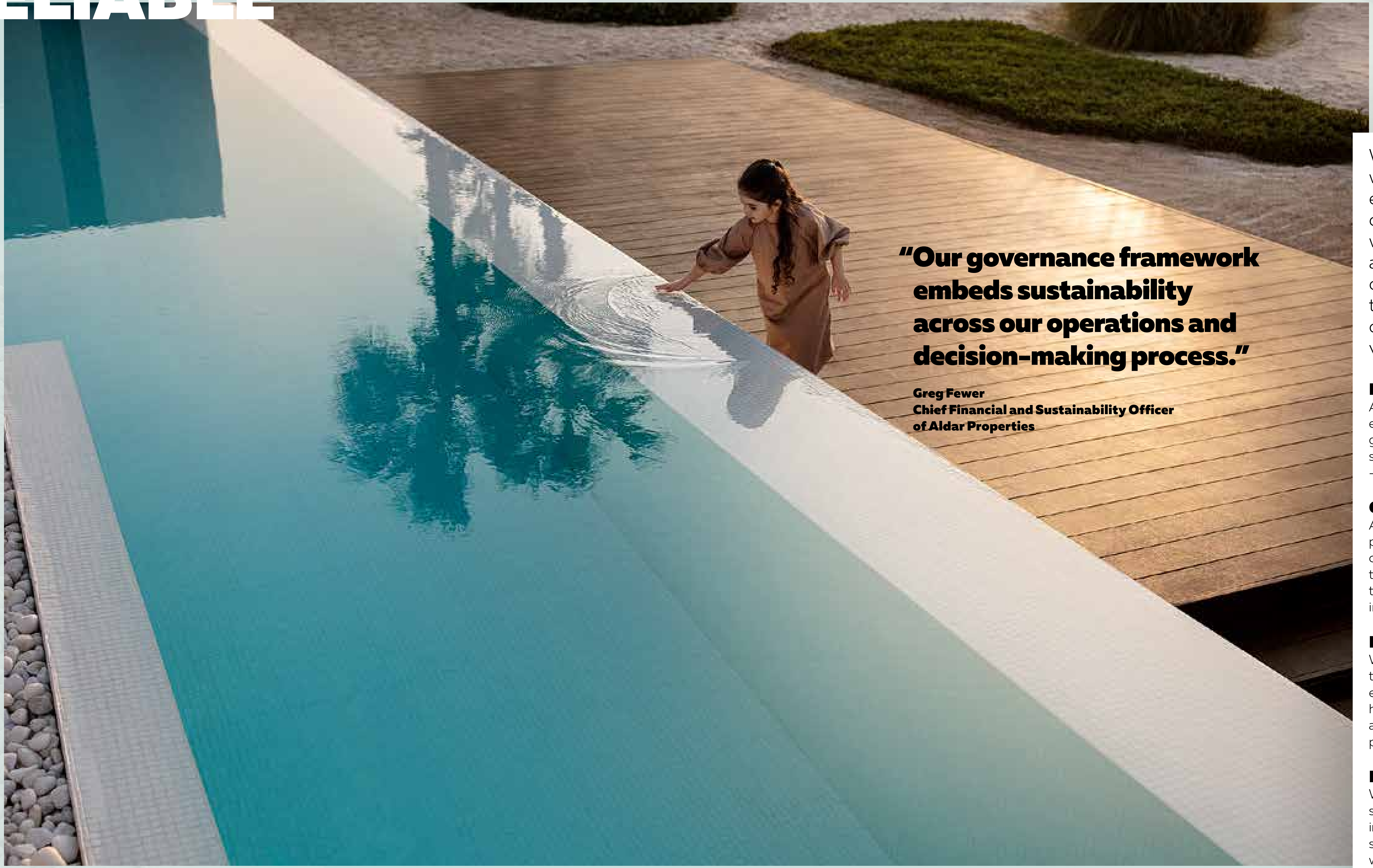
HOSPITALITY



Hospitality Supply (keys) Thousands
Source: Aldar internal research/estimates.

References
1 Aldar research estimation.
2 Aldar Grade A office portfolio consists of HQ, International Tower, North Park, Al Mamoura, and excludes other Grade B properties.
3 Aldar Super Regional Mall portfolio consists of Yas Mall and Al Jimi Mall excludes other smaller Regional, Community and Neighbourhood sized schemes.
4 Department of Culture and Tourism (DCT) data on hospitality performance across Abu Dhabi.
5 Department of Tourism and Commerce Marketing (DTCM) data on hospitality performance across Dubai.

SUSTAINABLE DESIRABLE RELIABLE



"Our governance framework embeds sustainability across our operations and decision-making process."

Greg Fewer
Chief Financial and Sustainability Officer of Aldar Properties

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. Our responsibility towards our stakeholders, the community, and the environment will continue to drive our business decisions and long-term value creation.

ECONOMY

Aldar endeavours to contribute to a thriving economy through stable, responsible and diversified growth. This is enabled by applying the highest standards of governance, ethics and accountability – and supported by optimised, innovative operations.

COMMUNITY

Aldar is a member of its wider community and we put the priorities of these stakeholders at the heart of our decision making. Our heritage is rooted in trusted government and community partnerships that support sustainable, healthy and inclusive communities.

PEOPLE

We work to attract and retain the best talent through a culture of inclusion, growth and empowerment. We are dedicated to offering safe, healthy and fair working conditions for all employees and contract workers in line with leading international practices.

ENVIRONMENT

We practice proactive and responsible environmental stewardship throughout the lifecycle of our assets, including in the supply chain. Operating in a climate sensitive region, carbon reduction is a key priority, and we aspire to be carbon neutral over the longer term.

Read more on page 42.

SUSTAINABLE DESIRABLE RELIABLE

"Our success is built on a deep understanding of local market dynamics and our premier positioning in Abu Dhabi as master developer of iconic and desirable destinations."

Jonathan Emery
Chief Executive Officer of Aldar Development

Customers are at the heart of all aspects of our business. Our mission is to create exceptional and memorable experiences that maximise value for all customers and outperform their expectations. We are engaged with our customers in all areas of the customer journey from design and development, to purchase and handover to ensure a better process and increased satisfaction. As a result of our rigorous drive to build a customer centric culture, Aldar has become one of the most trusted landlords and desirable developers in the UAE.

RESIDENTIAL

We are one of the most trusted and recognised real estate lifestyle developers in the UAE. Our goal isn't simply to build properties. We strive to shape communities that people love to live in. Communities that become homes, brimming with life and everything we love.

RETAIL

Aldar retail offers the chance of enjoying every dimension of our life in a fulfilling way – a place to remember and connect. A platform of collaboration between retailers, local culture and customers, to create better spaces for shopping, entertainment, and leisure.

HOSPITALITY AND LEISURE

From the relaxing white sands of Saadiyat Beach Club to the award-winning culinary delights of Yas Island, our destinations create memorable experiences for all types of traveller. Aldar has created a stunning collection of leisure offerings to suit our community of residents and guests with beach clubs, marinas, golf courses and multi-purpose parks available throughout Abu Dhabi.

Read more on page 50.

SUSTAINABLE DESIRABLE RELIABLE

We are a commercially independent business, focused on balancing the interests of our shareholders and customers through sustainable growth and efficiency initiatives. We are an agile and integrated organisation that continuously optimises people and performance to deliver operational excellence.

STRONG PERFORMANCE

Our financial performance in 2020 is testament to the reliability of our business. Despite the challenges brought about by Covid-19, we reported a 17% increase in revenue to AED 8.4 billion and 8% increase in gross profit to AED 3.0 billion.

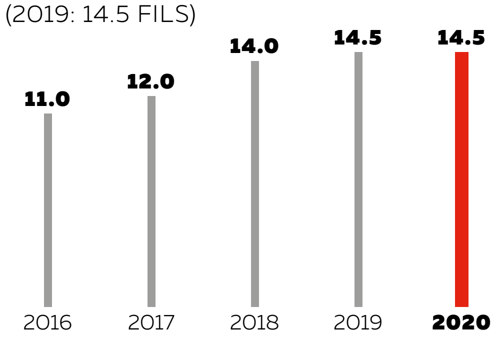
SHAREHOLDER RETURNS

In line with our steadfast commitment to providing sustainable returns for our shareholders, we recommended a dividend of AED 0.145 per share in 2021. Dividend payments are consistent with 2020 figures, as we anticipate another year of strong business performance in 2021.

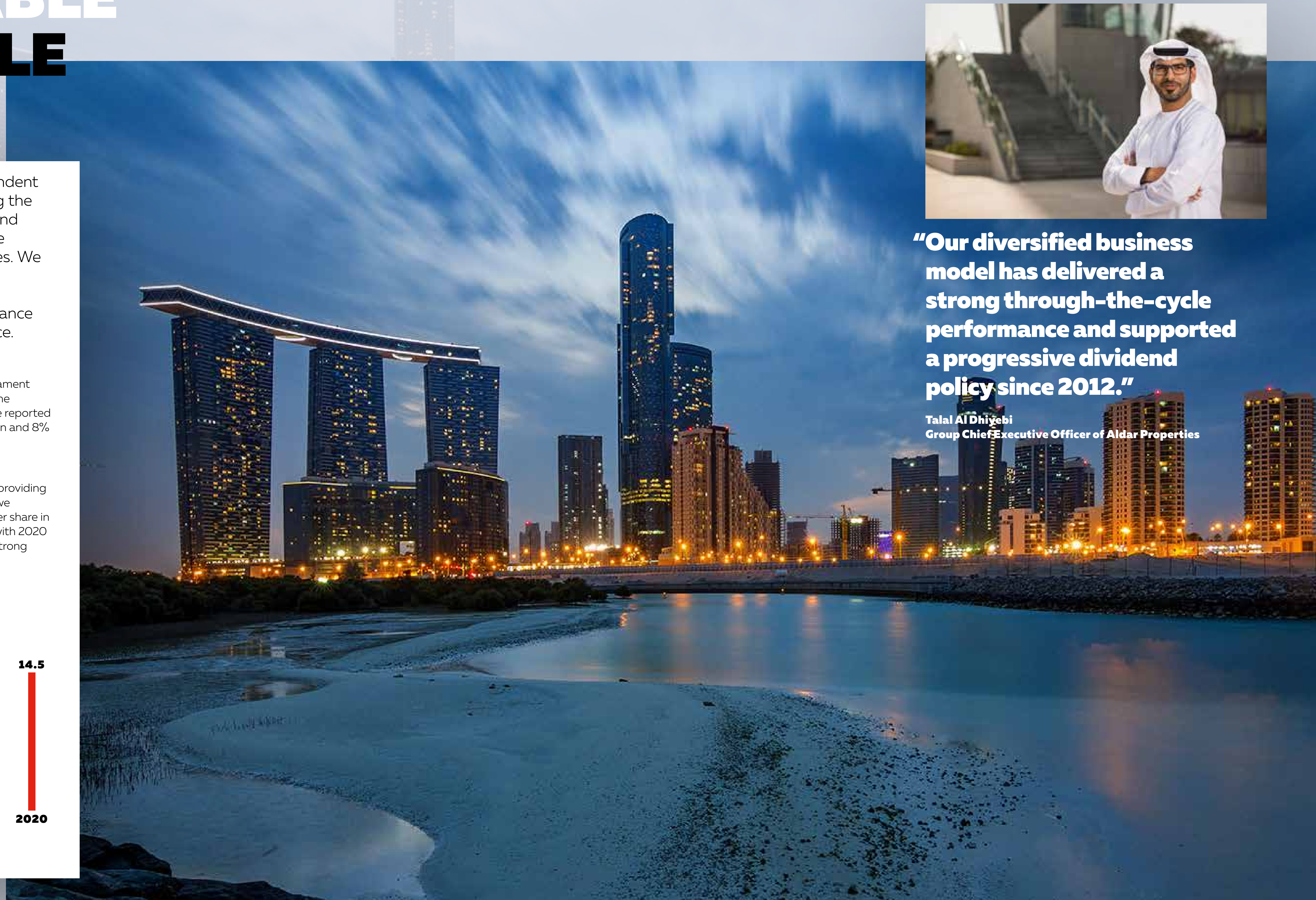
Dividend Per Share

14.5 fils

(2019: 14.5 FILS)



Read more on page 76.



"Our diversified business model has delivered a strong through-the-cycle performance and supported a progressive dividend policy since 2012."

Talal Al Dhiyebi
Group Chief Executive Officer of Aldar Properties

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 3RD 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 values, creating capacity for us to reinvest in our business and deliver on our promise to our shareholders.

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

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

OUR VALUES UNDERPINNING EVERYTHING WE DO

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

Our Strategy

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

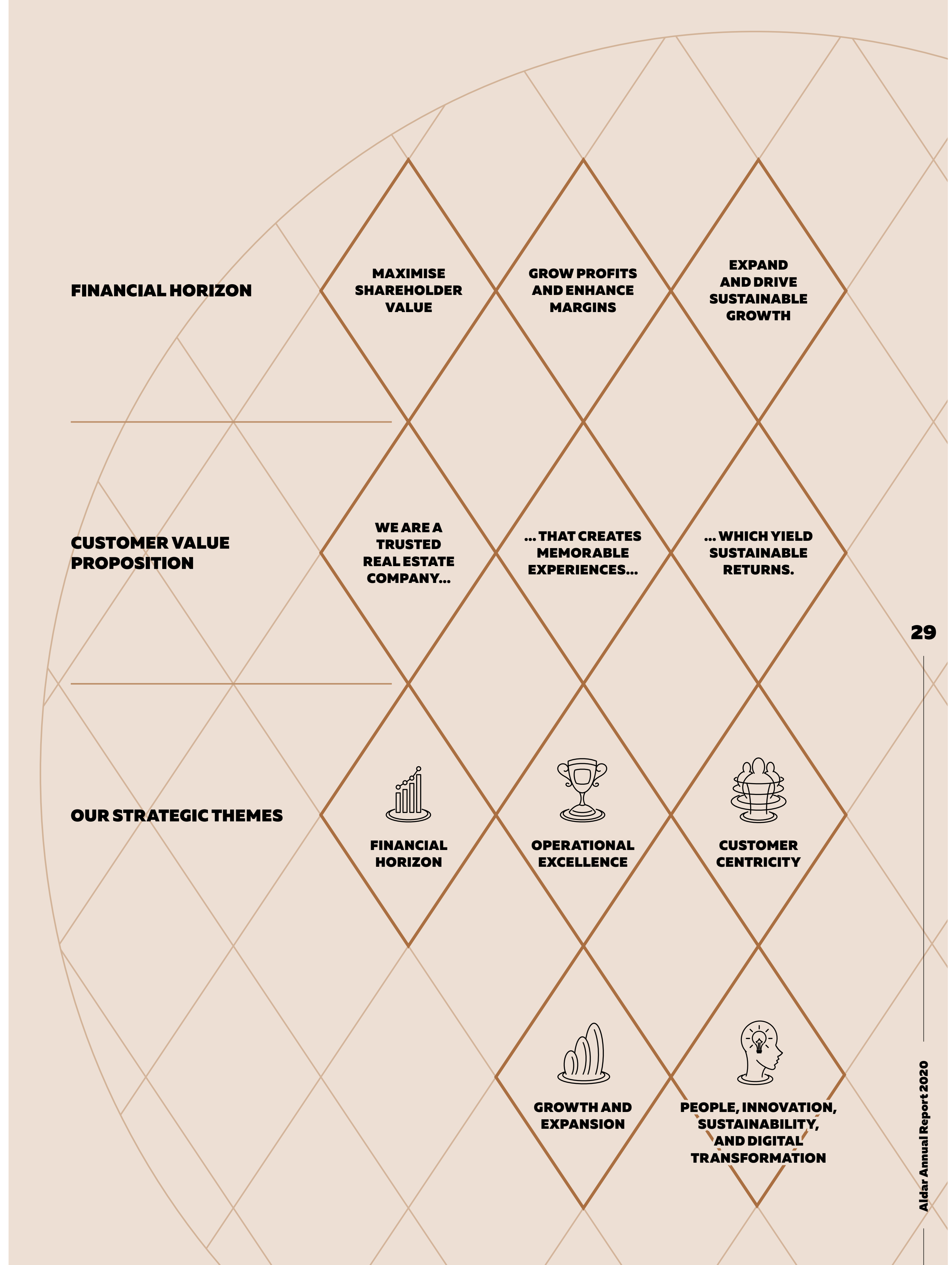
CUSTOMER CENTRICITY
We engage and deliver an exceptional customer journey.

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.

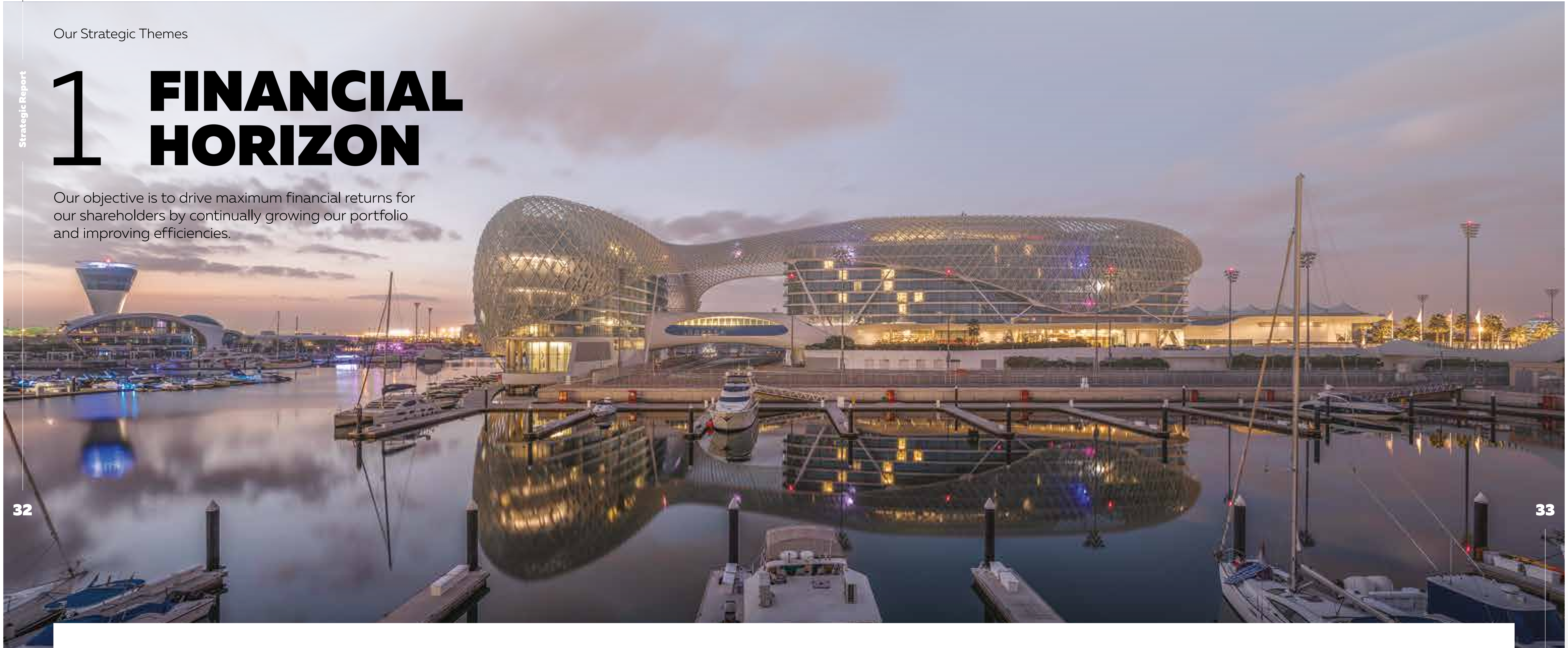


ALDAR CORPORATE STRATEGY MAP

BY FOCUSING ON OUR ENABLERS WE WILL IMPROVE...	...OUR INTERNAL PROCESS THAT WILL ALLOW US TO...			...ENHANCE OUR CUSTOMER VALUE PROPOSITION...		...AND DRIVE FINANCIAL RETURNS TO OUR SHAREHOLDERS.
ATTRACT & RETAIN HIGH-PERFORMING TALENTS	Leverage on real time data for more informed decision making	PEOPLE, INNOVATION, SUSTAINABILITY, AND DIGITAL TRANSFORMATION	• Ensure all 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 aspect of the business • Drive value and synergy through investment	We are a trusted real estate company...	OPERATIONAL EXCELLENCE	GROW PROFITS AND ENHANCE MARGINS
DEVELOP AND ENGAGE OUR PEOPLE	Deploy disruptive and leading technology in all our processes and services		• Engage customers and end users in all aspect of the business • Deliver exceptional customer experience • Create customer intimacy through loyalty programmes and unified marketing • Integrate and promote social and environmental sustainability	...that creates memorable experiences...	CUSTOMER CENTRICITY	MAXIMISE SHAREHOLDER VALUE
NURTURE AN INNOVATIVE AND CREATIVE CULTURE	Empower and embed innovation in all aspects of the business		• Explore and invest in regional/ 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	...which yield sustainable returns.	GROWTH & EXPANSION	EXPAND AND DRIVE SUSTAINABLE GROWTH

1 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.

2020 ACHIEVEMENTS

- Strong financial performance driven by core businesses and adjacencies.
- Appointment of Aldar by the Abu Dhabi Government on an exclusive basis as strategic delivery partner for an initial AED 40bn of key capital projects, including public housing and associated community infrastructure projects.
- Strong cash position driven by AED 4.0bn of development collections in 2020, with AED 3.3bn of free cash and AED 4.0bn of undrawn credit facilities as at year end.

KEY OUTCOMES

- **AED 8.39bn** revenue which is a 17% increase from the previous year.
- **AED 2.98bn** gross profit which is 8% increase from the previous year.
- **AED 1.93bn** total net profit which is 0.4% increase from the previous year despite economic challenges due to Covid-19.
- **AED 1.14bn** recommended cash distribution (Recommended dividend of 14.5 fils per share), showing Aldar's commitment to providing sustainable returns to shareholders.

2021 PLANS

- **Aldar Development:**
  - Target development sales to be in line with 2020.
  - Ramp-up expected from fee-based business in 2021.
- **Aldar Investment:**
  - Target single digit growth on 2020 NOI.
  - Increase AUM & 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.

2 OPERATIONAL EXCELLENCE

Aims 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.

2020 ACHIEVEMENTS

- Launched our In-Country Value (ICV) programme and workers welfare policy.
- Implemented process efficiency through Robotic Process Automation across the business.
- Established a dedicated function to oversee process improvements and implementation of excellence practices across the organisation.
- Adopted a new operating model to deliver on next phase of growth, aligned with Aldar's strategy and in line with Abu Dhabi's plans for investment and economic diversification.

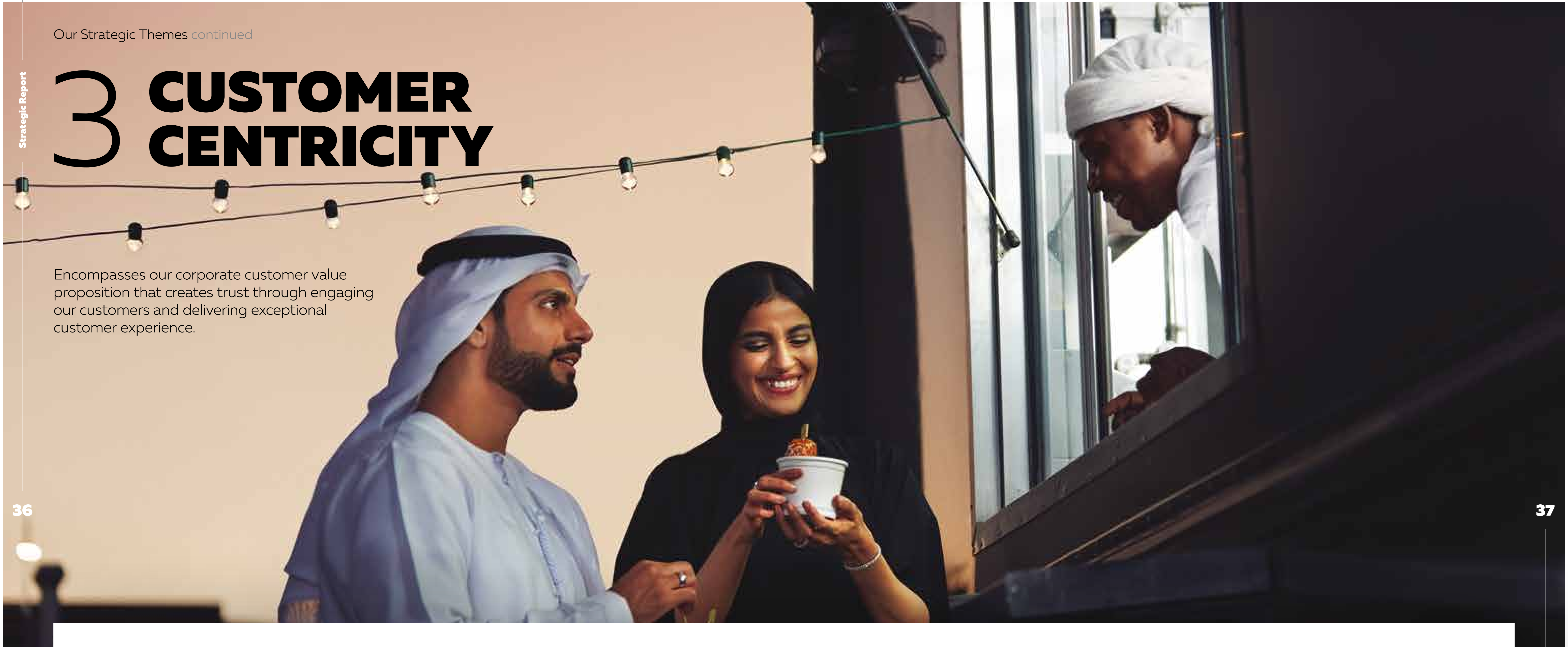
KEY OUTCOMES

- **88%** occupancy rate across our portfolio (retail, office and commercial) despite the impact of Covid-19.
- **AED 1.2bn** divestment value which includes energy, residential and hospitality assets.
- **1,282** development units handed over in 2020.
- **1.9bn** Achievement of development collections for 2020.
- **50%** of Aldar Academies students attending top 100 universities worldwide.
- **Outstanding** – Highest percentage of outstanding schools out of all private operators in the region.

2021 PLANS

- Introducing & integrating centre of excellence to drive agility and efficiency.
- Dedicating and implementing a delivery excellence engine for future pipeline of projects.
- Increase digitisation and robotic process automation across the business.

3 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.

2020 ACHIEVEMENTS

- Launched Aldar's Loyalty Programme (Darna) across our portfolio.
- Implemented our Energy Monitoring Programme.
- Drove insights from our customers and delivered more centric services and products.
- Embedded Sustainability practices across the Group through development of a comprehensive Sustainability Strategy and roadmap.

KEY OUTCOMES

- **36.5k** customers engaged to receive design preference, satisfaction and recommendation rates.
- **AED 190m** aimed at supporting residential communities, schools, retail partners, and home buyers.
- **27k** members in the Aldar's loyalty programme in Abu Dhabi.
- **ESG** highest rated real estate company in UAE based on ESG invest.
- **15%** energy savings vs. 2018 baseline already achieved in OA communities.

2021 PLANS

- Streamlining and enhancing all our customer facing and fulfilment platforms/services.
- Creating a deeper understanding of our customers preference across the business.
- Implementing and monitoring our revamped customer journey across the business.
- Growing our customer loyalty programme and getting closer to our customers.
- Embedding our sustainability pillars in our business and drive results.

4 GROWTH AND EXPANSION

Aims 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/ 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.

2020 ACHIEVEMENTS

- Executed on acquisition transactions.
- Drove more growth in our adjacencies.
- Progressed in international presence and expansion.

KEY OUTCOMES

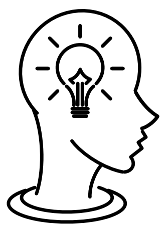
- **AED 40bn** new fee-based capital projects secured for the next five years.
- **60k** managed units – Making Provis one of the largest property management companies in the region.
- **AED 826m** amount increased in assets within Aldar's investment portfolio.
- **AED ~1bn** sales of project Noya which was sold out on the launch day.
- **Cloud** – Launched Aldar's first co-working space in Yas Mall during Covid-19.

2021 PLANS

- Ensuring regional business presence.
- Executing our international sales strategy.
- Delivering & growing our management fee business and transacting in our investments pipeline.
- Growing and diversifying our assets under management within the non-traditional assets.
- Prioritising Egypt market and focusing on other markets for regional expansion.
- Introducing our venture business to Abu Dhabi Market.

5 PEOPLE, INNOVATION, SUSTAINABILITY, AND DIGITAL TRANSFORMATION

Attract and maintain high-performing talent; nurture an innovative, sustainable, 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, sustainable, and creative culture.

2020 ACHIEVEMENTS

- Partnered with leading global Proptech venture capital funds.
- Digitised our innovation management platform.
- Delivered VDC (Virtual Design & Construction)/BIM (Building Information Modelling/ Management) programme focused on digitally enabled design and delivery of our developments.
- Implemented big data and analytics platform to drive smarter intelligent insights and informed decision making.
- Implemented a strategy to continuously engage, develop and retain our people.

KEY OUTCOMES

- **82%** great place to work score. 12% increase in the total score compared to 2019.
- **96%** employees had their technical competencies assessed on our Talent Management Platform (Saba).
- **€10m** Planned investment in two Proptech VC Funds.
- **0** downtime in Aldar's core IT services.

2021 PLANS

- Launching and monetising innovative and disruptive services in the Abu Dhabi real estate market.
- Doubling down on data and artificial intelligence across the business.
- Further embedding diversity and inclusion across the business.
- Continuously investing in developing and growing our people.
- Boost investment in Proptech through corporate innovation programmes and Venture Capital funds.

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 on Aldar's 2020 sustainability achievements and more details will be published in Aldar's 2020 sustainability report, which will be launched in H1 2021.

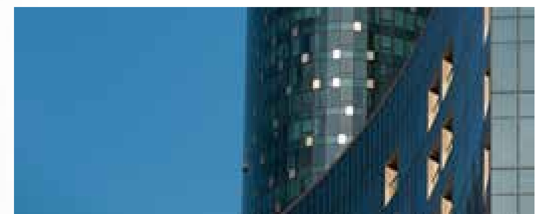
ALDAR'S APPROACH TO SUSTAINABILITY

2020 has been an exceptional year due to the Covid-19 pandemic. However, it was positive and progressive on Aldar's sustainability front. After announcing the updated sustainability framework in the 2019 sustainability report, we embarked on developing a Group-wide sustainability strategy using the sustainability framework as the structure.

The sustainability strategy has been cascaded to all Aldar businesses and departments including Aldar's subsidiaries.

2021 will focus on taking the sustainability strategy into implementation and to deliver on our sustainability targets announced in the previous sustainability report. This will include the development of asset management and development focused implementation plans and empowering their capabilities towards sustainability.

On top of the sustainability implementation is the development of Aldar's Carbon Neutral Action Plan which is expected to be released by Q4 2021.



ECONOMY:

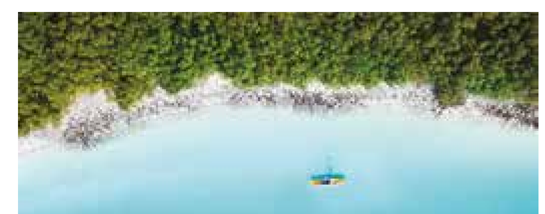
Our economic sustainability and contributions are vital to everyone who depends on our Company, including our customers, communities, employees, supply chain, shareholders and investors. We strive to provide our shareholders with secure, growing distributions derived from sustainable business practices.

COMMUNITY:

Healthy, 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.



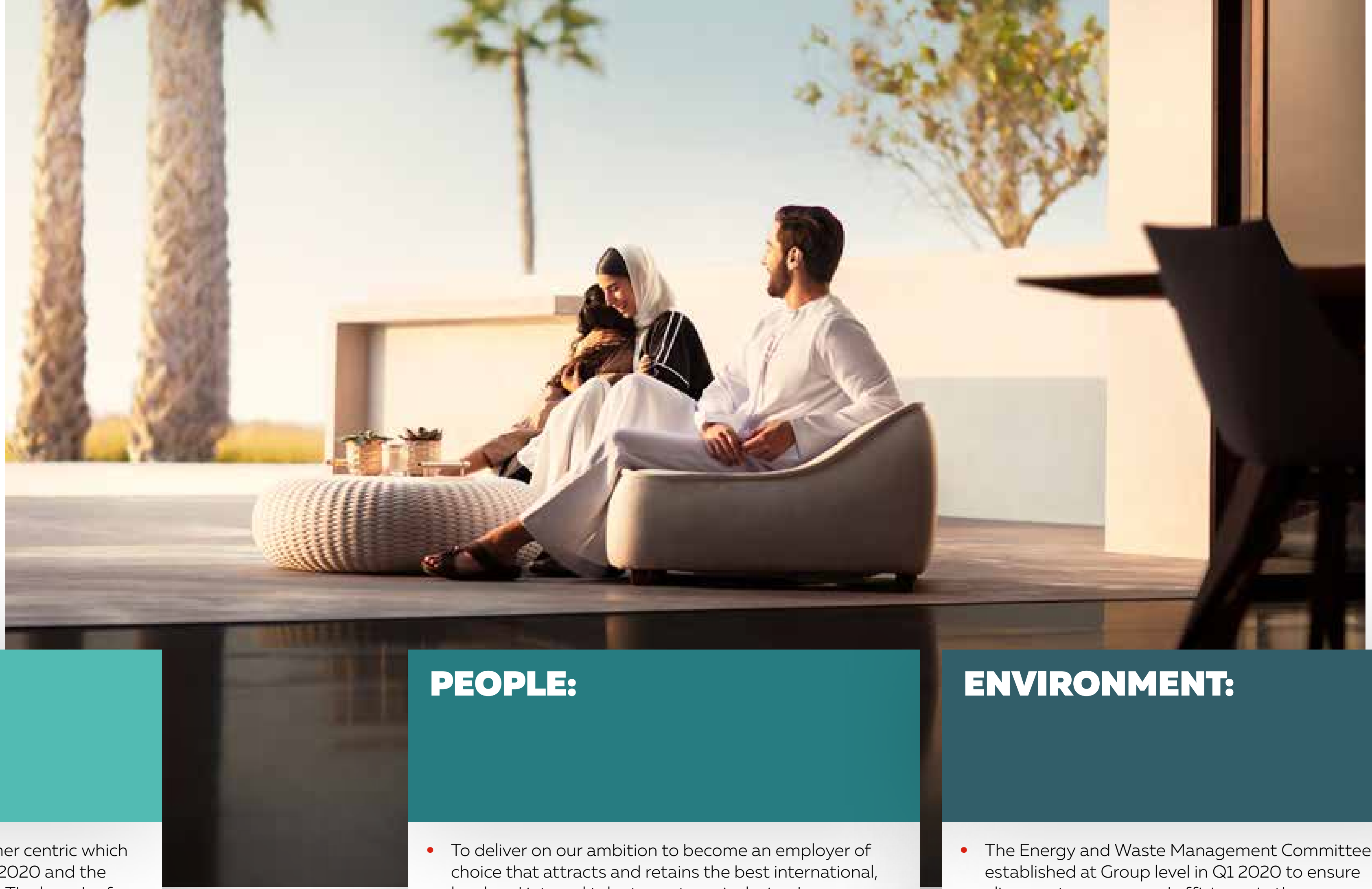
ENVIRONMENT:

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.

KEY ACHIEVEMENTS

Despite the challenging year influenced by the pandemic and its impacts on different businesses and processes; we have significantly improved our ESG score on different regional and international ratings and Aldar was ranked on the top of all listed real estate companies in the UAE and the third among all listed companies in Abu Dhabi Securities Exchange, as of end of 2020[1].

We have also improved our ESG score well above the industry average for both Dow Jones Sustainability Index and MSCI.



We also made good progress in 2020 across the four sustainability pillars as explained below:

ECONOMY:

- We have emphasised our commitments to sustainability by developing and launching several sustainability policies including sustainability, environmental, CSR, human rights, health and safety, sustainable procurement and other policies. Read more about Aldar sustainability policies online.
- We have been advancing our sustainability governance to support a strong sustainability implementation across the businesses. Led by the Sustainability Council at Aldar, the sustainability governance will include hiring additional resources to lead the sustainability implementation at the Aldar Development and Aldar Investment in 2021.
- To further strengthen our support to local economic development, Aldar launched and rolled out our In-Country Value (ICV) Programme to deepen the local contractor and consultant base.
- Towards achieving responsible and diversified growth, Aldar took over the development management of several government capital projects worth AED 40 billion.
- We have also further strengthened our focus on Digital Transformation (DT) and Innovation through the launch of dedicated corporate DT and innovation strategies. Our Innovation strategy aims to accelerate Aldar innovation projects internally as well as supporting external innovation startup ecosystem.

COMMUNITY:

- We remained focused on being customer centric which was proven essential for agility during 2020 and the uncertainties involved during that year. The launch of 'Darna' digital loyalty programme across Aldar's entire portfolio and the first of its kind for Abu Dhabi and Al Ain, reinforces Aldar's commitment to customer centricity approach and complements the innovation programme.
- Our Corporate Social Responsibility (CSR) impact has been growing year after year and we always see the opportunities in supporting our communities. We marked major milestones for CSR in 2020 and Covid-19 provided us with additional opportunities to create further impact for our communities. Our key CSR achievements included:
  – Pledged AED 30 million with our CSR partner, Sandooq Al Watan, to promote research, foster innovation, support and upskill UAE National Talent.
  – We empower People of Determination through three core strategic programmes:
    – Our strategic partnership with the Special Olympics UAE;
    – With the Social Impact Bond ATMAH Programme (in partnership with Aldar Academies, ZHO, DCD and Ma'an); and
    – By encouraging more recruitment of People of Determination across the Aldar Group.
- Aldar employees contributed AED 1 million to the 'Together We Are Good' programme launched by The Authority of Social Contribution – Ma'an.
- Aldar has also contributed AED 5 million to an initiative launched by Sandooq Al Watan to distribute 10,000 laptops to school and university students in line with the Ministry of Education's distance learning programme.

PEOPLE:

- To deliver on our ambition to become an employer of choice that attracts and retains the best international, local and internal talent, create an inclusive, human centric and high-performance climate, and challenge status quo and drive growth and innovation; Aldar launched a holistic Diversity and Inclusion Strategy in Q3 2020.
- Aldar certified as a Great Place to Work.
- Beyond the strong commitment towards Worker Welfare Policy, in 2020 we started auditing our supply chain to ensure compliance with this policy. We identified our high-risk assets and development projects and conducted 11 audits against key Aldar Worker Welfare principles that overlapped with Covid-19 related measures, awareness and preparedness as advised by the governmental bodies in the UAE. We achieved an improvement in overall compliance on nine follow-up audits.
- Aldar developed and implemented a comprehensive Occupational Safety and Health Management System. Our Development's QHSE department has been awarded the ISO 9001:2015 for having established a unique Quality Management System.

ENVIRONMENT:

- The Energy and Waste Management Committee was established at Group level in Q1 2020 to ensure alignment, synergy and efficiency in the energy and waste management efforts and practices across Aldar's businesses.
- The Energy Management Project, led by the Energy and Waste Management Committee, was launched in Q4 2020 to support the delivery of Aldar's 2025 emissions reductions targets announced on Aldar' 2019 sustainability report. The Energy Management Project covers about 87 assets and aims to engage major energy service companies over six-year contracts to achieve the retrofits and monitor and confirm the energy savings.

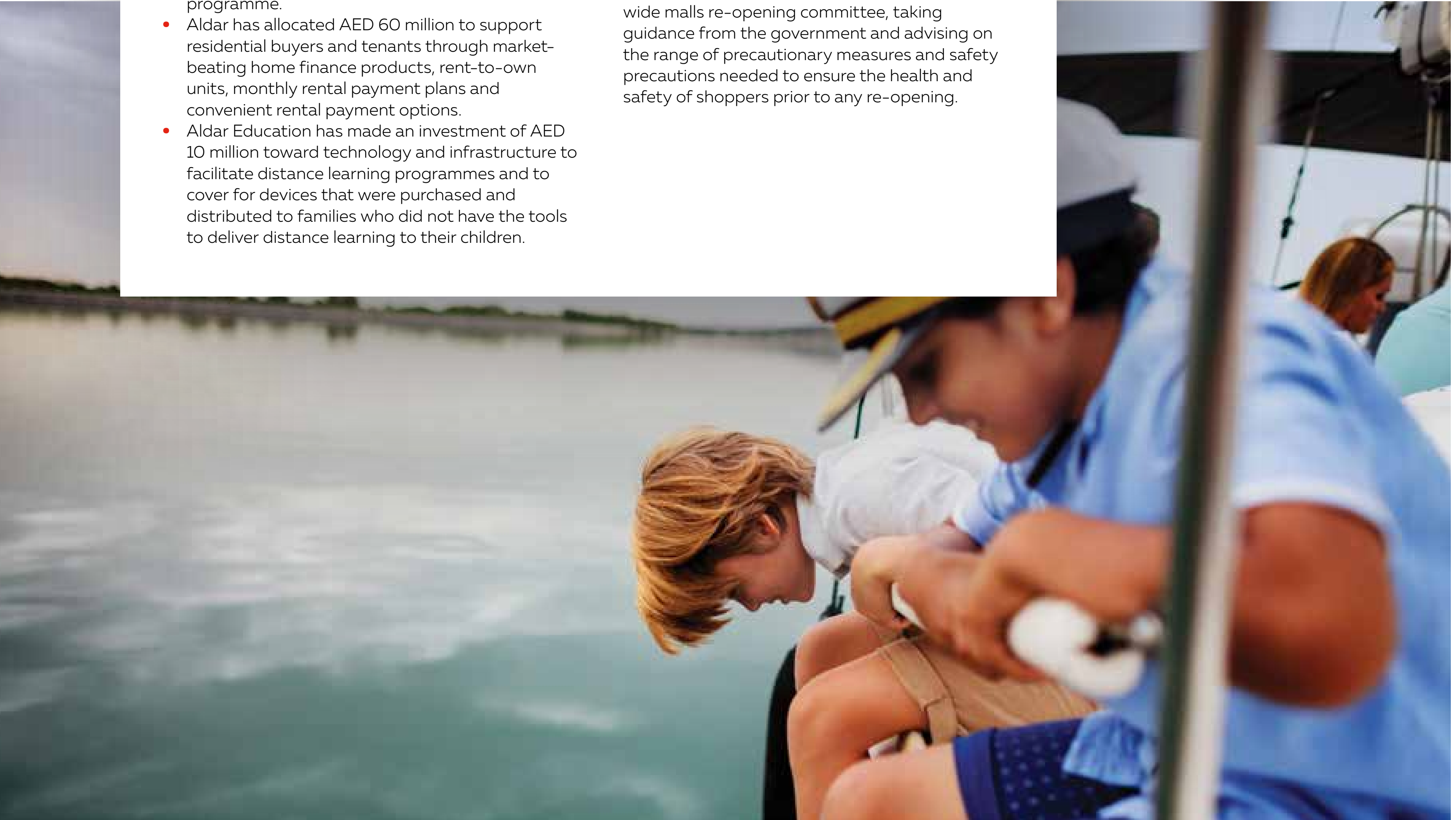
1. https://esginvest.com/esg-rankings/

Responding to Covid-19 Strategically, With Stakeholders' Interest at the Core

In 2020, Aldar has led a number of initiatives alongside various measures across its businesses that support the nationwide efforts to protect health and wellbeing and promote business continuity. The measures highlight Aldar's commitment to its employees, business partners, residents, parents and the wider community.

These initiatives are in addition to Aldar's AED 190 million programme aimed at supporting residential communities, schools, retail partners and home buyers.

- Aldar was among the first private sector organisations in Abu Dhabi to implement a remote working policy.
- Aldar Properties was the first company in Abu Dhabi to have its entire portfolio of hotels endorsed as compliant with the Department of Culture and Tourism's 'Go Safe' certification programme.
- Aldar has allocated AED 60 million to support residential buyers and tenants through market-beating home finance products, rent-to-own units, monthly rental payment plans and convenient rental payment options.
- Aldar Education has made an investment of AED 10 million toward technology and infrastructure to facilitate distance learning programmes and to cover for devices that were purchased and distributed to families who did not have the tools to deliver distance learning to their children.
- Aldar allocated AED 20 million to various other initiatives including national sanitisation efforts and waiving all administrative fees associated with transacting with the Company, including transfer fees and late payment fees applicable during 2020.
- Aldar was proud to play an active role as part of the public/private sector steering committee that oversaw the successful delivery of UFC Fight Island, which featured the creation of a world-class 'safe zone' for approximately 2,500 people over five weeks on Yas Island.
- The Company has launched a series of initiatives to support retail partners, reaching over AED 90 million with a particular focus on SMEs and start-ups which has helped businesses continue to operate through difficult circumstances.
- Aldar has also committed to paying AED 4 billion to its contractors, suppliers and consultants in 2020.
- Aldar has made available over 2,000 rooms across its portfolio of hotels for individuals required to remain under observation while undergoing quarantine protocols.
- Aldar has played a leading role in the Emirate-wide malls re-opening committee, taking guidance from the government and advising on the range of precautionary measures and safety precautions needed to ensure the health and safety of shoppers prior to any re-opening.



KEY 2021 TARGETS

Sustainability in 2021 should deliver on the ambitions of the strategy and build on the great legacy Aldar achieved in 2020. This is further emphasised by Aldar's new operating model announced in 2021.

Our key sustainability commitments into 2021 include:

Pillar	Commitment
ECONOMY	• Update the sustainability governance structure by creating a development and asset management focused sustainability councils which should enable both businesses to implement the sustainability strategy and discuss and action specific sustainability initiatives and targets as relevant to each business. • Enhance the sustainability reporting process and the quality of the data through the implementation of a Group-wide sustainability data management system. • Develop ESG risk registers and identify their financial implications on the businesses. • Enhance sustainability disclosure by expanding our disclosures to including the most relevant and common practices including Task Force on Climate-related Financial Disclosures (TCFD).
COMMUNITY	• Develop CSR Strategy and Review the CSR governance across the Group to ensure more impactful CSR practices. • Launch and implement new CSR programmes. • Develop Aldar's social impact measurement framework.
PEOPLE	• Deliver health and safety training to all employees.
ENVIRONMENT	• Deliver and announce Aldar's Carbon Neutral Action Plan. • The implementation of the second phase of the Energy Management Project – Investment Grade Audit. • Develop a waste management plan across our businesses to improve waste management and recycling, and pilot and implement innovative waste management solutions.

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 major business segments: Aldar Development (previously Development Management) and Aldar Investment (previously Asset Management). Within each business are several sub-segments that contribute to the overall Group's financial performance.

In January 2021, Aldar announced a new Group operating model to drive the next phase of growth. The new Group operating model is centred around the following strategic themes: customer centricity, digital transformation, operational efficiency, and sustainability.

The new model promotes agility and accountability throughout the organisation, with two core businesses – Aldar Development and Aldar Investment – led by their own Chief Executive Officers, both reporting to Aldar's Group CEO.

Established as independent arms, Aldar Development and Aldar Investment will have their own decentralised governance models and support functions, while remaining aligned with Aldar Group's overall business strategy. This will allow them to pursue the right opportunities, with a focus on expanding their specialised portfolios. Overseeing the two entities, Aldar will focus on the overarching brand, strategy, capital allocation, governance, as well as the people, legal, audit and excellence functions.

EVOLUTION OF OUR OPERATING MODEL

2005-2012	2013-2017	2018-2019	2020+
'Pure play developer'	'Growing conglomerate'	'New operating model'	'Growth focused'
• Focus on building infrastructure and core destinations • Supply and design-led	• Sector consolidation • Destination delivery • Growth in AM business • Operational split	• Split DM & AM • More independence • Investment in people • Focus on efficiency and performance • Market led	• Business independence • Capital ownership and investment • Regional/international expansion
One business structure	Split operations	Two business structure	Group structure
Shared Corporate Functions & Resources	Separate DM & AM Operations Shared Corporate Functions & Resources	Devolution of Management Shared Core Corporate Functions & Resources	Devolution of capital performance Embedded and shared support functions
'Functional'	'Governance/Control'	'Capital Efficiency'	'Strategic Investor'

NEW GROUP OPERATING MODEL

- New Group operating model to drive the next phase of growth, focusing on enhancing the customer experience, digital transformation, operational efficiency and sustainability
- Central corporate functions to remain at parent Aldar-level
- Aldar Development and Aldar Investment to have their own decentralised governance and operations functions, whilst remaining aligned to Aldar's overall strategy

ALDAR

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)

HOSPITALITY & LEISURE | **EDUCATION** | **PRINCIPAL INVESTMENTS**

- Aldar Hospitality and Leisure comprises a portfolio of hotel and leisure assets anchored around Yas and Saadiyat Islands
- Aldar Education is a leading education group in Abu Dhabi
- Aldar Principal Investments includes several strategic businesses within the property management, facilities management and construction sectors

FINANCE & SUSTAINABILITY
STRATEGY
PEOPLE
LEGAL
AUDIT
EXCELLENCE

ALDAR DEVELOPMENT

Aldar Development comprises Aldar's core development and sales business responsible for developing Aldar's c. 65m sqm land bank and three additional platforms (Projects, Ventures and Egypt)

PROJECTS | **VENTURES** | **EGYPT**

- Aldar Projects manages Aldar's fee-based development management business
- Aldar Ventures incubates new business opportunities and innovation
- Aldar Egypt will develop integrated mixed-use communities in Egypt

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.

Note: This report follows the reporting segmentation that was in place during the 2020 fiscal year and does not reflect any proposed changes to reporting segmentation (due to the new Group operating model) which may come into effect from Q1 2021.

ALDAR DEVELOPMENT

2020 HIGHLIGHTS

- AED 3.63 billion development sales -8% versus 2019
- One development project launch (Noya) comprising 510 units on Yas Island
- 2020 development business revenue and gross profit up 60% and 31% respectively
- AED 20 billion awards from Government of Abu Dhabi across National Housing and infrastructure works
- Over 1,300 units handed over in 2020
- 90% sold across all projects

Note: This report follows the reporting segmentation that was in place during the 2020 fiscal year and does not reflect any proposed changes to reporting segmentation (due to the new Group operating model) which may come into effect from Q1 2021.

JONATHAN EMERY,
CHIEF EXECUTIVE OFFICER OF ALDAR DEVELOPMENT

While 2020 was a year of complex challenges, it was also a period of intense activity and bold transformation at Aldar Development.

By focusing on customer service and deploying digital solutions to ensure continuity of sales, the business achieved record revenues and the highest growth in gross profit since 2013.

Our success was built on a deep understanding of local market dynamics, our premier positioning in Abu Dhabi, as well as supportive government policies towards the sector and the wider economy. Development sales totalled AED 3.63 billion, stable year-on-year, with strong inventory sales complementing the sell-out launch in November of the first phase of Noya on Yas Island.

Meanwhile, the third-party development management business generated revenue of AED 1.26 billion, more than tripling from 2019, and gross profit of AED 210 million, up 43% year-on-year. This business is set to expand significantly following the agreement for Aldar to manage an initial AED 40 billion of Abu Dhabi Government infrastructure and housing projects. We will begin to work on these projects from the first quarter of 2021 and expect this strong, trust-based private-public partnership to prosper further in the coming years.

At Aldar Development, we have been highly encouraged by the confidence shown in the Abu Dhabi real estate market among investors and end users in the last year, particularly when rock-bottom interest rates have enhanced affordability. The fact that 510 units at Noya on Yas Island were sold out in just four hours in November bodes well for future project launches, while we expect to see continued robust demand for our existing prime developments on Yas Island and Saadiyat Island.

In addition, through our Aldar Egypt business unit, we will flex our expertise to explore meaningful opportunities in the lucrative Egyptian property market, potentially through relationships with respected partners.

Across our business, our core focus will be on execution and delivery of integrated communities that adhere to the highest standards of operational excellence, supply chain management, and technology adoption, while keeping sustainability at the heart of our operations.

The development business sits at the heart of Aldar Properties' business model. Since inception, Aldar has created some of the most iconic development projects and destinations across Abu Dhabi. That includes Aldar's own Headquarters building on Al Raha Beach, Yas Marina Circuit, Ferrari World, the W Hotel on Yas Island and the Gate Towers & Sun and Sky towers on Shams Reem Island. The principal activities of Aldar projects are off-plan residential property developments and third-party development management.

ALDAR DEVELOPMENTS

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 2020, Aldar's land bank comprises a diverse portfolio of approximately 65 million square metres (sqm) of land and 12 million sqm of gross floor area (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 Seih Sdeirah 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 five years, Aldar has launched over 10,000 off-plan residential units across 20 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, Reem Island, Saadiyat Island, Mina Zayed and Yas Island. In addition to developing its own land bank, Aldar has pursued an active programme to attract third-party developers to co-develop key destinations to share risk and widen the range of products on offer to end users and investors.

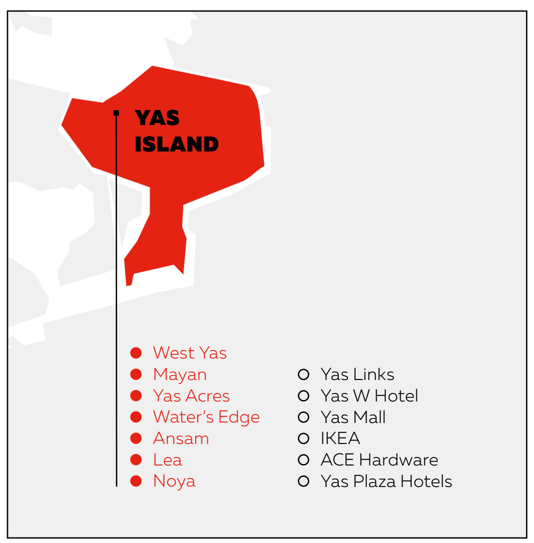
ALDAR DEVELOPMENT continued

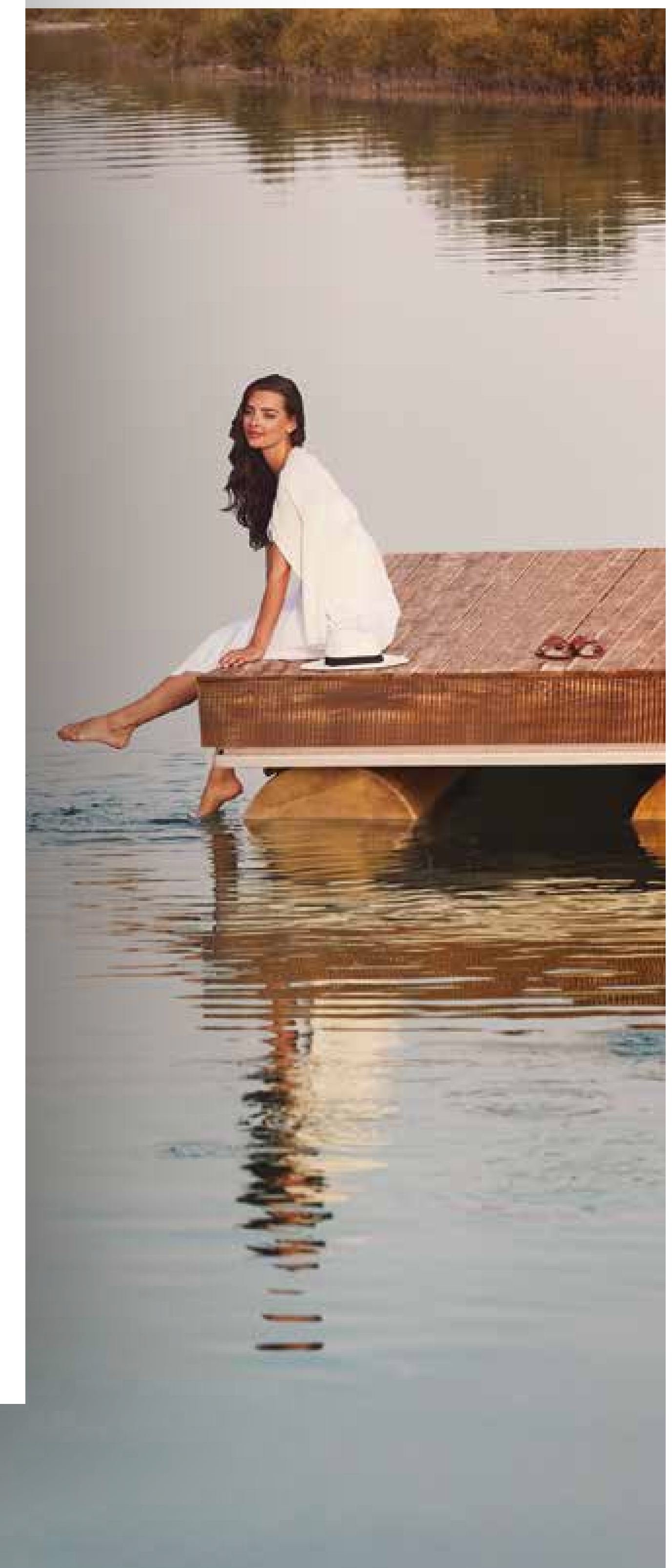
YAS ISLAND

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.





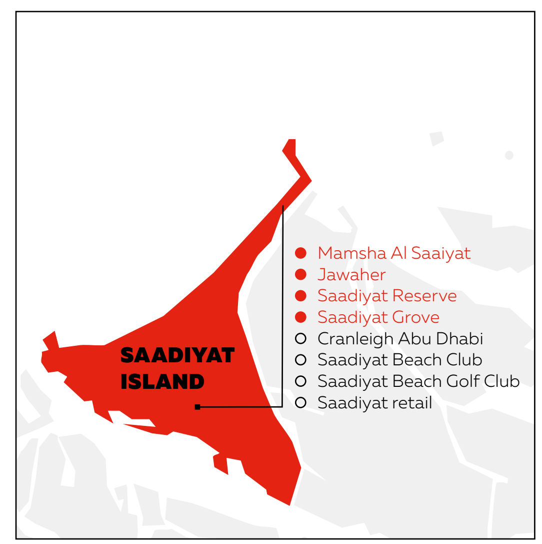
SAADIYAT ISLAND

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.

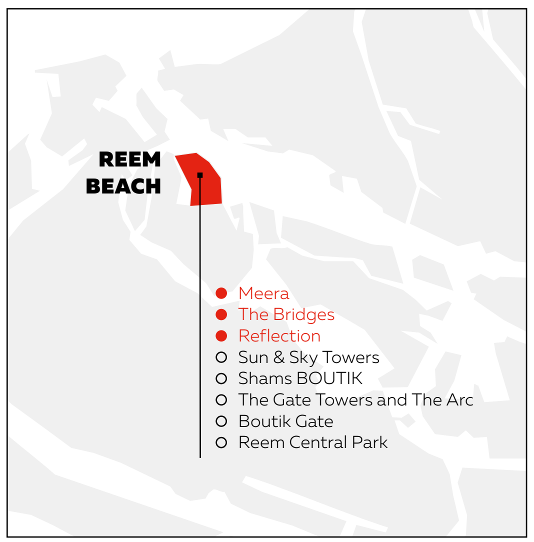


ALDAR DEVELOPMENT continued

SHAMS REEM ISLAND

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 & Sky Towers and Reem Central Park. Aldar's master-planned community on Reem Island includes The Gate & Arc Towers and Sun & 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.



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.

ALDAR DEVELOPMENT continued

PROPERTY DEVELOPMENT

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 2020, Aldar had more than 6,000 residential units under development, 90% of which had been sold.

During 2020, Aldar launched one new development to the market: Noya on Yas Island. The project is predominantly focused on offering well located, mid-market townhouses and villa developments. Noya was extremely well received by the market and was completely sold out in the first four hours of its public launch, contributing significantly to achieving 2020's development sales of AED 3.6 billion.

Moreover, Aldar handed over close to 1,400 units to customers during 2020 and was able to collect approximately AED 4.0 billion of cash from customers.

Market share and customer base

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 3.5 billion of sales annually in the past five 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 5% of all buyers during 2020 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 has gradually grown more diverse, where foreign buyers now account for 43% of total customers.

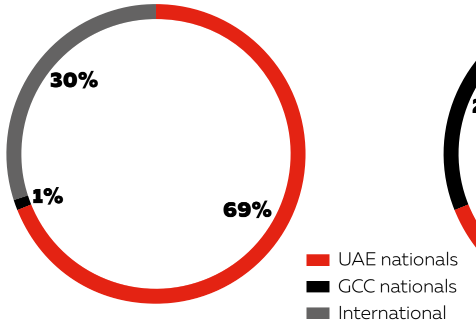
Units sold by 2020

90%

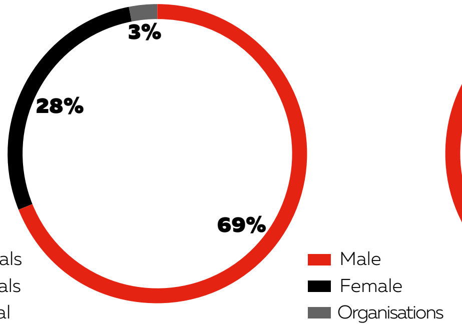
Read more on page 61

			Total as at 31 Dec 20					
Project	Location	Launch date	Sold units	Net Sales value (AEDm)	Units launched	% sold	% completion	Expected completion
Ansam	Yas Island	2014	547	959	547	100%	100%	Handed over
Hadeel	Al Raha Beach	2014	231	482	233	99%	100%	Handed over
Nareel	Abu Dhabi Island	2015	150	1,401	161	93%	100%	Handed over
Merief	Khalifa City	2015	272	604	281	97%	100%	Handed over
Meera	Reem Island	2015	401	515	408	98%	100%	Handed over
Mamsha	Saadiyat Island	2016	265	1,039	461	57%	100%	Handed over
Jawaher	Saadiyat Island	2016	83	762	83	100%	100%	Handed over
Mayan	Yas Island	2015	381	673	512	74%	81%	From Q1 2021
Yas Acres	Yas Island	2016	639	2,389	652	98%	96%	Handing over
The Bridges	Reem Island	2017	625	649	636	98%	100%	Handed over
Water's Edge	Yas Island	2017	1,592	1,661	1,626	98%	61%	Q3 2021
Reflection	Reem Island	2018	152	158	192	79%	55%	Q3 2021
Alghadeer	Seih Sdeirah	2018	483	353	707	68%	73%	Q1 2021
Al Reeman	Al Shamka	2019	911	1,447	1,012	90%	45%	Q4 2021
Lea	Yas Island	2019	213	427	238	89%	27%	Q4 2021
Al Reeman II	Al Shamka	2019	535	550	557	96%	11%	Q2 2021
Reserve	Saadiyat Island	2019	179	415	223	80%	11%	Q4 2021
Noya	Yas Island	2020	499	947	510	98%	Launched	Q2 2021
Aldar developments			**8,158**	**15,432**	**9,039**	**90%**		
West Yas	Yas Island	2015	937	4,304	1,007	93%		Handed over 2021
West Yas plots	Yas Island	2018	108	378	203	53%		
Total developments			**9,203**	**20,114**	**10,249**	**90%**		

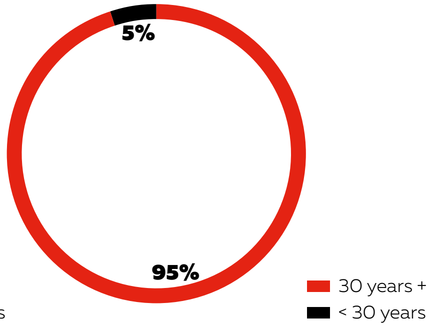
Customer nationality



Customer gender



Customer age



ALDAR DEVELOPMENT continued

ALDAR'S FEE-BASED BUSINESS

Further to developing its own land bank through off-plan residential development and developing assets to lease through the asset management business, Aldar works closely with third parties to tender for large scale projects, utilising the Company's development capabilities and procurement know how.

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 are based on fixed-price contracts 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.

In 2020, 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 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.

AL FALAH

Type: **National housing**
Land: **Non-Investment Zone**
Location: **Al Falah**

TWOFOUR54

Type: **Media free zone**
Land: **Investment Zone**
Location: **Yas Island**

SAADIYAT INFRASTRUCTURE

Type: **Infrastructure work**
Land: **Investment Zone**
Location: **Saadiyat Island**

Date Awarded	2020	2019
Counterparty	**Abu Dhabi Executive Office**	**Government of Abu Dhabi**
Projects	• Modon (Riyadh City, Baniyas North and other) • Musanada	• Al Falah housing, media zone, Saadiyat infrastructure
Value (AEDbn)	AED 40bn	AED 5bn
Initial term	3-5 years	3-5 years
Contract type	• Fee-only contracts	• Fixed-price contracts (Al Falah housing & media zone) • Fee-only (Saadiyat infra)
Fee	• c. 5% (fee-only)	• +10-15% (fixed-price) • c. 5% (fee-only)
Margin[1]	• +80% (fee-only)	• +10-15% (fixed-price) • 80-90% (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.

As part of a new framework agreement with the Government of Abu Dhabi in connection with the delivery of key public housing and associated community infrastructure project[1], Aldar has been awarded development projects associated with Modon and Musanada (public infrastructure companies owned by the Government of Abu Dhabi). Projects will be transferred to Aldar in Q1 2021 for direct management and oversight.

Contract terms	• Fee-only contracts at c. 5% of project value. • Projects fully funded by government and no liability to Aldar for cost and programme overruns. • No capital outlay or working capital contribution by Aldar. • Agreement is renewable at the end of the five years' 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.

MODON

Aldar will take on the development management of AED 30 billion of social infrastructure projects including Riyadh City, Baniyas North and developments in the Al Ain and Al Dhafra regions.

Projects to deliver +40,000 serviced villa plots and +10,000 villas for UAE Nationals and associated infrastructure over the next five years.

Project	Site Area (sqm)	Total GFA (sqm)	Residential GFA (sqm)	Serviced Villa Plots	Villas By Modon
Al Nahda	15.1m	7.8m	7.5m	5,346	3,045
Riyadh City Infra	80.5m	31.2m	26.1m	26,706	–
Baniyas North	9.1m	3.7m	4.1m	3,453	3,453
Ba Alghaiylam	1.3k	6.5m	5.6m	4,595	3,748
Al Falah Villas	2.2m	0.2m	0.1m	158	158

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

MUSANADA

Aldar will take on the management oversight of AED 10 billion of ongoing Musanada projects ranging from education, healthcare, infrastructure, social services, and facilities management.

ALDAR DEVELOPMENT continued

ALDAR DEVELOPMENT FRANCHISE

Development and Sales	Development Management	Owned Land Bank
Last 5-year average annual sales ~ AED 3.5bn	Total third-party projects AED 45bn[1]	Total area ~ 65m sqm
Average units sold per annum ~ 1,500	Fee-only contracts ~ 5% fee[2]	Total GFA[3] ~ 12m sqm
Average gross profit margin 30-35%	Average gross profit margin +80%	Focus on prime destinations: Yas Island Saadiyat Island

Notes:
1. Comprised of AED 42 billion of fee-only contracts (Modon, Musanada and Saadiyat Infrastructure) and AED 3 billion of fixed-price contracts (Al Falah and Media Zone).
2. Fee calculated on total project value.
3. As of 31 December 2020, GFA has not been allocated to entire land bank.

DEVELOPMENT PIPELINE

Since 2014, Aldar has launched over 10,000 residential units and plots, catering to all market segments from mid-market studios to palace plots.

HANDED OVER

ANSAM
Type: **Prime residential apartments**
Land: **Investment zone**
Location: **Yas Island**
Units launched: **547**
Sold as at 31 Dec 2020: **100%**

NAREEL ISLAND
Type: **Exclusive land plots for villa development**
Land: **Non-investment zone**
Location: **Nareel Island**
Units launched: **161**
Sold as at 31 Dec 2020: **93%**

WEST YAS
Type: **Villa development**
Land: **Investment zone**
Location: **Yas Island**
Units launched: **1,017**
Sold as at 31 Dec 2020: **93%**

AL HADEEL
Type: **Prime residential apartments**
Land: **Investment zone**
Location: **Al Raha Beach**
Units launched: **233**
Sold as at 31 Dec 2020: **99%**

AL MERIEF
Type: **Land plots for villa development**
Land: **Non-investment zone**
Location: **Khalifa City**
Units launched: **281**
Sold as at 31 Dec 2020: **97%**

MEERA
Type: **Residential apartments**
Land: **Investment zone**
Location: **Al Reem Island**
Units launched: **408**
Sold as at 31 Dec 2020: **98%**

ALDAR DEVELOPMENT continued

DEVELOPMENT PIPELINE continued

COMMENCED HANDOVER

THE BRIDGES
Type: **Mid-market units**
Land: **Shams Reem Island**
Location: **Reem Island**
Units launched: **636**
Sold as at 31 Dec 2020: **98%**

WATER'S EDGE
Type: **Mid-market units**
Land: **Yas Island**
Location: **Yas Island**
Units launched: **1,626**
Sold as at 31 Dec 2020: **98%**

EXPECTED COMPLETION: 2021

JAWAHER
Type: **Golf-view villas and townhouses**
Land: **Investment zone**
Location: **Saadiyat Island**
Units launched: **83**
Sold as at 31 Dec 2020: **100%**

REFLECTION
Type: **Mid-market units**
Land: **Shams Reem Island**
Location: **Reem Island**
Units launched: **192**
Sold as at 31 Dec 2020: **79%**

AL REEMAN
Type: **Land plots**
Land: **Al Shamkha**
Location: **Al Shamka**
Units launched: **1,012**
Sold as at 31 Dec 2020: **90%**

AL REEMAN II
Type: **Land plots**
Land: **Al Shamkha**
Location: **Al Shamka**
Units launched: **557**
Sold as at 31 Dec 2020: **96%**

MAMSHA AL SAAIYAT
Type: **Beachfront residential apartments**
Land: **Investment zone**
Location: **Saadiyat Island**
Units launched: **461**
Sold as at 31 Dec 2020: **57%**

YAS ACRES
Type: **Villa and townhouse development**
Land: **Investment zone**
Location: **Yas Island**
Units launched: **652**
Sold as at 31 Dec 2020: **98%**

MAYAN
Type: **Prime residential apartments**
Land: **Investment zone**
Location: **Yas Island**
Units launched: **512**
Sold as at 31 Dec 2020: **74%**

ALGHADEER
Type: **Mid-market townhouses**
Land: **Seih Sideriah**
Location: **Seih Sdeirah**
Units launched: **707**
Sold as at 31 Dec 2020: **68%**

LEA
Type: **Land plots**
Land: **Yas Island**
Location: **Yas Island**
Units launched: **238**
Sold as at 31 Dec 2020: **89%**

RESERVE
Type: **Land plots**
Land: **Saadiyat Island**
Location: **Saadiyat Island**
Units launched: **223**
Sold as at 31 Dec 2020: **80%**

ALDAR INVESTMENT

2020 recurring revenues
AED 3.0bn

2020 net operating income
AED 1.6bn

Assets
81
ACROSS 4 SECTORS (RESIDENTIAL, RETAIL, COMMERCIAL AND HOSPITALITY)

GAV
AED 18.1bn
ACROSS 4 SECTORS (RESIDENTIAL, RETAIL, COMMERCIAL AND HOSPITALITY)

GLA
2.1m sqm

Portfolio WAULT
4.0 years

88%
OCCUPANCY ACROSS INVESTMENT PROPERTIES PORTFOLIO

38.7%
GROSS DEBT LTV

Note: This report follows the reporting segmentation that was in place during the 2020 fiscal year and does not reflect any proposed changes to reporting segmentation (due to the new Group operating model) which may come into effect from Q1 2021.

JASSEM BUSAIBE,
CHIEF EXECUTIVE OFFICER OF ALDAR INVESTMENT

Aldar Investment has demonstrated considerable resilience at a time of significant dislocation due to the global Covid-19 pandemic, which has presented operational and macro-economic challenges.

Our professional teams responded impressively, ensuring stringent health and safety measures were rapidly implemented, providing service excellence to allow our tenants and their employees and customers to adapt to fast-changing circumstances.

In parallel, we continued to defend and create value across our AED 18 billion portfolio of prime income-generating property assets. Our track record of high-quality asset management has resulted in stable and high occupancy across the residential and commercial segments, with the business benefiting from long-term lease contracts with strong and reputable tenants.

Meanwhile, the retail segment has seen a steady rebound since stay-at-home measures were lifted, with positive trends in footfall and retail sales developing through the second half of 2020, reflecting an improvement in consumer confidence.

While the hospitality and leisure assets were significantly impacted by the global travel restrictions in place for the majority of 2020, we witnessed a recovery in the fourth quarter thanks to "safe zones" created to allow premier sporting events such as UFC and Formula 1 to be held smoothly.

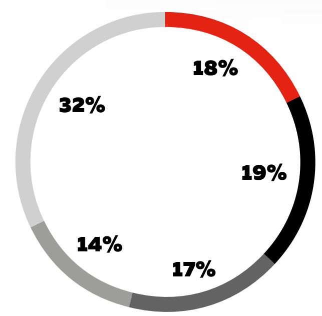
The effective testing and vaccination programmes rolled out across the UAE give us cause for optimism for improved operating conditions in the coming year.

In line with our capital recycling strategy, Aldar Investment generated AED 1.1 billion in 2020 from the investment exits of two district cooling assets and the Abu Dhabi Golf complex and Westin Hotel, generating significant return on invested capital. Our active approach to portfolio management allows us to drive incremental returns to our shareholders.

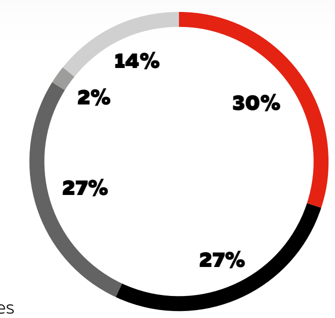
With strong foundations in place, I am very excited by the growth prospects of Aldar Investment. Our track record of active asset management, efficient platform and low cost of capital ensure that we are in a strong position to add significant scale and enhance diversification of the portfolio.

Aldar Investment is Aldar's core asset management business comprised of a leading real estate investment platform called Aldar Investment Properties LLC (AIP); a hospitality & leisure platform anchored around Yas Island; and a high growth adjacent businesses segment.

2020 FY Revenue split by sector



2020 FY NOI split by sector



ALDAR INVESTMENT PROPERTIES (AIP)

AIP was carved out in 2018, seeded with a portfolio of diversified income yielding real estate assets located across prime investment zones in Abu Dhabi. AIP holds a standalone credit rating of Baa1 (stable), one notch higher than the parent's credit rating "Aldar Properties PJSC" of Baa2 (stable), 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 Aldar. AIP owns a portfolio of prime retail, residential and commercial assets and is the most efficient platform for real estate ownership in the region.

ALDAR INVESTMENT continued

RESIDENTIAL
Residential highlights

GLA
822,683 sqm
ACROSS 12 ASSETS (5,620 UNITS)

WAULT
5.5 years

Occupancy
89%

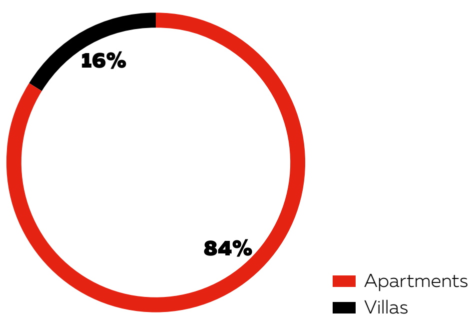
NOI
AED 471 m

Gross profit margin
85%

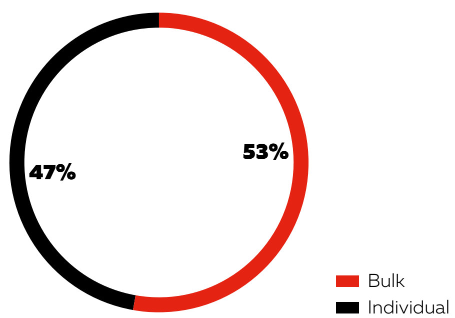
Bulk leases
53%

Residential asset breakdown

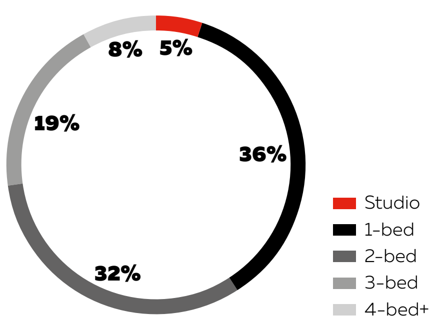
Unit type



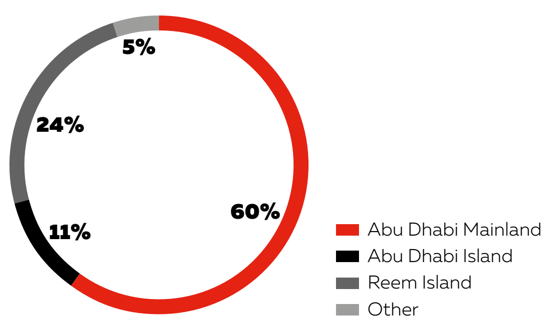
Lease type split



Unit type split



Location



The residential asset management portfolio includes 5,620 residential units across 12 high-quality developments featuring excellent amenities and facilities. All of the residential units are located within Abu Dhabi, with a concentration of units positioned between Abu Dhabi mainland and Reem Island.

The residential portfolio has grown significantly over the last five years following two major completions in 2014, Al Rayyana and The Gate Towers, collectively adding approximately 3,000 units to the portfolio. In 2019, this was further supported with the acquisition of 789-unit Etihad Plaza, partly offset by the sales of Al Murjan Tower. Today, the residential units in our portfolio appeal to a broad demographic spectrum as it includes a wide array of high-quality units ranging from studio apartments to large four and four plus bedroom villas.

Top residential tenants

Resident	% of Rent
Cleveland Clinic Abu Dhabi	13%
Defense Conseil International Services	10%
Aldar Academies	6%
Aldar Charter Schools	3%
ADNOC Schools	2%

Residential lease terms and duration

WAULT stands at 5.5 years as at 31 December 2020. This is supported by the fact that 53% of the residential units are leased on a bulk, long-term basis. Typical terms for individual tenants are done on rolling 12-month leases. For bulk tenants, these leases typically range from 3 to 30 years.

ALDAR INVESTMENT continued

RETAIL

Retail highlights

NLA
485,808 sqm
ACROSS 33 ASSETS
(1,273 RETAIL UNITS)

Lfl NOI declines
14%

WAULT
2.9 years

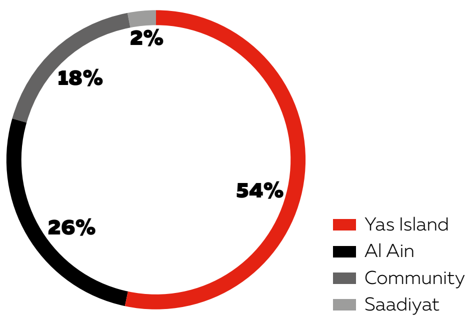
Gross profit margin
72%

Trading occupancy
83%

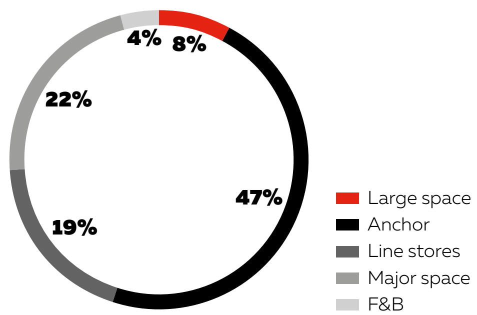
Foot fall
20.7m

Retail asset breakdown

Location split



Yas Mall – retail split



Our retail portfolio includes 485,808 sqm net leasable area (NLA) across 33 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.

The 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.

Yas Mall

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

Opened in November 2014, Yas Mall lifted the Abu Dhabi retail offering as the first super-regional mall. The mall has now completed six years of operations and occupancy standing at 81% as at 31 December 2020, due to ongoing repositioning.

Retail lease terms and duration

WAULT stands at 2.9 years as at 31 December 2020. Typical lease terms for line shops and anchor tenants range from 3 to 5 years to 7 to 10 years, respectively.

Top retail tenants

Retail	% of Rent
Dareen International	11%
Majid Al Futtaim Group	8%
Al Futtaim Group	6%
Landmark Group	6%
Allied	3%

ALDAR INVESTMENT continued

COMMERCIAL

Commercial highlights

GLA
318,074 sqm
ACROSS 15 ASSETS

LfI NOI declines
2%

WAULT
3.8 years

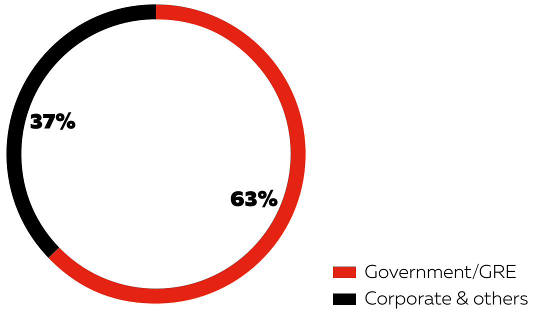
Gross profit margin
88%

Government of Abu Dhabi and government-related entities
63%
LEASES

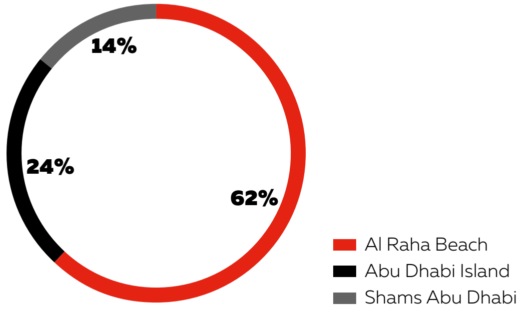
Occupancy
92%

Commercial asset breakdown

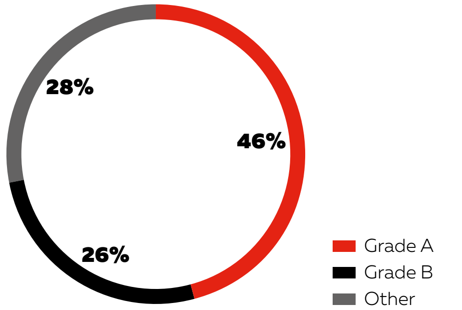
Tenant split



Location split



Office Type split



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 3.8 years as at 31 December 2020. This is supported by the fact that 63% 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, respectively.

Top commercial tenants

Commercial	% of Rent
Department of Economic Development	16%
National Health Insurance Company	7%
The Department of Urban Planning and Municipalities	7%
Mubadala Development Company	6%
Etihad Airways	4%

ALDAR INVESTMENT continued

HOSPITALITY & LEISURE

Hospitality & Leisure highlights

Keys
2,930
ACROSS 11 HOTELS
(Including four leisure assets 3 golf courses and a beach club[1])

Occupancy in 2020
46%
(EXCLUDING UNAVAILABLE ROOMS DUE TO COVID-19 RESTRICTIONS, OCCUPANCY WAS 53%)

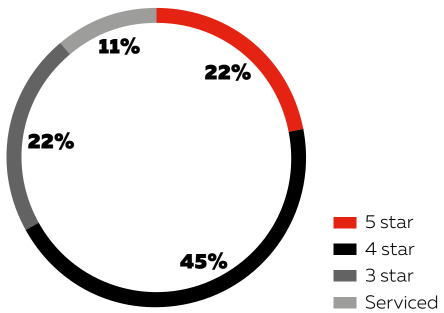
Gross profit margin
8.9%

Keys
85%
LOCATED ON YAS ISLAND

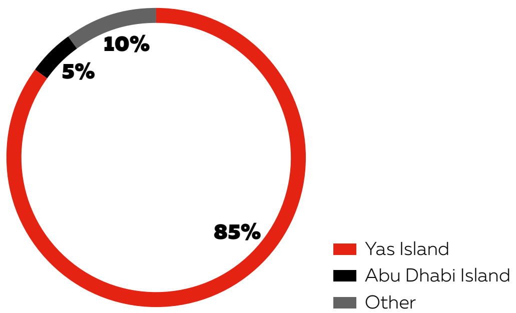
Both W and Yas Plaza hotels have hosted several events: UFC 1, UFC 2 and F1.

Hospitality & Leisure asset breakdown

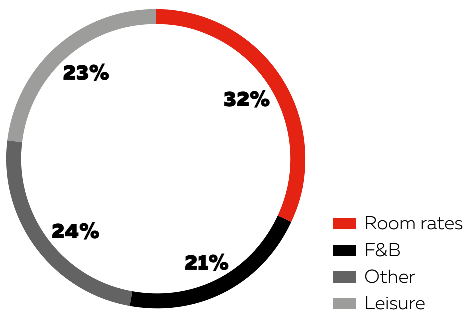
Hotel type by keys



Location split by keys



Hospitality revenue split



1. Westin and Abu Dhabi Golf Club sold in December 2020.

Our hotels portfolio includes 2,930 keys across 11 hotels and serviced apartments across Abu Dhabi.

The hotel portfolio includes a broad range of product offerings including 5-star, 4-star, 3-star hotel rooms and serviced apartments.

With 85% of our hotel keys located on Yas Island, our core strategy remains focused on continued activation of the island through major events and promotion, working alongside the relevant partners to achieve this strategy.

Aldar's six hotels and serviced apartment properties, which are clustered together at Yas Plaza, on Yas Island, are operated on a franchise model through franchise agreements. The remaining five hotel properties are operated on hotel management agreements with reputable international operators.

The hospitality & leisure portfolio was able to generate a gross profit of AED 38 million despite the challenging operating conditions and restrictions imposed by Covid-19. Hotel occupancy was supported by quarantine-related business from the public and private sectors and also by several successful 'safe zone' events hosted on Yas Island such as UFC 1, UFC 2 and Formula 1.

Hospitality lease terms and duration

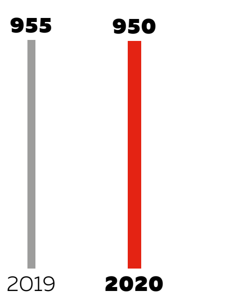
Aldar's agreements with its hotel management companies or operators have initial terms ranging from 15 to 20 years, and typically can be extended either at the management company's or operator's option or automatically, subject to notice to terminate.

ALDAR INVESTMENT continued

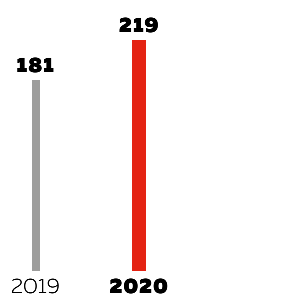
ADJACENT BUSINESSES

In addition to Aldar Investment's core business of real estate ownership, it owns a number of strategic adjacent businesses. These businesses complement Aldar's core skill set and bring in significant value to the Group.

Revenue (AED million[1])



Gross Profit AED (million[1])



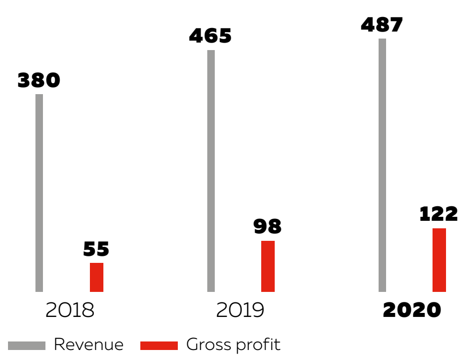
Education

Aldar Education LLC ("Aldar Academies") is a wholly owned subsidiary of Aldar. Aldar Academies is the leading operator and provider of private education in the Emirate of Abu Dhabi with the largest network of schools, delivering the English, International Baccalaureate and American curriculums adapted for the UAE. Aldar Academies is licensed by Abu Dhabi Department of Education and Knowledge (ADEK) and with many schools rated as "Outstanding" and the remaining "Very Good" with outstanding features.

Further to organic expansion, more recently Aldar Academies has been the only academic group in the region to have championed the Charter school model for Abu Dhabi. In addition to Al Rayanna School, five new Charter schools are being managed by Aldar Academies for the 2019/20 academic year that further complement the management of ADNOC schools, that were brought under Aldar Academies management in 2017.

In total, Aldar Academies has tripled student numbers to c.25,000 students in last two academic years driving revenue and profit growth.

Revenue & Gross Profit (AED million)



1. Excluding Pivot.

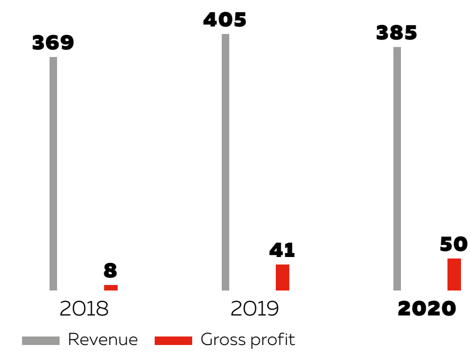
Properties and facilities management

Over the past decade, Aldar has developed a leading properties and facilities management business, Khidmah, to support the operational asset management of its portfolio.

In 2018, Aldar separated the properties and facilities management business (previous Khidmah) into two, property management (Provis) and facilities management (retaining the Khidmah name).

Whilst Provis and Khidmah are independently managed from Aldar, they play a significant role in the Aldar Investment business. Provis is specifically focused on sales and leasing, property management and consultancy services whilst Khidmah remains focused specifically on domestic, commercial and retail facility management solutions.

Revenue & Gross Profit (AED million)

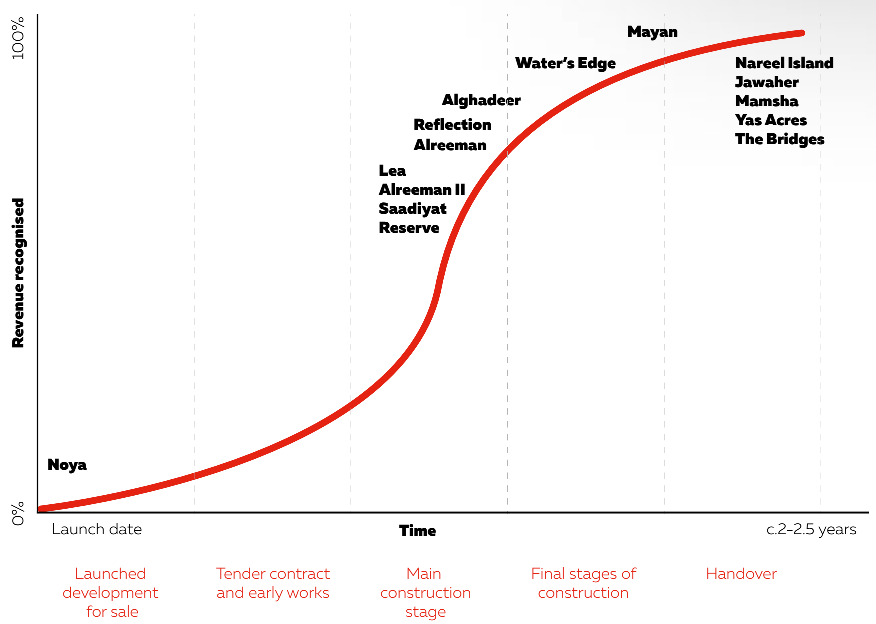


TRANSFORMATIONAL YEAR

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

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

Development revenue based on progress of completion



Fifth consecutive year of AED 1 billion development gross profits delivered

AED +1bn

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

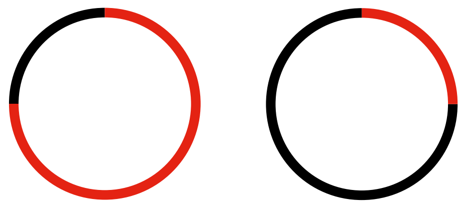
Aldar Development achieved a record year in terms of revenue, which jumped 60% to AED 4.96 billion, while gross profit increased 31% to AED 1.40 billion. This growth was driven by handovers, inventory sales and recurring high-margin income from the third-party development management business. The Company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

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

Overview of Framework Agreement with the Government of Abu Dhabi (announced January 2021)	
Description of projects/Aldar role	• As part of a new framework agreement with the Government of Abu Dhabi in connection with the delivery of key public housing and associated community infrastructure projects[1], Aldar has been awarded development projects associated with Modon and Musanada (public infrastructure companies owned by the Government of Abu Dhabi). Projects will be transferred to Aldar in Q1 2021 for direct management or oversight. • **MODON** – Aldar will take on the **development management of AED 30bn of social infrastructure projects** including Riyadh City, Baniyas North and developments in the Al Ain and Al Dhafra regions. – Projects to deliver +40,000 serviced villa plots and +10,000 villas for UAE Nationals and associated infrastructures over the next five years. • **MUSANADA** – Aldar will take on the **management oversight of AED 10bn of ongoing Musanada projects** ranging from education, healthcare, infrastructure, social services and facilities management.
Contract terms	• Fee-only contracts at c. 5% of project value • Projects fully funded by government and no liability to Aldar for cost and programme overruns • No capital outlay or working capital contribution by Aldar • Agreement is renewable at the end of the 5 years' term, subject to the achievement of market standard performance criteria
Sustainability	• Projects to support Government of Abu Dhabi's vision of promoting liveability and quality of life in local communities • Aldar to implement sustainability goal in areas of environmental standards, procurement and welfare • Aldar's 'In-Country Value' (ICV) programme aims to deepen local contractor and consultant base

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

Transparent Dividends Policy

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

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

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

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

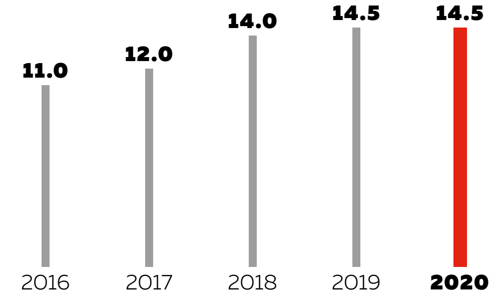
I am proud to report that a wide range of ESG ratings agencies and index providers have recognised the progress that Aldar is making on our four key sustainability pillars: Economy, Environment, People and Community.

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

	Investment	Development
Outstanding Debt Breakdown (as at 31 December 2020)	• Capital markets[3]: AED 3.7bn • Bank debt: AED 3.8bn	• Bank debt: AED 0.5bn
Leverage policy (LTV)[1]	35-40%	<25%
LTV (as at 31 December 2020)	38.7%[2]	9.3%

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

Dividend policy (fils)



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

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

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

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

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

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

Greg Fewer
Chief Financial and Sustainability Officer of Aldar Properties

EPRA REPORTING DISCLOSURES AS OF 31 DECEMBER 2020

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

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

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

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

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

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

ADJUSTED EPRA EARNINGS

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

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

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

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

EPRA NET ASSET VALUE

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

The three EPRA net asset value metrics are listed below:

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

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

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

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

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

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

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

EPRA NET ASSET VALUE continued

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

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

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

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

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

EPRA VACANCY RATE

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

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

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

EPRA COST RATIOS

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

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

Historical Financial Performance

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

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

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

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

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

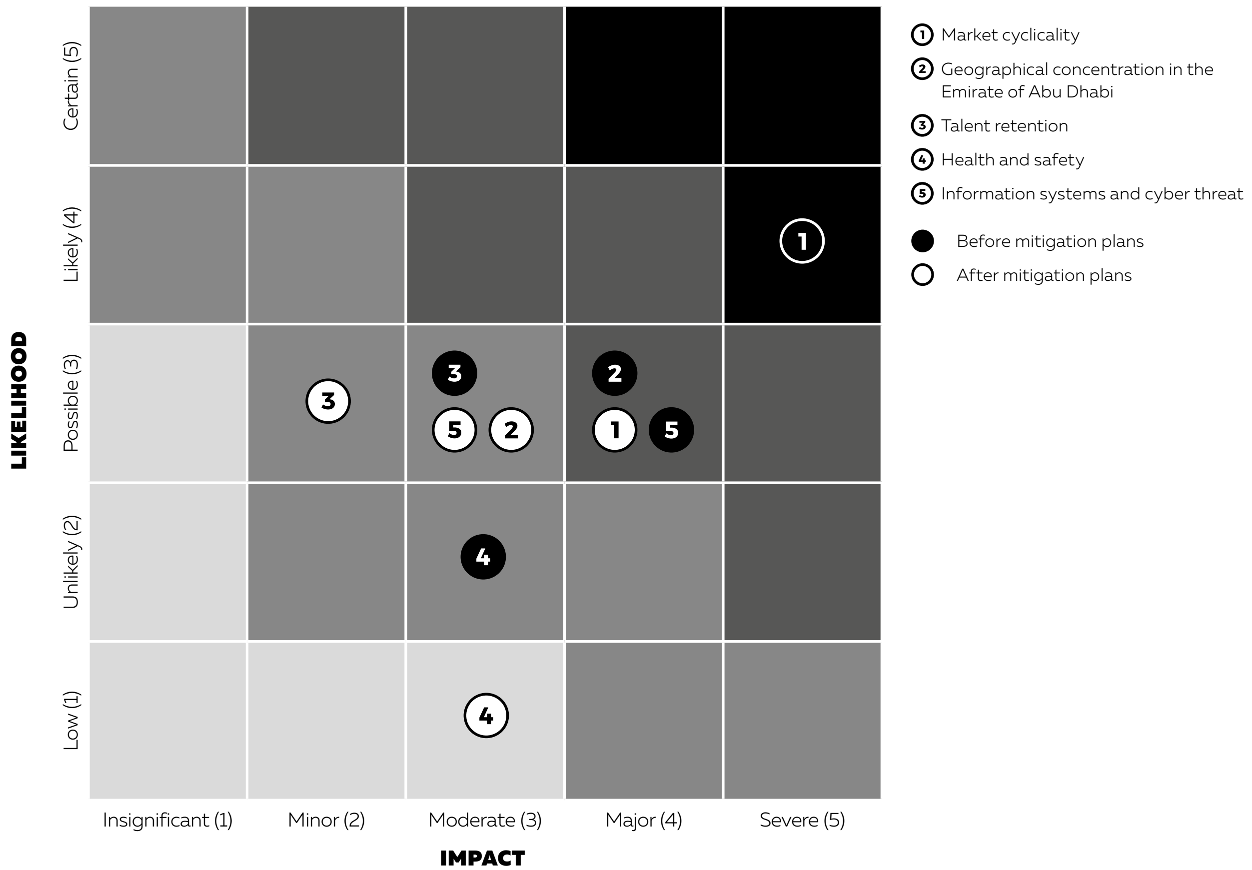
Bottom-up
Identification, assessment and mitigation of risk at a business unit and functional level

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. **Asset Portfolio** • Combined focus on tenant selection and improving their trading performance through 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. • Enhancing customer experience through cross-selling across asset classes and introduction of loyalty programmes.
2. Geographical concentration in the Emirates 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: • By entering joint ventures within the wider UAE and in GCC markets. • Developing regional and international sales and marketing capability to expand investor pool.

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** • Potential negative impact on the 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. • Organisation-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** • Potential material impact on the 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: • 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. • Produce monthly OSH statistic to monitor performance 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. • Publishing Occupational Safety and Health alert to prevent incident.

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 continues to assess and strengthen security & compliance readiness of its IT function. The unit undertakes but not limited to below: • DT achieved ISO 27001 certification in 2017 in Q4 2020. ISO 27001 surveillance audit is conducted by the Lead Auditors annually. • Advanced Threat Protection based on artificial intelligence (AI) and machine learning (ML) deployed to detect and mitigate cyber threats. • 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 Baseline controls implemented and regularly reviewed to mitigate threats from known vulnerabilities. • DNS Security controls in place to proactively identify, block, and mitigate targeted threats such as malware, ransomware, phishing, and data exfiltration. • Security monitoring system, including Data Loss Prevention control, in place to correlate security events and trigger alerts. • 24x7 Security Operation Centre to monitor the security alerts. • Organisation-wide mandatory security awareness training programme in place. • Vulnerability management programme in place to identify and mitigate system weakness. • Disaster recovery strategy and plan in place, reviewed and tested on regular basis.

BOARD OF DIRECTORS

HE MOHAMED KHALIFA AL MUBARAK
CHAIRMAN

H.E. Mohamed Khalifa Al Mubarak is Chairman of Aldar Properties PSJC. 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, and at the Emirates Development Bank. She is also Vice Chairman of Invest AD. 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 Vice Chairman of Aldar Properties and a board member of Abu Dhabi Global Market, Emirates Investment Authority, Mubadala Petroleum, Abu Dhabi Future Energy Company (Masdar) and InvestCorp Bank. 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.

MANSOUR MOHAMED AL MULLA
BOARD MEMBER

Mansour Mohamed Al Mulla is the Chief Finance Officer for the Petroleum & Petrochemicals platform at Mubadala Investment Company. His prime responsibilities focus on all financial matters regarding the company's $40 billion worth of assets under management. Throughout his career with Mubadala, Mr Al Mulla has played an instrumental role in negotiating and closing a number of award-winning financing transactions. Mr Al Mulla also currently serves as a board member of Anglo Arabian Healthcare Investments FZ LLC and Gulf Energy Maritime PJSC. Mr Al Mulla holds a Bachelor of Science degree in Business Administration (Information Systems) from Portland State University, USA.

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. He was previously Chief International Investment Counsel at the Royal Group. He is a board member of several companies including International Holding Company PJSC, Mina Holding Company LLC, Royal Development Company LLC, Eltizam Asset Management Group LLC, and Hydra Properties LLC. 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
CHIEF EXECUTIVE OFFICER

Talal Al Dhiyebi is the Chief Executive Officer at Aldar Properties, having previously held the positions of Chief Development Officer and Executive Director of Asset Management following the merger with Sorouh in 2013.

He serves on the boards of numerous companies, including Abu Dhabi Motorsports Management, Miral Asset Management, Aldar Education and Sandooq Al Watan – the UAE's national fund focused on social contribution.

Mr Al Dhiyebi is a graduate of Electrical Engineering from the University of Melbourne, Australia.

GREG FEWER
CHIEF FINANCIAL & SUSTAINABILITY OFFICER

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
CEO 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

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

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
CEO 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, with a range of further qualifications from Henley Management College, Harvard, INSEAD and has been a visiting professor at Yale University.

INTRODUCTION

Aldar Properties PJSC (Aldar 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 and efficient application of governance rules, and clearly demonstrates joint efforts and synergy among the Company's Board of Directors, Executive Management and employees.

The Board of Directors considers the existence of a strong governance system as one of the cornerstones of the Company's sustainable and long-term growth. The Board of Directors is committed to continuously enhancing the value of the Company for its shareholders, taking into account the interests of all stakeholders, including its 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. (20) 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 shareholders' expectations and aspirations. They are also responsible for ensuring the effectiveness of the Company's management in managing the Company's businesses, with the emphasis that the Company's objectives are consistent with the legislative requirements and codes of professional conduct defined by both the 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 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="3">Board of Directors</td><td>Audit Committee</td></tr>
<tr><td>Internal Control Department</td></tr>
<tr><td>Executive Committee</td><td>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 governance of Company at Board 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 Committee
- Charter of the Nomination and Remuneration Committee
- Charter of the Executive Committee
- Code of Business Conduct
- Delegation 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 of the Executive Management as follows:

- Charter of the Management Committee
- Charter of the Tender Committee
- Charter of the Risk Management Committee
- Code of Business Conduct

1.3 Governance elements related to the Internal Control System

The Board of Directors of the Company has set the rules and regulations of the Company's business in such a way that makes all employees fully aware of the importance of the Internal Control System, contributing to their participation in ensuring the continuity of this system effectively.

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 departmental and divisional levels.
- External auditor and the Internal Control 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 DIRECT RELATIVES IN THE COMPANY'S SHARES DURING 2020

The Board of Directors (along with all employees and insiders of the Company) firmly believes in the importance and necessity of compliance with 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, 2020.

Name	Position/Relationship	Shares owned as of December 31, 2020 (Share)	Shares owned by first-degree relatives in the capital of the company (Share)	Total Sales Transactions (Share)	Total Purchases Transactions (Share)
His Excellency/Mohamed Khalifa Al Mubarak	Chairman of Board of Directors	1,275	–	–	–
Mrs. Mariam Saeed Ahmed Ghobash	Vice-Chairperson of the Board	–	–	–	–
Mr. Waleed Ahmed Salem Al Moqarrab Al Mehairi	Member	431,466	–	–	–
Mr. Mansour Mohamed Al Mulla	Member	100,000	278,100 (Relation "Mother")		
Mr. Hamad Salem Mohammed Al-Amerii	Member	1,665		–	–
Mr. Ali Saeed Abdullah Sulayem Al Falasi	Member	211,580	314,560 (Relation "Wife")		
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 Committee, Nomination and Remuneration Committee, Executive Committee, as stated below), which operate according to their relevant charters and regulations.

The Board of Directors also delegated 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, risk management and dynamics of work requirements within the Company with regard to its developments, 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 14 May 2018. In addition, some partial 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 2020 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 20 March 2019, following the process of re-election and formation of the Board of Directors of the Company, and was in accordance with the decision issued by the shareholders in the General Assembly meeting that was held on 20 March 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 acts efficiently, fulfills its responsibilities and discusses all issues on a timely basis.
- Develop and approve the agenda of each Board meeting, taking into consideration any issues that Board members propose to be included in the agenda. The Board Chairman may delegate this responsibility to a certain Board member or the Board secretary under his own supervision.
- Encourage all Board members to participate fully and efficiently in the Board in order to achieve the company interests and ensure performing the Board members' tasks in the best interests of the Company.
- Adopt suitable procedures to ensure efficient communication with the shareholders and the efficient communication of their views to the Board.
- Hold periodic meetings with the non-executive board members without presence of the company executives.
- Facilitate the effective participation of Board members, specifically Non-Executive Board members; establish constructive relations between Executive Board members and Non-Executive Board members; and work to create a culture that encourages constructive criticism.
- Ensure that the Board members receive all the necessary information that is clear, accurate and not misleading, so that they can perform their duties.
- Ensure that the Board is subject to the annual evaluation.
- Ensure evaluating the performance of the management members and Board members at least one-time per annum.
- Ensure the participation of the Board members, upon their appointment, to an induction programme.
- Ensure that the board members receive training programmes.
- Ensure that the Board has the sufficient time for consultation and decision making.
- Represent the Company before third parties according to provisions of the Companies Law and the company bylaws.
- Consider any issues raised by the Board members or the external auditor, consult with the Board members and the Executive Director when preparing the agenda of the Board, and ensure that minutes of meetings are kept.
- Ensure the proper functioning of the Board and its committees in accordance with applicable laws and regulations.
- Ensure that the Board members obtain the approval of the market board of directors on trading in the company shares.
- Ensure that the Board elected vice-chairman.
- Ensure that every Board member, at each Board meeting, is handed over a declaration of interest to avoid conflicts of interest.
- Ensure that the Board members disclose information and actions that should be disclosed in accordance with the legislations applicable in the capital market.
- Notify the General Assembly, during the meeting, of the business and contracts in which any Board member has a direct or indirect interest. Such notification shall include the information provided by the member to the Board and shall be accompanied by a special report from the external auditor of the Company.
- Support and encourage standards of corporate governance and ethical culture within the Board and within the Company.
- Ensure effective communications with stakeholders and 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 Articles and Memorandum of Association, the Federal Law No. (2) of 2015 on the Commercial Companies as amended, and the Decision of the Board of the Authority No. (03/RM) of 2020 on adoption of the Guidelines for Governance 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 applicable laws, regulations, and resolutions, as well as the requirements of the supervisory authorities.
- Adopting the strategic approaches and main objectives of the Company, and supervising implementation thereof.
- Taking the necessary procedures to ensure efficient internal auditing of the work flow in the Company, including:
- Setting a clear policy approved by the Board to ensure efficient internal auditing of the work flow in the Company;
- Setting written and detailed regulations and procedures for internal auditing, which determines the duties and responsibilities in compliance with the policy approved by the Board and the general requirements and objectives stipulated in the applicable legislations.
- Establishing an internal auditing department to follow up compliance with the applicable laws, regulations, resolutions, and requirements of the supervisory bodies, the internal policy, regulations, and procedures set by the Board.

3. BOARD OF DIRECTORS continued

3.2 Board Competencies continued

- Setting written procedures to manage and address conflict of interests and deal with potential cases of such conflict for Board members, the Senior Executive Management, and shareholders, and setting the procedures to be taken in cases of misuse of the Company assets and facilities or misconduct resulting from transactions with Related Parties.
- Ensuring the soundness of administrative, financial, and accounting systems, including the systems related to preparation of financial reports.
- Ensuring the use of appropriate regulatory systems for risk management by outlining potential risk and discussing it with transparency.
- Setting clear and precise standards and procedures for Board membership and putting them in force subsequent to approval by the general assembly.
- Setting a clear delegation policy in the Company to determine delegated persons and the powers assigned thereto.
- Setting a policy regulating the relationship with Stakeholders in a manner ensuring the Company fulfillment of its obligations towards them, preserving their rights, providing them with required information, and establishing sound relations with them.
- Setting a code of conduct for the Board members, the staff, auditor, and persons to whom some of the Company works are assigned.
- Setting procedures to apply governance rules in the Company, review of such procedures, and assessment of compliance thereto on annual basis.
- Establishing appropriate development programmes for all Board members to develop and update their knowledge and skills, ensure effective involvement in the Board and ensure implementing any training or qualification programmes as determined by the Authority or the Market.
- Familiarising a newly appointed Board member with all the Company departments and sections and providing him/her with all the information required to ensure correct understanding of the Company activities and works and full realisation of his/her responsibilities, all that enables him/her to perform their duties duly in accordance with the applicable legislations, all other regulatory requirements, and the Company policies in its field of business.
- Setting procedures to prevent the insiders in the Company from using the confidential internal information to make tangible or intangible gains.
- Setting a mechanism for receiving shareholders' complaints and proposals, including their proposals to add particular issues in the general assembly agenda in a manner that ensures studying such proposals and making the right decisions about them.
- Adopting criteria for granting incentives, bonuses, and privileges to Board members and Senior Executive Management in a manner that serves the Company interest and realises its objectives.
- Setting the Company disclosure and transparency policy and following up its implementation in accordance with the requirements of the supervisory authorities and applicable legislations.
- Setting a clear policy for distribution of the Company profits in a manner that serves the interests of both the shareholders and the Company; such policy shall be displayed to shareholders in the general assembly meeting and mentioned in the Board report.
- Ensuring the availability of resources required to achieve the Company objectives.
- Ensuring the protection of shareholders' interests and the Company assets.
- Ensuring the establishment of a compliance function to follow the compliance with applicable laws, regulations and decisions as well as regulatory requirements, internal policy, regulations and procedures established by the Board.
- Determining the extent of the company-wide risk appetite, including specific targets, maximum limits, or indicators of risk appetite.
- Supervising the Company human resources polices.
- Ensuring the accuracy and validity of the disclosed data, statements, and information according to the applicable policies and regulations in relation to disclosure and transparency.
- Determining and recommending the potential new Board members for election by shareholders.
- Recommending the remuneration policy of the Board for approval by shareholders.
- Evaluating the overall performance and effectiveness of the Board, its committees and members and taking corrective actions as appropriate.
- Ensuring that the Board communicates with stakeholders through the investor relationships function.
- Forming specialised committees from the Board according to the resolutions that determine the duration of these committees and their powers, functions, and responsibilities, as well as the method used by the Board for monitoring these committees. Such resolutions shall determine names, duties, rights and obligations of the members.
- Evaluating the performance and works of the Board and its members.

3.3 Formation of the Board of Directors

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

	Members	Position
1	His Excellency/Mohamed Khalifa Al Mubarak	Chairman of the Board of Directors
2	Mrs. Mariam Saeed Ahmed Ghobash	Vice-Chairperson of the Board
3	Mr. Waleed Ahmed Salem Al Moqarrab Al Mehairi	Member
4	Mr. Mansour Mohamed Al Mulla	Member
5	Mr. Hamad Salem Mohammed 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 20 March 2019.
- H.E. Mohamed Khalifa Al Mubarak was elected as a Chairman by virtue of the Board of Directors' decision at its meeting No. (02/2019) held on 20 March 2019, by secret voting.
- Mrs. Mariam Saeed Ahmed Ghobash was elected as a Vice-Chairperson by virtue of the Board of Directors' decision in 1 July 2020 which was ratified by the Board at its meeting No. (04/2020) held on 12 August 2020, following the resignation of Mr. Waleed Ahmed Salem Al Moqarrab Al Mehairi from his position as Vice-Chairman (he continued to hold his position as a member of the Company's Board and related Committees) effective from 1 July 2020.

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 Authority No. (03/RM) of 2020 on the adoption 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 under the responsibilities of the Nomination and Remuneration Committee, according to the decision of the Chairman of the Authority No. (03/RM) of 2020 on the adoption 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 may lead to a breach of independency, 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 independency.

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

Members	Position	Status		Year of Appointment
		Independent	Executive	
His Excellency/Mohamed Khalifa Al Mubarak	Chairman of Board of Directors	Yes	No	2017
Mrs. Mariam Saeed Ahmed Ghobash	Vice-Chairperson of the Board	Yes	No	2019
Mr. Waleed Ahmed Salem Al Moqarrab Al Mehairi	Member	Yes	No	2016
Mr. Mansour Mohamed Al Mulla	Member	Yes	No	2011
Mr. Hamad Salem Mohammed 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 20 March 2019.
- Mrs. Mariam Saeed Ahmed Ghobash was elected as the Vice-Chairman by virtue of the Board of Directors' decision on 1 July 2020 which was ratified by the Board at its meeting No. (04/2020) held on 12 August 2020, following the resignation of Mr. Waleed Ahmed Salem Al Moqarrab Al Mehairi from his position as Vice-Chairman (he continued to hold his position as member of the Company's Board and related Committees) effective from 1 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 of 31 December 2020:

Member	Company/Body	Position
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 of the Board)	Abu Dhabi Investment Council	Director in the Global Special Opportunities Department
	Abu Dhabi Investment Company "Invest AD"	Vice-Chairperson of the Board
	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 University Council
Mr. Waleed Ahmed Salem Al Moqarrab Al Mehairi (Member)	Mubadala Investment Company PJSC	Group Deputy Chief Executive Officer
	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
	Tomouh Investment Company L.L.C	Member of the Board of Directors
	Investcorp Company	Member of the Board of Directors
	U.S.-UAE Business Council	Chairman of the Board of Directors
	Global Institute for the Elimination of Infectious Diseases (Glad)	Chairman of the Board of Directors
	First Abu Dhabi Bank	Member of the Board of Directors
	Mubadala Health Care	Chairman of the Board of Directors
	Noon.Com	Member of the Board of Directors
	HUB 71 Platform	Member of the Board of Directors
Mr. Hamad Salem Mohamed Al Ameri (Member)	Trojan Holding Group	Vice-Chairman and Managing Director
	Emirates Refreshments P.S.C.	Chief Executive Officer
	Arabtec Holding PJSC	Member of the Board of Directors
	Al-Jazeera Technical Solutions and Investments Co. L.L.C	Member of the Board of Directors
Mr. Mansour Mohamed Al Mulla (Member)	Mubadala Investment Company PJSC	Chief Financial Officer of Petroleum & Petrochemicals Sector
	OEM	Member of the Board of Directors
	Abu Dhabi Ports	Member of the Board of Directors
	Mubadala Petroleum Company LLC	Member of the Board of Directors
	Gulf Energy Maritime (GEM) P.S.C.	Member of the Board of Directors
Mr. Ali Saeed Abdullah Sulayem Al Falasi (Member)	Resco Company LLC	Member of the Board of Directors
	Hydra Properties L.L.C	Chief Executive Officer
	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 31 December 2020.

According to the Charter of the Board of Directors, all Members have vast experiences in business and management, particularly in the real estate sector. The following table shows the educational qualifications and experiences of the Board's Members:

Members	Educational Qualifications	Experience period in the Field of Business and Management (in years)	Experience Field: Real Estate and Constructions	Oil, Energy and Facilities	Banks, Finance and Insurance	Telecommunications	Government and nonprofit, public and other organizations	Healthcare and Pharmaceutical Industries	Media
H.E. Mohamed Khalifa Al Mubarak	• Dual specialization in Economics and Political Science from North Eastern University, USA.	14+	✓		✓		✓		✓
Mrs. Mariam Saeed Ahmed Ghobash	• Bachelor's degree in Economics from Wharton, from Pennsylvania State University in the United States of America.	13+	✓		✓	✓	✓		
Mr. Waleed Ahmed Salem Al Moqarrab Al Mehairi	• Master of Public Policy with a specialization in Business Administration and Government from Harvard University, USA. • Bachelor of Science in International Affairs from Georgetown University, USA.	21+	✓	✓	✓	✓	✓	✓	
Mr. Hamad Salem Mohamed Al Ameri	• MBA from the Canadian University. • Bachelor of Civil Engineering from the American University in Dubai (AUD).	16+	✓	✓	✓		✓		
Mr. Mansour Mohamed Al Mulla	• Bachelor of Business Administration from Portland State University, Oregon, USA.	20+	✓	✓	✓		✓		
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.	25+	✓		✓		✓		
Mr. Martin Lee Edelman	• PhD in Legal Science from Columbia University, USA. • Bachelor in Political Science from the Princeton University.	47+	✓				✓		

3.5 Women Representation in the Board of Directors during 2020

In its current formation, the Board of Directors includes one woman (one member), represented in the joining of Mrs. Mayram 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 20 March 2019.

The new Directors are subject to an orientation programme, during which their rights, duties and responsibilities are defined as Directors. The new Directors joined this orientation programme, which aims to obtain comprehensive information from the management and to conduct field visits to the Company's sites.

3. BOARD OF DIRECTORS continued

3.6 Orientation Programme

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 Consultation

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.

3.8 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 Directors.

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 shall be entitled not to deduct such fines if it knew that such fines were not imposed due to 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 remuneration of the members of the Board of Directors for the year 2019**
  Based on the decision issued by the General Assembly of the Company at its meeting held on 18 March 2020, the total remuneration received by the Members of the Company's Board of Directors for the fiscal year ending 31 December 2019 amounted to AED 13,950,000.00 (Thirteen Million Nine Hundred Fifty Thousand Dirhams). This amount includes the fees for attending the meetings of the Committees emanating from the Board of Directors during the year 2019.

- **Total proposed remunerations of the Directors for 2020**
  Based on the decision issued by the General Assembly of the Company at its meeting held on 24 March 2021, the total remuneration received by the Members of the Company's Board of Directors for the fiscal year ending 31 December 2020 amounted to AED 20,700,000.00 (Twenty Million and 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 amounting to AED 1,200,000.00 (One Million and Two hundred Thousand Dirhams) as detailed in the following paragraph.

- **Allowances of Attendance at the Meetings of the Board and its Committees for 2020**
  The Board members are not entitled to fees for attending the meetings of the Board of Directors. Regarding the fees for attending the meetings of the Committees emanating from the Board of Directors during the year 2020, the total amount of such fees is AED 1,200,000.00 (One Million and Two hundred Thousand Dirhams) as detailed in the following table:

Name	Committee	No. of meetings	Attendance
His Excellency/Mohamed Khalifa Al Mubarak	–	–	–
Mrs. Mariam Saeed Ahmed Ghobash	Executive Committee	6	100,000.00
	Nomination & Remuneration Committee	5	100,000.00
Mr. Waleed Ahmed Salem Al Moqarrab Al Mehairi	Executive Committee	6	200,000.00
Mr. Hamad Salem Mohammed Al-Ameri	Executive Committee	6	100,000.00
	Audit Committee	5	100,000.00
Mr. Mansour Mohamed Al Mulla	Audit Committee	5	200,000.00
	Nomination & Remuneration Committee	5	100,000.00
Mr. Ali Saeed Abdullah Al Falasi	Audit Committee	5	100,000.00
Mr. Martin Lee Edelman	Nomination & Remuneration Committee	5	200,000.00
Total			**1,200,000.00**

- **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 2020**
  The Board of Directors did not receive any additional allowances or salaries during the year 2020.

3.9 Meetings of the Board of Directors

The Board held six (6) meetings during 2020 to discuss strategic and operational matters related to the Company and to take the necessary decisions thereon. The following table shows the dates of these meetings:

Meeting	Date Held
01/2020	08 January 2020
02/2020	12 February 2020
03/2020	13 May 2020
04/2020	12 August 2020
05/2020	11 November 2020
06/2020	23 December 2020

Note:
- In addition to the Board's meetings, the Executive Committee held six (6) meetings during 2020 to discuss 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 for further details).

Attendance of the above-mentioned meetings was as follows:

Director	Meeting 01/2020	Meeting 02/2020	Meeting 03/2020	Meeting 04/2020	Meeting 05/2020	Meeting 06/2020	No. of Personal Attendances
His Excellency/Mohamed Khalifa Al Mubarak	✓	✓	✓	✓	✓	✓	6
Mrs. Mariam Saeed Ahmed Ghobash	✓	✓	✓	✓	✓	✓	6
Mr. Waleed Ahmed Salem Al Moqarrab Al Mehairi	✓	–	✓	✓	✓	✓	5
Mr. Mansour Mohamed Al Mulla	✓	✓	✓	✓	✓	✓	6
Mr. Hamad Salem Mohammed Al-Ameri	✓	✓	✓	✓	✓	✓	6
Mr. Ali Saeed Abdullah Al Falasi	✓	✓	✓	✓	✓	✓	6
Mr. Martin Lee Edelman	✓	✓	✓	✓	✓	✓	6

Note:
- All apologies for attendance submitted by the Directors for some meetings are considered and taken into account at the beginning of each meeting according to the Company's Memorandum of Association and Articles of Association, and in line with the applicable laws and regulations in this regard.
- The attendance of the Directors at these meetings is represented by their personal attendance.

3. BOARD OF DIRECTORS continued

3.10 Resolutions passed by circulation

During 2020, the Board of Directors passed eight (8) 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 Authority No. (03/RM) of 2020 on the adoption 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

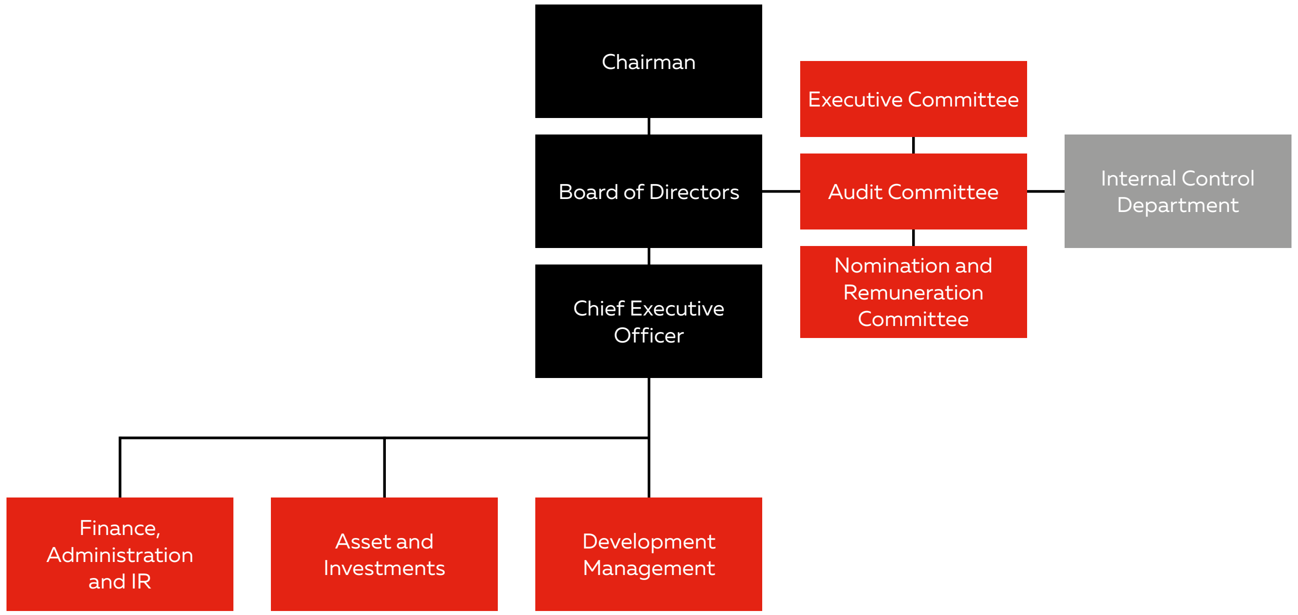
The following table shows the transactions done with related Parties during 2020:

Related Party	Nature (Type) of the Transaction	Transaction value (in AED Thousand)
Abu Dhabi Government	Revenues	1,739,765
Major shareholder and its affiliates	Revenues	34,745
Finance income from project finance	Finance Revenues	8,880
Finance income from joint ventures	Finance Revenues	7,553
Banks controlled by the Government and major shareholder	Finance Revenues	13,490
	Finance Costs	79,307

4. ORGANIZATIONAL STRUCTURE AND EXECUTIVE MANAGEMENT

4.1 Organizational Structure of the Company

Since its inception, Aldar Properties has been developing and implementing an efficient and effective organizational structure at all departmental and divisional 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 organizational 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 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, and their appointment dates, salaries and remunerations received during 2020:

Position	Date of Appointment	Total Salaries and Allowances during 2020 (in AED)	Annual Bonus during 2020 (in AED)	Vesting of previous year RSUs during 2020 (in AED) (C)	Any Other Remunerations in cash for 2020 or will be payable in the future
Chief Executive Officer	April 15, 2006 (A)	2,573,964.00	4,041,100.00	2,763,026.00	See Note (D)
Chief Financial & Sustainability Officer	1 November 2011	2,093,520.00	1,633,100.00	1,840,905.00	See Note (D)
Chief Development Officer	1 November 2020	415,100.00 (B)	0.00	0.00	See Note (D)
Chief Investment Officer	17 April 2016	2,107,692.00	1,338,400.00	1,478,235.00	See Note (D)

Notes:

(A) The Chief Executive Officer occupied his position as from 12 November 2017 according to the Board of Directors' decision at its meeting No. (06/2017) held on 12 November 2017, as he was the Chief Executive Officer for Management of the Company's Development Projects until that date.

(B) The "Chief Development Officer" joined the company as from the date 1 November 2020, and consequently the above-mentioned total salaries and remunerations has been calculated since that date.

(C) 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.

(D) The eligible Executive Management Team members are part of a Long-term incentive plan, were applicable company matched RSUs will vest over a period of four years as follows and as per the adherence to LTI Policy requirements:
Chief Executive Officer: 962,167 RSU, Chief Financial Officer: 388,883 RSU, Chief Investment Officer: 318,667 RSU, based on estimated share price of AED 3.6 per RSU; Chief Development Officer: 436,364 RSU based on board approved share price of AED 3.3 per RSU.

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 determines the powers of such delegation. The validity of responsibilities and duties vested in the Chief Executive Officer is three (3) renewable years.

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

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 organizational 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 supervising 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.

4. ORGANIZATIONAL STRUCTURE AND EXECUTIVE MANAGEMENT continued

4.3 Responsibilities and Authorities of the Executive Management continued

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 No. (02) of 2015 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 utilization 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 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 reflect 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 14 November 2018.

These Committees are as follows:

- **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 specializes 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 assesses 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 Delegation 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 management team of the Company, and the Committee holds its membership number of its meetings on a weekly basis and when necessary

This Committee specializes in 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, and other competencies delegated to the Committee from time to time as per the business requirements.

- **Investment Committee:** chaired by the Chief Executive Officer and includes in its membership Members of the Executive Management Team. The meetings of the Committee are held on a weekly basis and when necessary. This committee specializes 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 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 this Committee).

Members of these Committees acknowledge their responsibilities for reviewing their work mechanisms and ensuring their effectiveness.

5. EXTERNAL AUDITOR

Deloitte was appointed as an external auditor of Aldar Properties for the year ending 31 December 2020 under a decision issued by the Ordinary General Assembly of the Company at its meeting held on 18 March 2020. Deloitte 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 has offices in Abu Dhabi, Dubai, Sharjah, Ras Al Khaimah and Fujairah.

The following table shows the services provided by the external auditor during 2020 and the fees charged for these services:

Name of Audit Firm	Deloitte
Name of Partner Auditor	George Najem
Number of years spent as an external auditor of the Company	Two Years
Number of years spent by the Partner Auditor in auditing the Company's Accounts	Two Years
Total audit fees for the financial statements for the year ended on December 31, 2020 (In AED)	894,000

Other services provided by the External Auditor during 2020 and fees charged therefore

Service	Amount (in AED)
Other audit works	122,550
Other consulting works	1,397,341
Total	**1,591,891**

In addition, during 2020, Aldar Properties received financial and accounting consultation services FROM OTHER External Auditors (rather than the Appointed one) as follows:

	Company	Amount (in AED)
1	Meralis	98,000
2	PWC	646,767
3	Ardent	49,579
4	Ernst & Young	580,777
	Total	**1,375,123**

The Company's auditor did not submit any reservations regarding the interim and/or annual financial statements of the Company during 2020.

6. BOARD OF DIRECTORS COMMITTEES

The Board of Directors has formed three (3) Committees to contribute to 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 Committee.
- Nomination and 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 to be updated and amended to ensure the efficiency and effectiveness of these Committees. The Board restructured all Committees to ensure the compatibility and harmony of their functions and responsibilities with the decision of the Chairman of the Authority No. (03/RM) of 2020 on the adoption of the Corporate Governance Manual of Public Joint Stock Companies. In addition, the Board restructured these Committees at its meeting No. (02/2019) held on 20 March 2019, following the Board of Directors election process by the Shareholders at the General Assembly meeting held on 20 March 2019.

6.1 Audit Committee

Mr. Mansour Muhammad Al-Mulla, Chairman of the Audit Committee, acknowledges his responsibility for ensuring the Committee's operational effectiveness and efficiency in accordance with its mandate.

The Audit 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 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 Committee consists of three non-executive independent members. The charter of the Audit 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 members of the Executive Management and the Director of Internal Control 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 Committee:

Audit Committee members	Position
Mr. Mansour Mohamed Al Mulla	Chairman of the Committee
Mr. Ali Saeed Abdullah Sulayem Al Falasi	Member
Mr. Hamad Salem Mohamed Al Ameri	Member

Notes:
- The Audit Committee was restructured pursuant to the decision issued by the Board of Directors at its meeting No. (02/2019) held on 20 March 2019.
- Mr. Mansour Mohamed Al Mulla was elected as Chairman of the Audit Committee pursuant to the decision of the Audit Committee at its meeting No. (03/2019) held on 7 August 2019.

The Audit Committee's Charter defines the responsibilities of the Audit 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 members of 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 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 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 members of the Executive Management, evaluating its effectiveness and efficiency in performing its mission and tasks in a manner that contributes to the development of the Internal Control Systems of the Company.
- Discussing and reviewing the policies and procedures of the Company with members of 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 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, members of the Executive Management 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 independency 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 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 objectives and work plan and any essential questions raised by the auditor to the Board of Directors or members of 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 Control Department

- Reviewing the activities, resources and organizational structure, Charter of the Internal Control Department, reviewing and approving annual audit plan.
- Considering the process of selecting and appointing the Director of Internal Control Department and the internal audit providers, their resignation or termination.
- Reviewing the reports submitted to the Committee by the Director of the Internal Control 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 concerned members of senior management have been received and discussed and the necessary actions were taken thereon, and discussing with the Director of the Internal Control Department 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 functioning of Internal Control Department, particularly with regard to planning, follow-up and reporting, the performance of the Director of the Internal Control Department and timely advice and guidance.
- Ensuring that the Internal Control Department has adequate employees and the appropriate authority and position within the Company.
- Meeting with the Director of Internal Control 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.

6. BOARD OF DIRECTORS COMMITTEES continued

6.1 Audit Committee continued

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 systems).
  - 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 members of 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 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 violations in the financial reporting, internal control or other matters in secret, identifying the steps to conduct independent and fair investigations on such violations, and conducting periodic reviews of such policies and procedures.
- Assessing the procedures of investigations to ensure the independency and impartiality of investigations.
- Reviewing the investigation procedures taken by the Company's management in dealing with the reported violations, and correcting any deviations therein.

The Audit Committee, at its meeting No. (04/2013), reviewed the whistle blower policy of reporting violations, 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 6 November 2013.

The Audit Committee held five (5) meetings during 2020 as follows:

Meeting No.	Date
01/2020	11 February 2020
02/2020	18 May 2020
03/2020	10 August 2020
04/2020	17 August 2020
05/2020	09 November 2020

The above-mentioned meetings' attendees were as follows:

Member	Position	Meeting 01/2020	Meeting 02/2020	Meeting 03/2020	Meeting 04/2020	Meeting 05/2020	No. of Attendances
Mr. Mansour Mohamed Al Mulla	Chairman of the Committee	✓	✓	✓	✓	✓	5
Mr. Ali Saeed Abdullah Sulayem Al Falasi	Member	✓	✓	✓	✓	✓	5
Mr. Hamad Salem Mohamed Al Ameri	Member	✓	✓	✓	✓	✓	5

Note:
- The attendance of the Members at these meetings is represented by their personal attendance.

6.2 Nomination and Remunerations Committee

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

The Nomination and Remuneration Committee reports to the Board on human resources management 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 experience needed in the future.

The Nomination and Remuneration Committee consists of three (3) independent non-executive members. The Chairman of the Committee holds periodic meetings with the Executive Management and the Executive 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 Nomination and Remuneration Committee includes the following members:

Members of Nomination and Remunerations Committee	Position
Mr. Martin Lee Edelman	Chairman of the Committee
Mr. Mansour Mohamed Al Mulla	Member
Mrs. Mariam Saeed Ahmed Ghobash	Member

Notes:
- The Nomination and Remunerations Committee was restructured by the Board of Directors' decision issued at its meeting No. (02/2019) held on 20 March 2019.
- Mr. Martin Lee Edelman was elected as a Chairman of the Nominations & Remunerations Committee by virtue of the Board of Directors' decision at its meeting No. (02/2019) held on 11 March 2019.

The Charter of the Nomination and Remuneration Committee defines the responsibilities of the Committee as follows:

- Ensuring the independence of the independent members. If the Committee found that a member had 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, organization and follow-up of the procedures for nomination for the Board of Directors according to the applicable laws and regulations.
- Review of 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.
- Review of 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. (04/2013) held on 1 July 2013, the Board decided that the Nomination and Remuneration Committee shall hold at least one meeting annually to perform its responsibilities and to fulfill its legislative requirements in accordance with the applicable laws and regulations of the Securities and Commodities Authority. Therefore, the Nomination and Remuneration Committee held Five (5) meetings during 2020 as follows:

Meeting No.	Date Held
01/2020	11 February 2020
02/2020	15 April 2020
03/2020	11 August 2020
04/2020	02 November 2020
05/2020	10 November 2020

The above-mentioned meetings' attendees were as follows:

Member	Position	Meeting 01/2020	Meeting 02/2020	Meeting 03/2020	Meeting 04/2020	Meeting 05/2020	No. of Attendances
Mr. Martin Lee Edelman	Chairman of the Committee	✓	✓	✓	✓	✓	5
Mr. Mansour Mohamed Al Mulla	Member	✓	✓	✓	✓	✓	5
Mr. Mariam Saeed Ahmed Ghobash	Member	✓	✓	✓	✓	✓	5

Note:
- The attendance of the Members at these meetings is represented by their personal attendance.

6. BOARD OF DIRECTORS COMMITTEES continued

6.3 Executive Committee

Mr. Waleed Ahmed Salem Al-Muqarrab Al-Mehairi, 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 Al Moqarrab Al Mehairi	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 20 March 2019.
- Mr. Waleed Ahmed Salem Al Moqarrab Al Mehairi was appointed as Chairman of the Executive Committee under the decision of the Board of Directors at its meeting No. (01/2019) held on 8 April 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 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 Procurement Department and awarding tenders related to the substantial tenders according to the limits and restrictions prescribed by the Delegations 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 six (6) meetings during 2020 as follows:

Meeting	Date
01/2020	12 March 2020
02/2020	09 April 2020
03/2020	12 July 2020
04/2020	26 October 2020
05/2020	11 November 2020
06/2020	13 December 2020

The above-mentioned meetings' attendees were as follows:

Member	Position	Meeting 01/2020	Meeting 02/2020	Meeting 03/2020	Meeting 04/2020	Meeting 05/2020	Meeting 06/2020	No. of Attendances
Mr. Waleed Ahmed Salem Al Moqarrab Al Mehairi	Chairman of the Committee	✓	✓	✓	✓	✓	✓	6
Mr. Hamad Salem Mohamed Al Ameri	Member	✓	✓	✓	✓	✓	✓	6
Mrs. Mariam Saeed Ahmed Ghobash	Member	✓	✓	✓	✓	✓	✓	6

Notes:
- The attendance of the Members at these meetings is represented by their personal attendance.

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 Authority No. (03/RM) of 2020 on 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 fulfill their legal obligations when they have material information that may affect the Company's share 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 the 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 merge negotiations and discussions between Aldar Properties and Sorouh Real Estate.

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 Authority No. (03/RM) of 2020 on the adoption of the Corporate Governance Manual of Public Joint Stock Companies, the Management of the Company formed a committee specialized in the affairs of insiders and their trading in the Company's shares and securities.

7.2.1 Insider Affairs and Trading Committee

The Insider Affairs and Trading Committee includes the following members:
- Chief Financial Officer
- General Counsel
- Head of Internal Control Department

Committee members acknowledge their responsibility for the Committee's system in the Company, their review of its work mechanism, and verification of its effectiveness.

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

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

7.2.2 Duties and Competencies of the Committee

The 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 2020, 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 organizational 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 e-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 Direct Relatives in the Company's Shares during 2020

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 Committee and the Internal Control 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 authorized and delegated the Audit Committee to be functionally responsible for the Internal Control Department under an official authorization issued by the Board of Directors in this regard. The results of such authorization 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 reflects positively on the Board of Directors in exercising its authorities and responsibilities.

8.2 Head of Internal Control Department

The Internal Control 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 6 August 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 22 years of experience in internal and external auditing. It should be 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 the USA, and obtained certificates of Certified Internal Auditor (CIA) and Certified Fraud Examiner (CFE).

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 Authority No. (03/RM) of 2020 on the adoption 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)

8.4 Company's Deal 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 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 Control Department are governed by the Charter approved by the Audit Committee and the Board of Directors, in accordance with the decision of the Chairman of the Authority No. (03/RM) of 2020 on the adoption of the Corporate Governance Manual of Public Joint Stock Companies. This Charter is the mandate through which the Internal Control Department operates, and contributes to achieving the objectives of the Company and keeping up with its aspirations.

The Internal Control Department reports to the Audit 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 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 independence in the Internal Control Department's implementation of its activities and performance of its duties, the Head of Internal Control 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 Control 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 Committee on the development of such issues and matters.

8.5 Reports issued by the internal control department of the Company's Board of Directors.

The Internal Control Department carries out its activities and tasks entrusted to it, under the direct supervision of the Audit Committee, in an effective and constructive manner, which contributes to creating an ideal work environment characterized by agreement, effectiveness, compliance, discipline, efficiency in performance and productivity, and encourages attracting qualified professional staff with expertise and efficiency. The Internal Control Department conducts its audit and prepares its reports in accordance with the internal audit standards and 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 Control Department reports to the Audit 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 Control Department prepared and presented 16 reports to the Audit Committee during the year 2020, and the necessary decisions have been issued in respect thereof.

9. RISK 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 their risk, risk appetite and tolerances, review of the effectiveness of risk management. The Risk Management Committee applies, in direct coordination with the Executive Management and the Audit 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 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 1 July 2013, under which the Risk Management Committee shall be a functional subordinate of the Audit Committee, as expressly stated in the Charter of the Audit Committee and the Charter of the Risk Management Committee, approved and adopted at the above-mentioned meeting.

9. RISK MANAGEMENT continued

The Risk Management Committee has established special risk management standards, developed a risk record, and adapted them to conform to the highest standards in this field. The 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 a management 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/record.
  - 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 two meetings during 2020. The Risk Management Committee also:

- Reviewed and discussed the Charter of the Risk Management Committee.
- Strengthened the risk management framework and policies.
- Developed and updated the Company's risk register.

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 20 years of experience in both the public and private sectors in France and the GCC countries. Her expertise is focused on risk management programmes 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 authorized 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 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 meetings.

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 PROFESSIONAL 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 environment. 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 6 November 2013, has reviewed and approved this Code of Business Conduct.

12. EMPLOYEES DISCLOSURE MECHANISM

In accordance with the Code of Business Conduct, the Company has developed a disclosure policy for employees, to ensure 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 the confidentiality of the investigations. The Audit Committee, at its meeting No. (04/2013) held on 6 November 2013, has reviewed the whistle blower policy, as stated in paragraph (H) of clause (6.1) above.

This disclosure mechanism allows employees to express their concerns in a responsible and confidential manner, without disclosing their personal data (as they wish), and 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 2020

The Company did not commit any material violations with respect to the regulations during the year ended on 31 December 2020.

15. COMPANY'S SUSTAINABILITY AND SOCIAL RESPONSIBILITY

Through its social responsibility, the Company aims to create a sustainable value for shareholders, employees, suppliers, customers, business partners and the communities in which it operates, by maintaining the sustainability of business and supporting the local community of UAE and other communities, taking into account the social, environmental, ethical and economic aspects in all the activities of the Company.

The Company also aims at fulfilling all social, environmental and corporate responsibilities imposed by the regulations and legislation in the environment through which it operates. For this purpose, Aldar Properties integrates the environmental and social considerations into its decision-making and operational processes, helping to understand both direct and indirect impact of its operations, which in turn lead to better decisions, improving the effectiveness of the work and adding value to the Company's works, by reducing risks, improving operational efficiency and creating an ideal working environment.

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.

Sustainability has become a main integral part of our corporate strategy. Through its sustainability strategy, Aldar seeks to create shared value for the parties and stakeholders. The Company's sustainability agenda is in line with the UAE Vision 2021, the UAE Green Agenda 2015-2030, Abu Dhabi Economic Vision 2030 and the United Nations Sustainable Development Goals 2030 to which the United Arab Emirates adheres. As one of the leading real estate development and management companies, the Company continues to focus on achieving a positive impact on society and the environment. The Company looks forward to fulfilling all social and environmental responsibilities and corporate governance obligations imposed by local and international regulations, laws and legislations in the field of the environment through which it operates.

15. COMPANY'S SUSTAINABILITY AND SOCIAL RESPONSIBILITY continued

Social responsibility has been categorized into community and corporate initiatives to focus and effectively strengthen Aldar's efforts. During the year 2020, Aldar Properties has participated in a number of activities and events in the context of its efforts to contribute to the building of local communities and preserving its environment. These activities include the following:

- Aldar commits to be carbon neutral.
- Aldar invests in Abu Dhabi's first Social Impact Bond by Ma'an – The Authority of Social Contribution – to make a significant impact on social challenges. The investment was for a pilot programme that enable People of Determination with necessary skills for the workplace.
- Developed new Group policies, some of which are: Environment Policy, Human Rights Policy, Sustainability Policy, CSR Policy, and Sustainable Procurement Policy. Our commitment is to integrate management processes to identify, assess and mitigate ESG issues in our Group operations.

A Summary of Aldar CSR Activities of the year 2020 is as follows:

Empowering UAE Talent

- Sandooq Al-Watan Fund: Aldar has provided AED 30 million as support to Sandooq Al-Watan Fund during the year 2020. This initiative aims to achieve sustainable development, a decent life and a promising future for all citizens of the United Arab Emirates. It also embodies the importance which Aldar gives to its social responsibility, and its pioneering role in encouraging national projects.
- Some of the main initiatives of the Fund sponsored by Aldar:
  - Supporting the UAE Coder and Mawhibatna Programmes
  - Funding the Centurium Prize to support innovation and local research talent
  - Direct donation to support purchase of 10,000 laptops for students to facilitate distance learning

Supporting People of Determination

- Aldar signs a strategic partnership agreement with UAE Special Olympics. The agreement includes the provision of office space and support services that are valued at AED 500,000.
- Aldar invests in Ma'an's social impact bond that supports People of Determination with the amount of AED 2,000,000.

Supporting the Nation's Youth

- Aldar committed to offer one of its 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. Value: AED 2,000,000

Supporting the Nation During Covid-19

- Aldar employees donated AED 1 million to "Together We Can" campaign launched by Ma'an
- Aldar launched targeted programmes worth up to AED 190 million in March 2020 to support tenants, homebuyers and the wider community.
- Series of initiatives targeting retail partners reaching over AED 90 million with a particular focus on SMEs and start-ups.
- AED 60 million has been allocated to support residential buyers and tenants through market beating home finance products, rent to own units and monthly payment plans.
- Aldar Academies has been allotted AED 50 million, including 20% discount applied to nearly 7,500 students at its schools, around AED 10 million investment in technology including provision of laptops and distance learning education platform and a AED 6 million hardship fund was established for Aldar Academies.
- AED 20 million allocated to various other initiatives including national sanitation efforts and waiving all administrative fees associated with transacting with Aldar.

16. GENERAL INFORMATION

16.1 Company's Share Performance during 2020

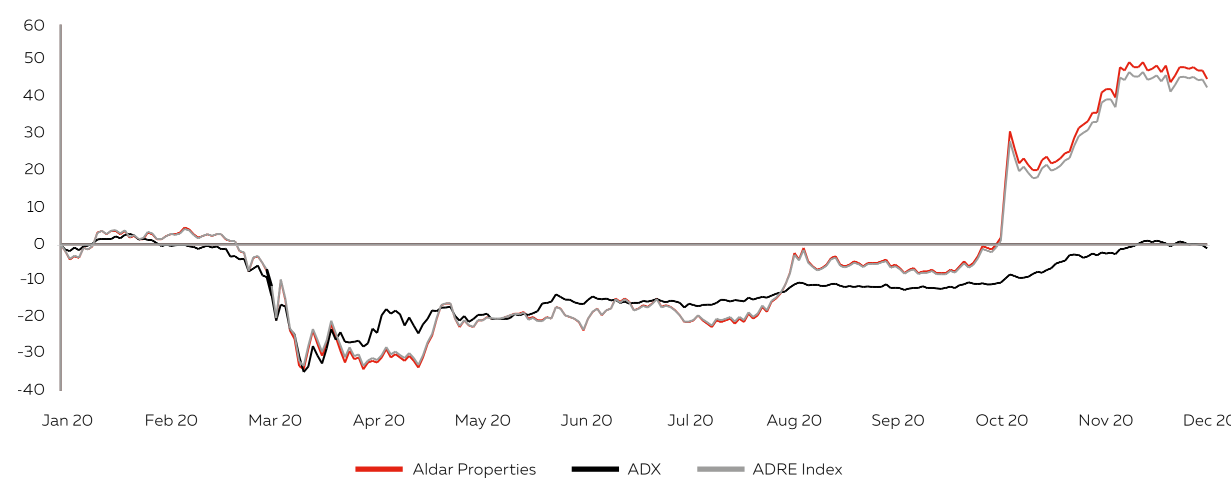
Trading in the Company's shares witnessed strong activity during the year ended on 31 December 2020. The following table provides an overview of the Company's share price at the end of each month of the year ended on 31 December 2020:

Date	Opening (AED)	Highest Price (AED)	Lowest Price (AED)	Closing (AED)	Quantity (Share)	Value (AED)	No. of Transactions	Change AED	Change %
January 2020	2.15	2.27	2.07	2.23	157,606,102	345,779,878.27	3,810	0.07	3.24
February 2020	2.21	2.27	2.10	2.12	138,617,721	305,937,157.27	3,628	0.11	4.93
March 2020	2.05	2.14	1.35	1.54	482,772,215	797,439,076.00	10,680	0.58	27.36
April 2020	1.53	1.86	1.38	1.82	313,758,901	489,351,573.47	9,399	0.28	18.18
May 2020	1.81	1.82	1.64	1.74	184,446,368	319,073,522.95	4,871	0.08	4.40
June 2020	1.74	1.89	1.66	1.78	310,865,718	549,504,831.84	8,223	0.040	2.30
July 2020	1.78	1.85	1.68	1.73	146,039,671	256,384,954.91	4,204	0.05	2.81
August 2020	1.73	2.17	1.70	2.03	686,952,907	1,341,038,552.27	9,398	0.300	17.34
September 2020	2.06	2.11	1.99	2.01	744,713,591	1,526,844,231.00	6,053	0.02	0.99
October 2020	1.99	2.92	1.99	2.74	990,188,202	2,278,397,855.07	9,860	0.730	36.32
November 2020	2.70	3.18	2.57	3.04	781,543,751	2,188,824,359.45	13,120	0.350	13.01
December 2020	3.10	3.26	3.09	3.15	545,896,819	1,748,619,215.69	8,607	0.110	3.62

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 price with the general market index and the real estate sector index during the year ended on 31 December 2020:



Source: Bloomberg

16. GENERAL INFORMATION continued

16.3 Statement of Distribution of Shareholders' Ownership as on 31 December 2020 (Individuals – Companies – Governments), categorized as follows: (Local – Gulf – Arabic – Foreign)

The following table shows the distribution of shareholders' ownership (Individuals – Companies – Governments), categorized as follows: (Local – Gulf – Arabic – Foreign) as of 31 December 2020:

Investor/Shareholder	Customer Type	No. of Shareholders	No. of Shares (Share)	Ownership Percentage in the Capital as per the Category	Total Shares
Local	Government	14	3,200,677,635	40.71%	6,295,079,890
	Companies	453	1,888,369,212	24.02%	
	Individuals	42,619	1,206,033,043	15.34%	
Gulf	Government	1	1,186,795	0.02%	142,135,674
	Companies	68	123,588,114	1.57%	
	Individuals	158	17,360,765	0.22%	
Arabic	Government	0	0	0.00%	35,403,404
	Companies	16	5,019,613	0.06%	
	Individuals	978	30,383,791	0.39%	
Foreign	Government	0	0	0.00%	1,390,010,635
	Companies	518	1,323,006,642	16.83%	
	Individuals	756	67,003,993	0.85%	
Total		**45,581**	**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 31 December 2020

The following table shows the shareholders whose ownership percentage exceeds 5% of the Company's capital as of 31 December 2020:

Shareholder	No. of Shares	Ownership Percentage
Al Mamoura Diversified Global Holding	2,339,464,326	29.73%
Al Sariya Commercial Investment LLC	595,944,021	7.57%

Source: Abu Dhabi Securities Exchange

16.5 Statement of Distribution of Shareholders according to their Ownership Percentage as of 31 December 2020

The following table shows the distribution of shareholders according to their ownership percentage as of 31 December 2020:

Shares Ownership (Share)	No. of Shareholders	No. of Owned Shares	Owned Shares Percentage of the Capital
Less than 50,000	42,808	118,423,132	1.51%
From 50,000 to less than 500,000	1,944	336,755,310	4.28%
From 500,000 to less than 5,000,000	676	1,012,925,481	12.88%
More than 5,000,000	153	6,394,525,680	81.33%
Total	**45,581**	**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) 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 2017 and 2020, has stimulated and developed the Investor Relations Department and strengthened its role through the fulfillment 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 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. It further improves the quality of submitted reports by ensuring a high level of disclosure, transparency and interaction with markets through efficient structure at the Senior Management level.

From this regard, the Company has developed and updated its Investor Relations' 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 realization of the role and objectives of the Investor Relations Department, the Company appointed officials specialized in investor relationships management who have the required qualifications and experience in the fields of business, accounting and public relations, full knowledge of the Company's activities and opportunities, and familiar with the relevant legal and legislative requirements of the relevant authorities. In addition, they have the skills and ability to interact with 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 2020, the officials of this Department conducted a series of meetings with current shareholders and potential investors, at 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 • Mr. Mohamed A Maazmi
Contact Information	
Telephone	00971 2 8105624 00971 2 8105555 00971 2 8105866
Fax	00971 2 8105550
P.O. Box	51133 – Abu Dhabi
Email	SKhan@aldar.com malmaazmi@aldar.com
Address	Aldar Properties Headquarters (ALDAR HQ)– Al Raha Beach – Abu Dhabi

16. GENERAL INFORMATION continued

16.7 Special Decisions taken in the General Assembly Meetings of Shareholders during 2020, 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 18 March 2020, included one clause requiring a special decision by the shareholders, which have been unanimously approved by the shareholders present at this meeting. This clause is as follows:

- Approval of provision of voluntary community contributions by the Company during 2020, and authorizing 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 (2018 and 2019), 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.

  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.

16.8 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 Secretary of the Board of Directors' meetings in organizing the work of the Board of Directors and its Committees. Further, his role in includes coordination of matters and issues relating to the meetings of the Board and its Committees, from scheduling meetings, organizing the agenda, organization and coordination of the members before and during the meetings, preparing their minutes, arranging for the signature and adoption thereof. Furthermore, the role entails coordination and communication between the different Departments of the Company in relation to decisions issued by the Board and its Committees, to ensure the implementation of such decisions. In addition, he contributes 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 decisions.

The most prominent tasks undertaken by the Company's 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.
- 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 members to express their opinions on it 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.
- Supporting the Board of Directors' evaluation process.
- Coordination between members of the Board of Directors and the Executive Management Team in the Company.
- Organizing 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 the Company Secretary under the resolution issued by the Board of Directors in its meeting No. (04/2020) which was held on 12 August 2020. Mr. Mohamed Hatem Abdul-Rahman" has experience in the field of legal affairs and corporate compliance for a period of 13 years. He obtained a bachelor degree from Faculty of Sharia and Law from UAE University. Moreover, he obtained certification from "Hawkamah".

16.9 Material Events Experienced by the Company during 2020

The year 2020 witnessed a significant demand for sales of housing units in all projects launched by Aldar Properties. This was due to the lack of high-quality housing projects being 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. The following are the most significant events that Aldar Properties experienced during the year 2020:

- **Aldar Renew Its Obligation To Enhance Sustainability During 2020**
  On 14 January 2020, during Abu Dhabi Sustainability week, Aldar announced its efforts to continue its endeavours in the field of sustainability throughout the current year which promote Abu Dhabi's position as an International City that motivates building a sustainable future.

- **Aldar Prepares For Handovers On Reem Island And Yas Island**
  On 6 February 2020, Aldar Properties provided its latest quarterly update on projects under development across its key destinations in Abu Dhabi.

  Some of those include Yas Acres, Aldar's flagship golf and waterfront villa and townhouse development on the northern shores of Yas Island, where construction of 652 villas and townhouses has reached its final stages. Planned phased handovers are set to commence at the end of this quarter.

  Other projects underway on Yas Island include Lea, which was first launched in April 2019 and features 238 plots directly to the north of Yas Acres. At the end of 2019, Aldar awarded the contract to Hilalco with a mandate that encompasses the design and build of Lea's infrastructure, such as its roads and utilities. Hilalco is also undertaking landscaping works associated with the public realm and parks. Lea has proven to be one of Aldar's most popular locations and sold out during Cityscape Abu Dhabi last year, generating over AED 400 million in sales.

  In addition, the first phase of The Bridges on Reem Island is also nearing completion with handover to customers expected to begin in early Q2. The whole project is a six building, 1,272 home development, which is split by a canal on the island is located next to the capital's newest urban park. The first phase consists of three buildings containing 636 apartments.

- **Aldar To Invest AED 2 Million In Abu Dhabi's First Social Impact Bond By Authority Of Social Contribution – Ma'an**
  On February 15, 2020, The Authority of Social Contribution – Ma'an and Aldar have signed a strategic agreement that will see both organizations address priority social challenges through social contracting.

  Aldar will invest AED 2 million, a demonstration of their commitment to the programme. As part of the agreement, Aldar and Ma'an will work together to build a Social Impact Bond, with the aim of launching later this year.

  Social Impact Bonds are an internationally established and successful way to finance the delivery of public services, first introduced in the UK. They involve a government commissioner, a social service provider and a social investor – using multi-party partnerships to bring together the right organizations to solve social challenges.

- **Aldar Applauds Government Stimulus And Announces Key Programmes For Customers, Communities And Partners**
  On March 17, 2020, The Abu Dhabi Government and the UAE Central Bank have taken prompt and unprecedented steps to support the local economic environment and boost financial resilience. The various initiatives seek to preserve Abu Dhabi's economic gains, support the private sector and prioritise support to SMEs and start-ups.

  Aldar Properties PJSC is committed to its long-term sustainable approach to stakeholder management. Aldar is today announcing programmes worth AED 100 million aimed at supporting its residents, tenants, customers and partners.

- **Aldar Employees Contribute AED 1 Million To The 'Together We Are Good' Programme Launched By Ma'an**
  On April 1, 2020, Aldar Properties PJSC announced that its employees are contributing AED 1 million to the 'Together We Are Good' programme launched by The Authority of Social Contribution – Ma'an. The campaign is designed to encourage financial and in-kind contributions from individuals and companies to support the community and promote social responsibility.

- **Al Watan Fund contributes to providing 10,000 laptops for school and university students.**
  On April 7, 2020, Fund Al Watan announced a community initiative for a group of Emirati businessmen with the aim of supporting the creation of a better future for future generations by making a cash contribution of 18.5 Million Dirhams in partnership with Aldar Properties Which contributed an amount of 5 Million Dirhams, to provide 10 thousand laptops in support of the distance learning initiative of the Ministry of Education to ensure the continuity of the educational process.

16. GENERAL INFORMATION continued

16.9 Material Events Experienced by the Company during 2020 continued

- **Aldar Education Launches Initiatives To Support Parents**
  On April 7, 2020, Aldar Properties PJSC announced today a new initiative that extends support to the families of all students enrolled in Aldar Academies and Cranleigh Abu Dhabi that are part of Aldar Education's portfolio. This initiative includes a 20 percent reduction in school fees and a refund of all payments made toward catering and transport expenses for term 3 of the current academic year, along with launching a fund to support families impacted by the current circumstances.

  As part of this initiative, families will also have the option to pay the remainder amount of term 3 fees in instalments in the four-month period prior to the start of the next academic year in September 2020. Those who have already made the payment of term 3 fees in full will be credited the 20% discount against term 1 fees for 2020-21. Families also have the option of a 0% interest monthly payment plan for the school fees of the 2020-2021 academic year.

  Additionally, Aldar Education is making an investment of AED 10 million toward technology and infrastructure to facilitate distance learning programmes and to cover for devices that were purchased and distributed to families who did not have the tools to deliver distance learning to their children. It is also establishing an 'all in this together' fund to support families who are expected to be significantly impacted financially by the current circumstances.

- **Launching The GCC's First Social Impact Bond – "Atmah" Programme To Increase Employment Opportunities For People Of Determination In Abu Dhabi**
  On April 14, 2020, The GCC's first Social Impact Bond will be piloted in Abu Dhabi as part of an agreement signed between the Department of Community Development, the Authority of Social Contribution – Ma'an, Aldar, Aldar Education and Higher Organization for People of Determination to support the employment of people of determination.

- **Aldar Partners With ADCB, ADIB And FAB To Offer An Exceptional Home Finance Offer For Aldar Customers With 3 And 5 Year Fixed Rates At 1.99%**
  On April 20, 2020, Aldar Properties PJSC partnered with leading home finance providers, ADCB, ADIB and FAB, to bring its customers an exclusive, 30 day limited time offer for homes in some of the most sought-after destinations in Abu Dhabi. The offer enables buyers to benefit from a fixed rate of 1.99%* for three or five years with no application or valuation fees*.

- **Aldar Supports Nationwide Efforts To Protect Health And Wellbeing And Promote Business Continuity**
  On May 5, 2020, Aldar Properties PJSC is leading a number of initiatives alongside various measures across its development and asset management businesses that support the nationwide efforts to protect health and wellbeing and promote business continuity. The measures highlight Aldar's commitment to its employees, business partners, residents, parents and the wider community.

- **Aldar Announces Board Of Directors Change**
  On July 1, 2020, Aldar Properties PSJC announced a change in its Board of Directors with immediate effect.

  Waleed Ahmed Almokarrab Al Muhairi will step down as Vice Chairman in compliance with regulations by the UAE's Securities and Commodities Authority related to membership of multiple boards of public entities. Al Muhairi will remain as a board member and continue to contribute to Aldar's strategic direction.

  In turn, Mariam Saeed Ghobash was named as Vice-Chairperson. Ghobash joined Aldar's Board of Directors in 2018 becoming the company's first woman on the board.

- **Aldar Makes Strong Progress On Sustainability Agenda And Launches Ambitious New Commitments**
  On August 23, 2020, Aldar Properties PJSC published its second annual sustainability report, demonstrating strong progress in 2019 and charting an ambitious roadmap for the future through a number of key commitments. Formulated in close alignment with key global indices and standards including the Global Reporting Initiative (GRI) Standards, the report formally enshrines Aldar's approach to responsible corporate citizenship, going beyond financial considerations to rigorously chart the company's wider ESG performance.

- **Aldar Unveils 'Darna' Digital Loyalty Programme**
  On September 20, 2020, Aldar Properties PJAC announced the launch of Darna, an exclusive digital loyalty programme that rewards customers for every interaction made across the company's entire portfolio in Abu Dhabi and Al Ain.

  A first of its kind for Abu Dhabi, Darna is the UAE's most diverse and flexible loyalty programme covering shopping to education, leisure and real estate, Darna also allows customers to earn and redeem points with Aldar's property and facilities management companies, Provis and Khidmah.

- **The Executive Committee Of Abu Dhabi Directs The Development Of a Public Private Partnership Framework To Implement Capital Projects In The Emirate – ADQ And Aldar Sign MOU To Develop And Manage Government Capital Projects**
  On October 25, 2020, As part of the Abu Dhabi Government's efforts to support the emirate's real estate sector and public-private partnership initiatives, the Abu Dhabi Executive Committee directs the development of a public private partnership framework to implement capital projects in the emirate.

  In this context, ADQ and Aldar signed a memorandum of understanding under which Aldar will take over the development and management of government capital projects with a total value of approximately AED 30 billion, the largest of which is the Riyadh City project and the Baniyas North project as well as other projects in Al Ain and Al Dhafra regions, which will together include more than 25,000 land and villas for UAE Nationals and associated infrastructure.

- **Aldar Launches Noya On Yas Island**
  On November 19, 2020, Aldar Properties PJSC announced the launch of Noya, a master-planned residential community on the iconic Yas Island. The AED 940 million development is located in an investment zone, with all properties available for purchase on a freehold basis. Located in close proximity to Aldar's flagship Yas Acres, Noya offers residents the opportunity to combine the luxury of living on Yas Island, the capital's premier leisure and entertainment destination, with convenient access to the heart of Abu Dhabi. Noya features 510 residences, including 4-bedroom villas and 2- and 3-bedroom townhouses, with prices starting from AED 1.49 million. Buyers can also benefit from an attractive 35/65 payment plan. Sales will commence on November 22, 2020.

- **Aldar Strengthens Its Leadership Team With Key Appointments**
  On November 20, 2020, Aldar Properties PSJC made a series of appointments to its senior management team, further strengthening its expertise and capabilities as a leading real estate company.

  Jonathan Emery joined Aldar as Chief Development Officer, where he will be responsible for all development activities across the company. He brings over 30 years of experience in the global real estate industry, having held senior positions at leading developers in Australia, the UK and the UAE. Most recently, Jonathan was the CEO of the global residential practice and Managing Director of Property for Europe at Lendlease, a multinational construction, property and infrastructure company.

  Emma O'Brien was appointed as the Acting General Counsel at Aldar, where she will be responsible for the company's legal and governance affairs. Emma has been with Aldar since 2014. Prior to that, she practiced in a number of leading law firms, both in Abu Dhabi and London, and has advised on a wide range of high-profile transactions. Emma is a Solicitor of the Senior Courts of England and Wales.

  Mohamed Musallam Aljneibi was appointed as Executive Director – Procurement to oversee the company's procurement and supply chain function. Mohamed has over 20 years of experience in the real estate and oil and gas sectors, specialising in developing and implementing sustainable procurement and supply management practices. He joined Aldar from the Crown Prince Court Abu Dhabi, where he was Head of Procurement Operations since 2010, and with the Office of Strategic Affairs before that.

  Faisal Falaknaz was appointed as Executive Director – Aldar Investments Properties Finance, where he will lead corporate finance for the company's asset management and recurring income business. Faisal has extensive experience in finance and real estate investments, having spent over 10 years with Mubadala, working with the investments, asset management, M&A and Mubadala Corporate teams. He also worked with Emaar Properties where he led setting up Emaar Capital, their regulated fund management company. Faisal is a CFA Charter holder.

  Samar Khan was appointed as Head of Investor Relations, joining the company from MERAAS where she was Head of Strategic Capital and Investments. Samar's deep experience in investment banking and real estate advisory includes over 12 years in the UK, working for Goldman Sachs, Barclays Capital and Lehman Brothers.

- **Aldar Signs Agreement With Tabreed To Sell Abu Dhabi District Cooling Assets For AED 963 Million**
  On December 23, 2020, Aldar Properties PJSC signed an agreement to divest its two district cooling assets on Abu Dhabi's Saadiyat Island to National Central Cooling Company PJSC (Tabreed) for a total consideration of AED 963 million. Aldar had purchased a 100% stake in Saadiyat District Cooling LLC (SDCL) and an 85% stake in Saadiyat Cooling LLC (SCL) as part of a wider acquisition of assets from Tourism Development and Investment Company (TDIC) in 2018.

16. GENERAL INFORMATION continued

16.9 Material Events Experienced by the Company during 2020 continued

- **Aldar Properties Sells Abu Dhabi Golf Complex Including The Westin Hotel For AED 180 Million**
  On December 31, 2020, Aldar Properties has agreed to sell the Abu Dhabi Golf Club Complex, including the Westin Hotel and the Abu Dhabi Golf Course, to a financial investor for AED 180 million. The sale, which has a transaction value representing a 13% increase on the entry price, is in line with Aldar's asset management strategy to actively pursue profitable investment exits and redeploy capital into growth opportunities.

  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 2020.

16.10 Emiratization Percentage In The Company For The Year 2018, 2019 and 2020

Aldar Properties has adopted a policy that contributes to attracting 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 stewardship of the Company's leadership. In this regard, it is worth mentioning that the Company succeeded in raising the Emiratisation percentage during the 2020. The following table shows the Company's Emiratization ratios for the years 2018, 2019 and 2020:

Year	2018	2019	2020
Emiratization Ratio	28.20%	27%	29.4%

16.11 Statement of the transactions conducted by the company during 2020 which is equivalent to 5% or more from the company's capital

Aldar didn't conclude any deals that is equivalent or greater than 5% from the company's capital during 2020.

16.12 Projects and Innovative initiatives performed by the Company during 2020

Aldar Properties firmly believes in the importance of adopting projects and innovative initiatives that would meet the needs and requirements of communities, customers, shareholders, investors and stakeholders in general. The Company is keen to provide a transparent and competitive investment environment to enhance the efficiency of the real estate sector through which the Company operates, and to enhance and encourage the attractiveness of professional expertise and capital to work and invest in this vital sector. During 2020 (in line with what was initiated in 2018), Aldar Properties played an important and substantial role in adopting many initiatives and continuous coordination with real estate customers in Abu Dhabi (individuals, companies and governmental and non-governmental entities) as follows:

- **"DARNA" Application**
  Aldar Properties ('Aldar') launched Darna, an exclusive digital loyalty programme that rewards customers for every interaction made across the company's entire portfolio in Abu Dhabi and Al Ain. Darna is the UAE's most diverse and flexible loyalty programme covering shopping to education, leisure and real estate, property management and home maintenance.

  Darna is a free and entirely digital programme available as a mobile app from the App Store and Google Play. The loyalty programme allows members to earn and redeem points across 34 residential communities, 12 malls and community centres, 12 hotels, 8 schools, 3 Golf courses, 5 Beaches and Parks, 20 Spas and Gyms, 16 Entertainment attractions and over 750 retail stores and restaurants. Members can accumulate and spend points when purchasing or leasing property, availing maintenance services, paying for tuition fees at Aldar Academies and shopping at Aldar's world-class malls, as well as while enjoying the company's diverse leisure offering including hotels, golf courses, parks and beaches such as Yas beach and Saadiyat beach. It also offers members rewards at world-class theme parks including Ferrari World Abu Dhabi, Yas Waterworld and Warner Bros. World™ Abu Dhabi.

- **Composting machine**
  Composting machine is intended to compost the food waste generated in Yas Mall, where it will be converted to bio-soil (compost) that we will be reused in the landscape area of our premises.

  This is a sustainable initiative which will improve our recycling rate, reduce our operational costs of transferring the waste and reduce the environmental impact of carbon generated by having less truck trips to and from the landfill.

Signature:

Chairman of the Nomination and Remuneration Committee	Chairman of the Audit Committee	Director of the Internal Control Department
Mr. Martin Lee Edelman	Mr. Mansour Mohammed Al-Mulla	Mr. Haider Najm

Approval of the Board of Directors

Approved by the Board of Directors at its meeting No. (01/2021) held on 14 February 2021

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

Board of Directors' Report

For the year ended 31 December 2020

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 2020.

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, cooling station operations, restaurants, beach clubs and golf courses.

FINANCIAL RESULTS

The financial results of the Group have been presented on page 135 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. Mansour Mohamed Al Mulla	Director
Mr. Martin Lee Edelman	Director
Eng. Hamad Salem Mohamed Al Ameri	Director

RELEASE

The Directors release from liability management and the external auditor in connection with their duties for the year ended 31 December 2020.

for the Board of Directors

Mohamed Al Mubarak
Chairman
14 February 2021

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 2020 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 2020, 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.

To the shareholders of Aldar Properties PJSC (continued)

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 16,463 million as at 31 December 2020 (2019: AED 16,782 million) and the net fair value loss recorded in the consolidated statement of profit or loss amounted to AED 400 million (2019: AED 375 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. Travel, movement and operational restrictions have been implemented by many countries including the United Arab Emirates ("UAE") with the real estate market having experienced significant lower levels of transaction volume and liquidity. Therefore, in arriving at fair value estimates of the investment properties as at 31 December 2020, the third party valuers have used their market knowledge and professional judgment and have attached less weight to previous market evidence for comparison purposes. In these circumstances, a greater degree of uncertainty exists in estimating fair values of investment properties in comparison to a more active market. 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 note 7 for disclosures relating to this matter.	We evaluated the design and implementation of controls in this area and tested these controls to determine if they were operating effectively. 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 valuers report to the amount reported in the consolidated statement of financial position. We tested the data provided to the valuer 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. We have also evaluated the approach applied by the Group to measure the impact of COVID-19 on determination of fair value for investment properties and tested the impact of COVID-19 on selected properties. 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 performed a 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 loss. 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 2,015 million as at 31 December 2020 (2019: AED 2,191 million) which represents 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. Travel, movement and operational restrictions have been implemented by many countries including the UAE with real estate market having experienced significant lower levels of transaction volume and liquidity. For hotel properties specifically, COVID-19 has 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. Consequently, an impairment assessment was performed. In arriving at fair value less costs to sell, the third party valuers have used their market knowledge and professional judgment and have attached less weight to previous market evidence for comparison purposes. In these circumstances, a greater degree of uncertainty exists in estimating fair values of hotel properties in comparison to a more active market. 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 as under property, plant and equipment. Refer to note 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 valuer 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 the fair value less costs to sell of the hotel properties was performed in accordance with the requirements of IFRS 13 Fair Value Measurement. We also evaluated the approach applied by the Group to measure the impact of COVID-19 on the determination of fair value less costs to sell for hotel properties and tested the impact on individual properties. 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 performed 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.

To the shareholders of Aldar Properties PJSC (continued)

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 3.10 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 recognized.	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.

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 skepticism 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.

To the shareholders of Aldar Properties PJSC (continued)

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;
- 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;
- Note 3.3 reflects the disclosures relating to shares purchased or invested by the Group during the financial year ended 31 December 2020;
- 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 2020 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 2020.

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 2020:

- 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
14 February 2021
Abu Dhabi
United Arab Emirates

At 31 December 2020

	Notes	2020 AED '000	2019 AED '000
ASSETS			
Non-current assets			
Property, plant and equipment	5	**2,961,523**	3,504,590
Intangible assets and goodwill	6	**28,085**	192,223
Investment properties	7	**16,462,916**	16,782,476
Investment in associates and joint ventures	8	**123,889**	198,979
Financial assets at fair value through other comprehensive income ("FVTOCI")	9	**53,905**	55,202
Trade and other receivables	11	**238,321**	238,926
Total non-current assets		**19,868,639**	20,972,396
Current assets			
Lands held for sale	12	**4,788,652**	4,796,967
Development work in progress	13	**2,719,770**	2,546,972
Inventories	14	**892,288**	1,052,786
Contract assets	10	**1,017,866**	2,037,026
Trade and other receivables	11	**5,447,615**	4,174,334
Cash and bank balances	15	**5,497,818**	5,686,242
Total current assets		**20,364,009**	20,294,327
Total assets		**40,232,648**	41,266,723
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	**(31,054)**	(33,482)
Investment revaluation reserve	17	**18,142**	19,439
Retained earnings		**13,849,760**	13,057,604
Equity attributable to owners of the Company		**25,630,793**	24,837,506
Non-controlling interests		**70,892**	113,744
Total equity		**25,701,685**	24,951,250
Non-current liabilities			
Non-convertible sukuk	18	**3,634,684**	3,628,113
Bank borrowings	19	**3,764,392**	4,407,417
Retentions payable	20	**270,252**	260,210
Lease liabilities	21	**304,611**	302,309
Employee benefits	22	**182,665**	167,464
Derivative financial instruments	23	**13,675**	10,760
Total non-current liabilities		**8,170,279**	8,776,273
Current liabilities			
Non-convertible sukuk	18	**36,423**	36,377
Bank borrowings	19	**569,662**	75,226
Retentions payable	20	**609,309**	604,694
Lease liabilities	21	**35,087**	50,056
Derivative financial instruments	23	**1,655**	-
Advances from customers		**375,169**	487,658
Contract liabilities	10	**250,497**	510,725
Trade and other payables	24	**4,482,882**	5,774,464
Total current liabilities		**6,360,684**	7,539,200
Total liabilities		**14,530,963**	16,315,473
Total equity and liabilities		**40,232,648**	41,266,723

Mohamed Al Mubarak
Chairman

Talal Al Dhiyebi
Chief Executive Officer

Greg Fewer
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 2020

	Notes	2020 AED '000	2019 AED '000
Revenue and rental income	25	**8,392,478**	7,147,881
Direct costs	26	**(5,409,446)**	(4,378,237)
Gross profit		**2,983,032**	2,769,644
Selling and marketing expenses	27	**(125,449)**	(109,522)
General and administrative expenses			
Staff costs	28	**(253,853)**	(237,423)
Depreciation and amortisation	5,6	**(267,701)**	(268,550)
Provisions, impairments and write-downs, net	29	**(295,802)**	(152,675)
Others		**(140,114)**	(126,407)
Gain on disposal of property, plant and equipment	5	**54**	22,964
Gain on disposal of businesses	5	**58,432**	–
Fair value loss on investment properties, net	7	**(399,850)**	(374,751)
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	**4,396**	23,856
Share of results of associates and joint ventures	8	**(9,875)**	(3,096)
Gain on disposal of subsidiaries	46	**429,535**	–
Gain on exchange of properties, net of write-downs	33	**–**	388,384
Finance income	30	**67,240**	84,087
Finance costs	31	**(310,697)**	(349,719)
Other income	32	**189,537**	258,387
Profit for the year		**1,932,228**	1,925,179
Profit for the year attributable to:			
Owners of the Company		**1,932,238**	1,984,097
Non-controlling interests		**(10)**	(58,918)
		1,932,228	1,925,179
Basic and diluted earnings per share	34	**0.246**	0.252

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	2020 AED '000	2019 AED '000
Profit for the year	**1,932,228**	1,925,179
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss:		
Loss on revaluation of financial assets at FVTOCI (note 9)	**(1,297)**	(4,962)
Items that are or may be reclassified subsequently to profit or loss:		
Fair value loss arising on hedging instruments during the year classified under cash flow hedges (note 23)	**(4,570)**	(96,104)
Cumulative gain/(loss) arising on hedging instruments reclassified to profit or loss (note 31)	**6,998**	(9,362)
Share of other comprehensive income of a joint venture (note 8)	**–**	(280)
Reclassification of hedging reserve of a joint venture upon derecognition (note 8)	**–**	1,717
Other comprehensive income/(loss) for the year	**1,131**	(108,991)
Total comprehensive income for the year	**1,933,359**	1,816,188
Total comprehensive income for the year attributable to:		
Owners of the Company	**1,933,369**	1,875,106
Non-controlling interests	**(10)**	(58,918)
	1,933,359	1,816,188

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital AED '000	Statutory reserve AED '000	Cash flow hedging reserve AED '000	Investment revaluation reserve 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 2019	7,862,630	3,931,315	70,547	34,729	12,163,947	24,063,168	172,662	24,235,830
Profit for the year	–	–	–	–	1,984,097	1,984,097	(58,918)	1,925,179
Other comprehensive loss for the year	–	–	(104,029)	(4,962)	–	(108,991)	–	(108,991)
Total comprehensive (loss)/ income for the year	–	–	(104,029)	(4,962)	1,984,097	1,875,106	(58,918)	1,816,188
Dividends paid for the year 2018 (note 35)	–	–	–	–	(1,100,768)	(1,100,768)	–	(1,100,768)
Reclassification of financial asset at FVTOCI upon derecognition (note 9)	–	–	–	(10,328)	10,328	–	–	–
Balance at 31 December 2019	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 year 2019 (note 35)	–	–	–	–	(1,140,082)	(1,140,082)	–	(1,140,082)
Derecognition of non-controlling interests on loss of control of a subsidiary (note 46)	–	–	–	–	–	–	(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**

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Notes	2020 AED '000	2019 AED '000
Operating activities			
Profit for the year		**1,932,228**	1,925,179
Adjustments for:			
Depreciation and amortisation	5, 6	**274,791**	278,009
Finance income	30	**(67,240)**	(84,087)
Dividend income	9	**(1,400)**	(1,400)
Finance costs		**304,357**	349,719
Fair value loss on investment properties, net	7	**399,850**	374,751
Share of results of associates and joint ventures	8	**9,875**	3,096
Release of provisions for onerous contracts		**(8,258)**	(6,842)
Provisions/impairment (trade receivables and development work in progress)		**132,259**	77,581
Reversal of accruals, net		**(40,779)**	(36,357)
Impairment/(reversal) of impairment of property, plant and equipment, net		**1,396**	(29,186)
Gain on disposal of property, plant and equipment	5	**(54)**	(22,964)
Gain on disposal of investment properties	7	**(4,396)**	(23,856)
Gain on disposal of subsidiaries	46	**(429,535)**	–
Gain on disposal of businesses	5	**(58,432)**	–
Gain on exchange of properties, net of write-downs	33	**–**	(388,384)
Cumulative loss arising on hedging instruments of a joint venture reclassified to profit or loss upon derecognition	9	**–**	1,717
Provision for impairment of investment in associates and joint ventures	29	**70,991**	–
Provision for employee benefits	22	**55,081**	39,154
Operating cash flows before movements in working capital		**2,570,734**	2,456,130
Movement in working capital:			
Increase in trade and other receivables		**(405,587)**	(111,439)
Increase in development work in progress, inventories and land held for sale		**(187,937)**	(1,075,165)
Decrease/(increase) in contract assets		**1,019,160**	(891,323)
Increase in retentions payable		**14,657**	150,709
(Decrease)/increase in advances from customers		**(112,489)**	125,382
(Decrease)/increase in contract liabilities		**(260,228)**	469,247
(Decrease)/increase in trade and other payables		**(1,198,576)**	209,291
Cash generated from operations		**1,439,734**	1,332,832
Employee benefits paid	22	**(39,694)**	(29,539)
Net cash generated from operating activities		**1,400,040**	1,303,293

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

For the year ended 31 December 2020

	Notes	2020 AED '000	2019 AED '000
Cash flows from investing activities			
Purchases of property, plant and equipment	5	**(95,859)**	(127,518)
Purchases of intangible assets	6	**(14,095)**	(6,422)
Additions to investment properties	7	**(69,010)**	(113,278)
Acquisition of cash and cash equivalents	8,45	**798**	89,783
Proceeds from disposal of investment properties		**76,512**	295,215
Proceeds from disposal of property, plant and equipment		**–**	23,058
Proceeds from disposal of businesses	5	**100,325**	–
Acquisition of a subsidiary	45	**(11,333)**	–
Cash and cash equivalents derecognised on disposal of subsidiaries	46	**(63,776)**	–
Proceeds from disposal of financial assets at FVTOCI	9	**–**	30,799
Movement in term deposits with original maturity of greater than three months		**(409,869)**	586,456
Movement in restricted bank balances		**894,667**	(362,337)
Capital call contributions made against investment in financial assets at FVTOCI	9	**–**	(2,452)
Capital distributions received against investment in financial assets at FVTOCI	9	**–**	7,605
Finance income received		**91,889**	113,682
Dividends received	8,9	**4,900**	31,100
Net cash generated from investing activities		**505,149**	565,691
Cash flows from financing activities			
Payment of principal portion of lease liabilities		**(31,979)**	(29,795)
Cash paid due to the partial settlements of the derivative financial instruments (interest rate swap) used to hedge interest rate risk		**–**	(77,121)
Proceeds from bank borrowings and sukuk		**500,000**	2,329,149
Repayments of bank borrowings and sukuk		**(650,000)**	(1,742,500)
Finance costs paid		**(285,155)**	(351,153)
Dividends paid		**(1,141,682)**	(1,101,810)
Net cash used in financing activities		**(1,608,816)**	(973,230)
Net increase in cash and cash equivalents		**296,373**	895,754
Cash and cash equivalents at beginning of the year		**2,290,112**	1,394,358
Cash and cash equivalents at end of the year	15	**2,586,485**	2,290,112

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

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

For the year ended 31 December 2020

1 GENERAL INFORMATION

The establishment of Aldar Properties PJSC (the "Company") 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.

As of 31 December 2020, Mubadala Investment Company PJSC, through its wholly owned subsidiaries, has an indirect 37.33% ownership interest in the Company.

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 2020. 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.

Amendments to References to the Conceptual Framework in IFRS Standards

The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, 1AS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC32.

These amendments had no material impact on the consolidated financial statements of the Group.

Amendments to IFRS 3 Business Combinations relating to definition of a business

The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. 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.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

These amendments had no impact on the consolidated financial statements of the Group but may impact future periods. The Group expects that the amendments will reduce the number of transactions that are accounted for as a business combination.

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

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

Definition of Material (Amendments to IAS 1 and IAS 8)

The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material or refer to the term 'material' to ensure consistency.

These amendments had no impact on the consolidated financial statements of the Group.

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9, IFRS 7 and IAS 39 (IBOR reform Phase 1)

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 7, IFRS 9, and IAS 39). The Group adopted Interest Rate Benchmark Reform with effect from 1 January 2020. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures. The application of the amendments impacts the Group's accounting in the following ways:

- The Group has floating rate debt, linked to USD LIBOR, which is cash flow hedged using interest rate swaps. The amendments permit continuation of hedge accounting even though there is uncertainty about the timing and amount of the hedged cash flows due to the interest rate benchmark reforms.
- The Group will retain the cumulative gain or loss in the cash flow hedge reserve for designated cash flow hedges that are subject to interest rate benchmark reforms even though there is uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of the cash flows of the hedged items. Should the Group consider the hedged future cash flows are no longer expected to occur due to reasons other than interest rate benchmark reform, the cumulative gain or loss will be immediately reclassified to profit or loss.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9. The new disclosure requirements are presented in note 38.5b.

Covid-19 Related Rent Concessions – amendments to IFRS 16

In May 2020, the IASB issued COVID-19 Related Rent Concessions (amendments to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19 related concession is a lease modification. A lessee that makes this selection shall account for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

These amendments had no material impact on the consolidated financial statements of the Group.

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.

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

The amendments in Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2021, with early application permitted.

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, descried as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The Group anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

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 continued

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that assets is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line items(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 – Onerous Contracts – Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprise the 'costs that relate directly to the contract'. Costs that related directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charged for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate), at the date of initial applications.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018-2020

The Annual Improvements include amendments to four standards.

IFRS 1 First-time Adoption of International Financial Reporting Standard

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidation financial statements, based on the parent's date of transition to IFRS standards if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and applicable provisions of the U.A.E. Federal Law No. (2) of 2015. Federal Decree-Law No. 26 of 2020 which amends certain provisions of Federal Law No. (2) of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. 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.

These consolidated financial statements have been prepared on the historical cost basis except for the revaluation of investment properties, revaluation of the financial assets at fair value through other comprehensive income, 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 except when otherwise indicated.

3.2 Going concern

The directors have, at the time of approving the consolidated financial statements, 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 incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries made up to 31 December each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

When the Company has less than a majority of the voting 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.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in profit or loss and consolidated statement of other comprehensive income 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 the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. 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 2020	2019	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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.3 Basis of consolidation continued

Details of the Company's significant subsidiaries are given below:

Name of subsidiary	Ownership interest 2020	2019	Country of incorporation	Principal activity
Operating subsidiaries continued				
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
Aldar Sukuk (No. 2) 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
New subsidiaries created/acquired during the year				
Aldar Sukuk (No. 3) Ltd.	**100%**	n/a	Cayman Islands	Funding company
Advanced Real Estate Services – Sole Proprietorship LLC	**100%**	n/a	UAE	Real estate services
Aldar Investments Limited	**100%**	n/a	UAE	Holding Company
Pacific Owners Association Management Services LLC	**100%**	n/a	UAE	Management of real estate
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
Subsidiaries disposed off during the year				
Saadiyat Cooling LLC	**–**	85%	UAE	Cooling station operations
Saadiyat District Cooling LLC	**–**	100%	UAE	Cooling station operations

3.4 Business combinations

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange of control of 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 profit or loss.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.5 Goodwill

Goodwill is measured as the excess of 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 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, 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 is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. 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 results and assets and liabilities of 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 Non-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.

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. 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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 Group classifies all other liabilities as non-current.

3.9 Non-current assets held for sale

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. 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. This condition 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. 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.

3.10 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
- Construction contracts
- Revenue from cooling assets
- Fee and related income from schools
- Management fee

Revenue from contracts with customers for sale of properties and provision of services

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 one of the above conditions are not met, 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.

Service charges and expenses recoverable from tenant

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.10 Revenue recognition continued

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 schools

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

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.

3.11 Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability 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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.11 Leases continued

The Group as lessee continued

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 lessor, 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.

3.12 Foreign currencies

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3.13 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.

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.

3.14 Property, plant and equipment

Property, 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	20 – 30
Plants and machinery	15 – 20
Labour camps	5 – 10
Furniture and fixtures	5
Office equipment	3 – 5
Computers	3
Motor vehicles	4
Leasehold improvements	3 – 4

Freehold land is not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.15 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.

3.16 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 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).

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.

3.17 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.

3.18 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.

3.19 Land held for sale

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.

3.20 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

Customer contracts 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 for the supply of district cooling services which were acquired during the year ended 31 December 2018. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives, which is in the range of 22 to 29 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 45). Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives, which is estimated as 5 years.

3.21 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.21 Impairment of non-financial assets continued

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.

3.22 Cash and short-term deposits

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.

3.23 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. 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.

3.24 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.

3.25 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 payments.

3.26 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.

3.27 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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.27 Financial instruments continued

Financial liabilities continued

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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.27 Financial instruments continued

Impairment of financial assets continued

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.

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 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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.

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 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

4.1 Critical judgment in applying the Group's accounting policies

The following are the critical judgments, 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 – the 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.

Exchange of properties

As disclosed in note 33, during 2019, the Executive Council of the Government of Abu Dhabi resolved to exchange plots of land with the Group in a transaction that exchanges developable land resources in line with the parties' strategic priorities. In line with the requirements of IAS 16 Property, Plant and Equipment, the Group assessed that the transaction was undertaken on commercial terms and had commercial substance as:

- The properties being transferred by the Group are at different locations and have different cash flow characteristics than properties being received by the Group. Also, plots of land obtained by the Group are in line with the Group's strategic priorities to develop key destinations of Saadiyat Island and Yas Island, especially considering that the Group is the master developer of the various projects on Saadiyat Island; and
- The plots given by the Group were not part of the Group's development strategy in the foreseeable future. The Group received infrastructure-enabled land with high potential for development in the coming years, as the Group consolidate development focus on their key destinations, in particular Saadiyat Island.

Judgements in relation to contracts with customers

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 Group has generally concluded that 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, the Group has generally concluded that the overtime 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.

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 customary 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 customers 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 judgment related to these contract claims periodically and adjustments are made in the 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 businesses. 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.

4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

4.2 Key sources of estimation uncertainty

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:

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 overtime 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 consultant; 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 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. The Group measures the loss allowance at an amount equal to 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 ECL model was reassessed for the impact of COVID-19 mainly the operational disruption faced by the tenants, volatility in potential economic conditions, incidence of defaults etc. which may likely lead to increase in the ECL allowance for trade receivables in line with the requirements of IFRS 9 Financial Instruments. This is mainly due to increase in the counterparty risk (risk of default) of tenants and customers. The Group has recognised allowance for ECL on its trade and other receivables for the year ended 31 December 2020 amounting to AED 41,193 thousand (31 December 2019: AED 114,631 thousand) and total allowance for ECL amounted to AED 364,371 thousand (31 December 2019: AED 424,627 thousand). The Group will continue to monitor the situation and its impact on the ECL and make the necessary adjustments as and when required.

Fair value of investment properties and investment properties under development

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

As detailed in note 47, COVID-19 continues to impact many aspects of daily life and the global economy. Travel, movement and operational restrictions have been implemented by many countries including UAE with real estate market having experienced significant lower levels of transaction volume and liquidity. Therefore, in arriving at fair values estimates of the investment properties as at 31 December 2020, the third-party valuers have used their market knowledge and professional judgment and have attached less weight to previous market evidence for comparison purposes. In these circumstances, there is greater degree of uncertainty than which exists in a more active market in estimating fair values of investment properties.

Estimation of net realisable value for inventory, land held for sale and development work in progress

Inventory, 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 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.

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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2020

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 (note 5.2) AED '000	Total AED '000
Cost										
At 1 January 2019	6,686,307	1,654,047	608,399	392,299	101,701	153,243	22,945	70,004	50,934	9,739,879
Additions	29,811	2,211	36,098	609	8,640	9,444	3,289	10,142	27,274	127,518
Transfers from/(to) investment properties, net (note 7)	10,737	–	–	–	–	–	–	–	–	10,737
Disposals	–	(226,990)	(13,148)	(5,612)	(2,515)	(3,702)	(1,251)	(2,383)	–	(255,601)
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 31 December 2020	**6,620,936**	**1,429,268**	**640,810**	**78,970**	**77,083**	**169,639**	**24,991**	**92,215**	**87,015**	**9,220,927**
Accumulated depreciation and impairment losses										
At 1 January 2019	3,648,432	1,626,887	529,438	86,510	86,726	119,157	20,189	21,569	–	6,138,908
Charge for the year	165,908	2,942	43,788	19,070	11,593	9,567	712	12,113	–	265,693
Impairment/(reversal) (note 29)	(36,787)	7,601	–	–	–	–	–	–	–	(29,186)
Derecognised on transfers to investment properties (note 7)	(2,928)	–	–	–	–	–	–	–	–	(2,928)
Disposals	–	(226,984)	(12,755)	(5,487)	(2,425)	(3,646)	(1,207)	(2,040)	–	(254,544)
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 29)	–	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 31 December 2020	**3,910,431**	**1,413,724**	**587,036**	**71,909**	**73,837**	**139,293**	**21,563**	**41,611**	**–**	**6,259,404**
Carrying amount										
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**
At 31 December 2019	2,952,230	18,822	70,878	287,203	11,932	33,907	5,289	46,121	78,208	3,504,590

The depreciation charge for the year has been allocated as follows:

	2020 AED '000	2019 AED '000
Direct costs	**7,091**	9,459
General and administrative expenses	**253,244**	256,234
	260,335	265,693

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 (of which AED 23,837 thousand was receivable at 31 December 2020). The sale resulted in a gain on disposal of amounting to AED 58,432 thousand which is recorded in profit or loss. The title of these properties were transferred on 31 December 2020 upon satisfactory completion of all the substantive conditions precedent. Accordingly, the control of these businesses and assets were passed to the buyer on 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 gain on disposal of AED 54 thousand (2019: AED 22,964 thousand).

Property, plant and equipment include right-of-use assets mainly with respect to leases of plots of land of AED 86,609 thousand (2019: AED 71,784 thousand). Depreciation charge of AED 3,848 thousand was recorded against the right-of-use assets during the year (2019: AED 2,692 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.

During the year, in addition to the annual impairment review and due to the impact of COVID-19 as detailed in note 47 which resulted in lower occupancy rates and closure of hospitality and leisure properties in line with government mandated lockdown restrictions, the Group carried out a review of recoverable value of its hospitality and leisure properties, and labour camp classified under property, plant and equipment. The review led to an impairment of AED 1,396 thousand for labour camp (2019: net reversal of impairment of AED 29,186 thousand for hotel and hospitality properties and labour camp) (note 29), which has been recorded in profit or loss. The recoverable value of hotel and hospitality properties and labour camps is based on fair value less cost to sell determined by independent valuer and has been determined by reference to the discounted cash flow method using exit yield of 7.21% to 9.0% (2019: 7.3% to 9.0%) and a discount rate of 9.96% to 16.0% (2019: 10.01% to 16.0%). No impairment indications were observed for any other items of property, plant and equipment for the year ended 31 December 2020. Note 4 highlights significant estimation uncertainty related to determination of the fair value less costs to sell and significant assumptions used.

As detailed in note 47, COVID-19 continues to impact many aspects of daily life and the global economy. Travel, movement and operational restrictions have been implemented by many countries including UAE with real estate market having experienced significant lower levels of transaction volume and liquidity. Therefore, in arriving at fair values less costs to sell estimates of the hospitality and leisure properties as at 31 December 2020, the independent valuers have used their market knowledge and professional judgment and have attached less weight to previous market evidence for comparison purposes. In these circumstances, there is greater degree of uncertainty than which exists in a more active market in estimating fair values less costs to sell.

6 INTANGIBLE ASSETS AND GOODWILL

	Goodwill AED '000	Customer contracts AED '000	Customer relationship AED '000	Computer software AED '000	Total AED '000
Cost					
At 1 January 2019	17,860	179,809	–	85,912	283,581
Additions	–	–	–	6,422	6,422
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 31 December 2020	**3,259**	**–**	**9,111**	**106,209**	**118,579**
Accumulated amortisation					
At 1 January 2019	–	5,648	–	79,816	85,464
Charge for the year	–	8,313	–	4,003	12,316
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 31 December 2020	**–**	**–**	**–**	**90,494**	**90,494**
Carrying amount					
31 December 2020	**3,259**	**–**	**9,111**	**15,715**	**28,085**
At 31 December 2019	17,860	165,848	–	8,515	192,223

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The major goodwill recognised by the Group relates to adjacencies business.

7 INVESTMENT PROPERTIES

Investment properties comprise completed properties and investment properties under development (IPUD). The movement during the year is as follows:

	2020			2019		
	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	**16,226,285**	**556,191**	**16,782,476**	15,126,557	1,281,746	16,408,303
Additions during the year	**57,013**	**11,997**	**69,010**	1,170,875	53,883	1,224,758
Disposals	**(72,116)**	**–**	**(72,116)**	(271,080)	–	(271,080)
Fair value (loss)/gain, net	**(400,855)**	**1,005**	**(399,850)**	(246,639)	(128,112)	(374,751)
Transfer from/(to):						
Inventories	**–**	**–**	**–**	2,846	–	2,846
Property, plant and equipment (note 5)	**–**	**–**	**–**	(13,665)	–	(13,665)
Development work in progress (note 7.1)/note 13	**83,396**	**–**	**83,396**	–	(205,635)	(205,635)
Land held for sale	**–**	**–**	**–**	11,700	–	11,700
From properties under development to completed properties	**–**	**–**	**–**	445,691	(445,691)	–
Balance at the end of the year	**15,893,723**	**569,193**	**16,462,916**	16,226,285	556,191	16,782,476

All investment properties are located in the United Arab Emirates.

7.1 This represents 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. The Group recorded a net fair value gain of AED 3,343 thousand on the transfers.

Investment properties include right-of-use assets with respect to leases of plots of land of AED 290,400 thousand (2019: AED 349,826 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.

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 2020, management believes that there have been no significant changes to the fair values of investment properties from 30 November 2020 to 31 December 2020. 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 2020 or 2019.

The Group conducted a sensitivity analysis for thirteen (2019: thirteen) largest assets in its investment property portfolio with an aggregate value of AED 13,502,608 thousand (2019: AED 13,508,960 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 890,112 thousand (2019: AED 1,030,148 thousand) or 6.6% (2019: 7.6%) increase in the valuation, whilst an increase in the capitalisation rates by 50bps would result in AED 785,108 thousand (2019: AED 833,480 thousand) or 5.8% (2019: 6.2%) decrease in the valuation; and
- an increase in the rental rates by 10% would result in an AED 1,262,405 thousand (2019: AED 1,515,658 thousand) or 9.3 % (2019: 11.2%) increase in the valuation, whilst a decrease in the rental rates by 10% would result in AED 1,284,634 thousand (2019: AED 1,450,701 thousand) or 9.5 % (2019: 10.7%) 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 1,632,861 thousand (2019: AED 1,719,240 thousand) and direct operating cost relating to these properties amounted to AED 325,725 thousand (2019: AED 344,360 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 399,850 thousand (2019: AED 374,751 thousand) and are presented in profit or loss under the line items 'fair value loss on 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 also sold residential investment properties and realised a net gain of AED 4,396 thousand (2019: AED 23,856 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 2020

8 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	Ownership interest	Voting power	Place of registration	Principal activities	At 1 January 2020 AED '000	Share of current year's profit /(loss) AED '000	Impairment (note 8.2) AED '000	Dividends received AED '000	Allocated to current account AED '000	**At 31 December 2020 AED '000**
INVESTEE										
Associates										
Abu Dhabi Finance PJSC	32%	32%	Abu Dhabi	Finance company	147,532	580	(70,990)	–	–	**77,122**
Al Sdeirah Real Estate Investment LLC	30%	30%	Abu Dhabi	Real estate	24,927	(1,383)	–	–	–	**23,544**
Dimarco Electronic Systems LLC (Dormant)	34%	34%	Abu Dhabi	District cooling billing service	–	–	–	–	–	**–**
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**
					178,545	(803)	(70,990)	–	–	**106,752**
Joint ventures										
Aldar Besix LLC (under liquidation) (note 8.3)	51%	50%	Abu Dhabi	Construction	16,388	94	–	–	–	**16,482**
Al Raha International Integrated Facilities Management LLC (under liquidation)	50%	50%	Abu Dhabi	Facilities management	4,046	109	–	(3,500)	–	**655**
Royal House LLC	50%	50%	Abu Dhabi	Hotel operations	–	(9,275)	–	–	9,275	**–**
Galaxy Building Materials LLC (under liquidation)	45%	50%	Abu Dhabi	Building materials	–	–	–	–	–	**–**
					20,434	(9,072)	–	(3,500)	9,275	**17,137**
					198,979	**(9,875)**	**(70,990)**	**(3,500)**	**9,275**	**123,889**

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 Refer to note 29.

8.3 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.

Latest available financial information in respect of the Group's associates is summarised below:

	2020 AED '000	2019 AED '000
Total assets	**2,019,463**	2,015,365
Total liabilities	**(1,467,948)**	(1,461,122)
Net assets	**551,515**	554,243
Group's share of net assets of associates	**106,752**	178,545
Total revenue	**59,007**	93,849
Total (loss)/profit for the year	**(4,315)**	4,980

Latest available financial information in respect of the Group's joint ventures is summarised below:

	2020 AED '000	2019 AED '000
Total assets	**100,071**	136,985
Total liabilities	**(273,852)**	(285,749)
Net liabilities	**(173,781)**	(148,764)
Group's share of net assets of joint ventures	**17,137**	20,434
Total revenue	**13,035**	35,540
Total loss for the year	**(18,017)**	(23,650)

Share of losses

	2020 AED '000	2019 AED '000
The unrecognised share of loss of an associate for the year	**(1,759)**	(3,528)
Cumulative share of loss of an associate	**(31,488)**	(29,729)

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 9,275 thousand (2019: AED 10,500 thousand) was applied to the Group's receivable from the joint venture.

8 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

Disposal of Joint Ventures

Effective 1 March 2019, the Company entered into a framework agreement with respect to share transfer whereby:

- The Company acquired additional 50% ownership of Aldar Etihad Investment Properties LLC and Aldar Etihad First Investment Properties LLC resulting in holding the entire share capital of these entities. The acquired entities did not meet the definition of business under IFRS 3 Business Combinations and hence the acquisitions have been accounted for as assets acquisitions effective 1 March 2019; and
- The Company sold its entire 50% ownership of Aldar Etihad Development LLC, a joint venture.

The above transaction resulted in derecognition of investment in joint ventures accounted for using equity method of AED 771,976 thousand. As per the agreement, the Group will receive an additional asset of AED 30,000 thousand. The Group also assumed bank borrowings in the acquired entities amounting to AED 507,601 thousand. As a result of the above transaction, the Group has also recycled to consolidated statement of profit or loss the hedging reserve that was recorded by Aldar Etihad Investment Properties LLC as at the date of the transaction amounting to AED 1,717 thousand (note 23).

During 2018, the Company sold one of its 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 2020 and 31 December 2019, 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 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 AED '000	2019 AED '000
Investment in UAE quoted securities	**37,500**	40,000
Investment in UAE unquoted securities	**16,405**	15,202
	53,905	55,202

Movement during the year is as follows:

	2020 AED '000	2019 AED '000
At 1 January	**55,202**	96,116
Additions	**–**	2,452
Fair value loss, net	**(1,297)**	(4,962)
Capital redemptions	**–**	(7,605)
Disposal	**–**	(30,799)
At 31 December	**53,905**	55,202

During the year, dividend income received from these investments amounted to AED 1,400 thousand (2019: AED 1,400 thousand).

During 2019, the Group sold the investments in international unquoted securities having a fair value of AED 30,799 thousand. Investment revaluation reserve credit of AED 10,328 thousand was reclassified to retained earnings.

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

	2020 AED '000	2019 AED '000
Contract assets: gross amounts due from customer on contracts for sale of properties	**1,017,866**	1,987,629
Contract assets: gross amounts due from customer on contracts to construct assets	**–**	49,397
	1,017,866	2,037,026

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 3,469,000 thousand (2019: AED 4,368,000 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. The outstanding amount is fully secured against the underlying property units.

10.2 Contract liabilities

	2020 AED '000	2019 AED '000
Contract liabilities: gross amount due to customers on contracts for sale of properties	**(65,710)**	(10,055)
Contract liabilities: gross amount due to customers on contracts to construct assets	**(184,787)**	(500,670)
	(250,497)	(510,725)

The above amount mainly represents deferred revenue arising from construction contracts. These contracts have performance obligations (unsatisfied or partially unsatisfied) having aggregated value of AED 2,080,159 thousand (2019: AED 3,719,519 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 AND OTHER RECEIVABLES

	2020 AED'000	2019 AED'000
Non-current portion		
Receivables relating to project finance (note 11.3)	**137,226**	141,985
Due from associates and joint ventures (note 11.5)	**176,476**	174,597
Others	**83,430**	73,601
	397,132	390,183
Less: allowance for expected credit loss (note 11.6)	**(158,811)**	(151,257)
	238,321	238,926
Current portion		
Trade receivables (note 11.1)	**3,059,385**	2,284,156
Refundable costs (note 11.2)	**248,831**	138,990
Receivables relating to project finance (note 11.3)	**9,099**	6,938
Receivables from the Government of Abu Dhabi (note 11.4)	**97,408**	440,907
Due from associates and joint ventures (note 11.5)	**26,272**	25,889
Advances and prepayments	**590,251**	868,320
Accrued interest	**20,232**	32,767
Receivables related to sale of subsidiaries and businesses (notes 5 and 46)	**999,560**	–
Others	**602,138**	649,737
	5,653,176	4,447,704
Less: allowance for expected credit loss (note 11.6)	**(205,561)**	(273,370)
	5,447,615	4,174,334

11 TRADE AND OTHER RECEIVABLES 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 2020, 16% of the trade receivables (2019: 21% of the trade receivables) are due from its top five customers (2019: 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.

	2020 AED'000	2019 AED'000
Trade receivables	**3,059,385**	2,284,156
Less: allowance for expected credit loss (note 11.6)	**(189,430)**	(257,239)
	2,869,955	2,026,917

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:

	2020 AED'000	2019 AED'000
Not past due	**1,888,054**	975,216
Past due (up to 180 days)	**323,480**	386,401
Past due (more than 180 days)	**658,421**	665,300
	2,869,955	2,026,917

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**	
	2020 AED'000	2019 AED'000	**2020 AED'000**	2019 AED'000
Amounts receivable from project finance:				
Within one year	**18,223**	13,737	**9,099**	6,938
In the second to fifth year	**59,370**	60,120	**23,287**	24,959
After five years	**224,952**	239,201	**113,939**	117,026
	302,545	313,058	**146,325**	148,923
Less: unearned finance income	**(156,220)**	(164,135)	**-**	-
Present value of minimum payments receivable	**146,325**	148,923	**146,325**	148,923

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**	
	2020 AED'000	2019 AED'000	**2020 AED'000**	2019 AED'000
Gross receivables	**176,476**	174,597	**26,273**	25,889
Less: allowance for expected credit loss	**(158,811)**	(151,258)	**(16,131)**	(16,130)
	17,665	23,339	**10,142**	9,759

11.6 Allowance for expected credit loss

Movement during the year in allowance of expected credit loss:

Trade receivables

	2020 AED'000	2019 AED'000
Balance at the beginning of the year	**257,239**	313,367
Charge for the year (note 29)	**33,640**	61,078
Write off of provision, net	**(101,449)**	(117,206)
Balance at the end of the year (note 11.1)	**189,430**	257,239

Due from associates and joint ventures

	2020 AED'000	2019 AED'000
Balance at the beginning of the year	**167,388**	113,835
Charge for the year	**7,554**	53,553
Balance at the end of the year (note 11.5)	**174,942**	167,388

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.

During the year, the Group reassessed the ECL model for the impact of COVID-19 mainly the operational disruption faced by the tenants, volatility in potential economic conditions, incidence of defaults etc. This was mainly due to increase in the counterparty risk (risk of default) of tenants and customers.

If the ECL rates on each time bucket had been 0.5% higher or lower as of 31 December, the loss allowance on trade receivables would have been higher or lower as follows:

	2020 AED'000	2019 AED'000
Not past due	**-**	820
Past due (up to 180 days)	**715**	2,599
Past due (more than 180 days)	**8,757**	9,443
	9,472	12,862

12 LAND HELD FOR SALE

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 land held for sale during the year was as follows:

	2020 AED'000	2019 AED'000
Balance at beginning of the year	**4,796,967**	3,806,071
Additions during the year	**51,981**	2,703,017
Exchanged during the year (note 33)	**–**	(910,345)
Recognised in costs of properties sold (direct costs)	**(97,616)**	(32,106)
Transfer from/(to) development work in progress during the year (note 13)	**37,320**	(233,079)
Transfer to investment properties during the year	**–**	(11,700)
Write-down to net realisable value (note 33)	**–**	(524,891)
Balance at the end of the year	**4,788,652**	4,796,967

As at 31 December 2020, the Group determined net realisable value of its land held for sale portfolio and recorded a write-down of nil (2019: AED 524,891 thousand) (note 33). 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 land held for sale is based on external valuations using various valuation methodologies and techniques (note 4).

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. The Group expects to complete the majority of the development work in progress in the next reporting period.

Movement during the year is as follows:

	2020 AED'000	2019 AED'000
Balance at beginning of the year	**2,546,972**	2,473,374
Development costs incurred during the year	**2,556,156**	2,571,976
Recognised in costs of properties sold (direct costs)	**(1,600,469)**	(1,693,776)
Exchanged during the year (note 33)	**–**	(772,197)
Write-off of project costs (note 29)	**(27,520)**	(16,503)
Write-down (note 29)	**(74,441)**	–
Transfers from/(to):		
Land held for sale (note 12)	**(37,320)**	233,079
Inventories (note 14)	**(563,555)**	(454,616)
Investment properties (note 7)	**(80,053)**	205,635
Balance at the end of the year	**2,719,770**	2,546,972

All development work in progress projects are located in the United Arab Emirates.

As at 31 December 2020, the Group determined net realisable value of its development work in progress and recorded a write-down of AED 74,441 thousand (2019: nil) in respect of one 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 inventory is held.

In respect of the development work in progress where the Group has recognised adjustment for net realisable value, the Group has conducted an analysis of the sensitivity of net realisable value to changes in key assumptions. The Group used a capitalisation rate of 7.4%. A 50bps decrease in the capitalisation rate would result in an increase of AED 33,400 thousand (2019: nil) in the valuation, whilst an increase in the capitalisation rates by 50bps would result in decrease of AED 29,100 thousand (2019: nil) in the valuation.

14 INVENTORIES

	2020 AED'000	2019 AED'000
Completed properties	**848,716**	1,005,499
Other operating inventories	**43,572**	47,287
	892,288	1,052,786

During the year, completed properties with an aggregate value of AED 563,555 thousand (2019: AED 454,616 thousand) were transferred to inventories from development work in progress upon completion (note 13).

During the year, an amount of AED 704,166 thousand was recognised as direct costs (2019: AED 90,539 thousand). Completed properties in inventories are located in the United Arab Emirates.

During the year, in line with terms of sales purchase agreements for development projects, the Group reacquired properties with a fair value of AED 108,405 thousand (2019: AED 248,485 thousand) due to contractual non-performance of counter parties. These properties were classified as inventory based on their nature.

As at 31 December 2020, 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

	2020 AED'000	2019 AED'000
Cash and bank balances	**3,819,959**	3,161,327
Short term deposits held with banks	**1,677,859**	2,524,915
Cash and bank balances	**5,497,818**	5,686,242
Short term deposits with original maturities greater than three months	**(701,414)**	(291,544)
Restricted bank balances	**(2,209,919)**	(3,104,586)
Cash and cash equivalents	**2,586,485**	2,290,112

As at 31 December 2020, cash at banks amounting to AED 570,768 thousand (2019: AED 650,968 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 1,350,791 thousand (2019: AED 834,080 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 0.0033% and 1.43% (2019: 0.4% and 3.55%) per annum. All bank deposits are placed with local banks in the United Arab Emirates.

16 SHARE CAPITAL

Share capital comprises 7,862,629,603 (2019: 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

Investments revaluation reserve represents the net unreleased gains or losses that are recognised on the financial assets at FVTOCI.

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.

	2020 AED'000	2019 AED'000
Proceeds from issue	**1,836,750**	1,836,750
Unamortised issue costs	**(21,726)**	(26,319)
Accrued profit	**22,781**	22,538
Carrying amount	**1,837,805**	1,832,969
Less: current portion	**(22,781)**	(22,538)
Non-current portion	**1,815,024**	1,810,431

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.

	2020 AED'000	2019 AED'000
Proceeds from issue	**1,836,750**	1,836,750
Unamortised issue costs	**(17,090)**	(19,068)
Accrued profit	**13,642**	13,839
Carrying amount	**1,833,302**	1,831,521
Less: current portion	**(13,642)**	(13,839)
Non-current portion	**1,819,660**	1,817,682
Total non-current portion	**3,634,684**	3,628,113
Total current portion	**36,423**	36,377

19 BANK BORROWINGS

	Outstanding amount						
	Current AED'000	**Non-current AED'000**	**Total AED'000**	**Security**	**Interest rate**	**Maturity**	**Purpose**
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 loan	**-**	**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**				
31 December 2019:							
Ijarah facility	-	420,000	420,000	Secured	relevant EIBOR + 1.50%	March 2023	General corporate purpose
Term loan	-	500,000	500,000	Secured	relevant EIBOR + 1.00%	September 2023	General corporate purpose
Revolving credit facility	62,500	1,602,000	1,664,500	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
Unamortised borrowing cost	-	(14,583)	(14,583)				
Accrual for interest and profits	12,726	-	12,726				
	75,226	4,407,417	4,482,643				

19 BANK BORROWINGS continued

As at 31 December 2020, the Group had AED 4.01 billion of undrawn, committed revolving credit facilities in the form of bilateral agreements with two financial institutions having a maturity for AED 3.77 billion in December 2022 and for AED 240 million in March 2023. As at 31 December 2020, all these facilities remained committed and undrawn. Further, on 31 March 2020, the Group signed a new AED 500 million Islamic facility agreement with a financial institution. The facility is priced at 1% margin over relevant EIBOR and terminates on the fifth anniversary of the signing date. This facility was fully utilised on 1 April 2020.

In May 2018, the Group entered into a transaction with a financial institution of AED 5,000,000 thousand ("Revolving Credit Facility"). The Revolving Credit Facility involves a borrowing that is collateralised against a deposit with the same financial institution in line with the facility documents. The facility documents provide a right to the lender whereby the Group has authorised and directed the financial institution to set off the deposit and any interest accrued against any amount due and payable by the Group. The arrangement met the requirements of offsetting under IAS 32 Financial Instruments: Presentation since the Group has an enforceable right to set off the recognised amounts and the Group intends to settle on net basis, or to realise the asset and settle the liability simultaneously. This resulted in the presentation of a net borrowing in the consolidated statement of financial position. As at 31 December 2020, the net borrowing was AED 1,014,500 thousand (borrowing of AED 4,787,500 thousand less deposit of AED 3,773,000 thousand). The net borrowing is unsecured, carries interest at relevant EIBOR + 1%, drawn for general corporate purposes and repayable in semi-annual instalments of AED 31,250 thousand each. The deposit earns interest at 0.75% plus 3 months EIBOR. The Group has also presented net interest costs amounting to AED 37,507 thousand in respect of this borrowing (finance costs on borrowing amounting to AED 100,774 thousand less interest income on deposits amounting to AED 63,267 thousand) for the year ended 31 December 2020.

Certain bank borrowings are secured in the form of mortgage over plots of land included in land held for sale (AED 1,021,737 thousand) and operating assets (AED 2,736,712 thousand under investment properties and AED 483,080 thousand under property, plant and equipment) and carry a net worth covenant. Borrowings repaid during the year amounted to AED 650,000 thousand (2019: AED 1,162,500 thousand).

20 RETENTIONS PAYABLE

	2020 AED'000	2019 AED'000
Retentions payable within 12 months	**609,309**	604,694
Retentions payable after 12 months	**270,252**	260,210
	879,561	864,904

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:

	2020 AED'000	2019 AED'000
Maturity analysis:		
Year 1	**42,947**	56,986
Year 2	**36,828**	35,650
Year 3	**38,169**	35,677
Year 4	**38,514**	37,106
Year 5	**38,553**	37,136
Onwards	**331,682**	341,196
Balance at the end of the year	**526,693**	543,751
Less: unearned interest	**(186,995)**	(191,386)
	339,698	352,365
Analysed as:		
Non-current	**304,611**	302,309
Current	**35,087**	50,056

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:

	2020 AED'000	2019 AED'000
Depreciation expense of right-of-use assets	**3,848**	2,692
Unwinding of interest expense on lease liabilities during the year (note 31)	**15,186**	17,208

The Group had total cash outflows for leases of AED 42,988 in 2020 (2019: AED 42,011 thousand). The Group did not have major non-cash additions to right-of-use assets and lease liabilities during 2020 and 2019.

22 EMPLOYEE BENEFITS

	2020 AED'000	2019 AED'000
Employees' end-of-service benefits	**155,618**	155,094
Long term incentive scheme	**27,047**	12,370
Balance at the end of the year	**182,665**	167,464

End-of-service benefits

Movements in the provision for employees' end of service benefits are as follows:

	2020 AED'000	2019 AED'000
Balance at the beginning of the year	**155,094**	145,479
Charge for the year	**38,814**	39,154
Acquired in business combination	**198**	-
Derecognised on disposal of businesses	**(384)**	-
Paid during the year	**(38,104)**	(29,539)
Balance at the end of the year	**155,618**	155,094

22 EMPLOYEE BENEFITS continued

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 are granted a promised issuance of cash based on the total return of the Company's equity shares if vesting requirements are met at the end of a 3-year retention period. Vesting of shares will be completed at a 3 years rate. 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 16,267 thousand (2019: AED 7,751 thousand), payment made during the year of AED 1,590 thousand (2019: nil) while the liability relating to the LTI Scheme as at 31 December 2020 amounted to AED 27,047 thousand (2019: AED 12,370 thousand). The fair value of the RSUs is measured at each reporting date using an option pricing model pricing model, taking into account the terms and conditions on which the instruments were granted and the current likelihood of continued employment of eligible employees.

23 DERIVATIVE FINANCIAL INSTRUMENTS

The Company entered into floating to fixed interest rate swaps to partially hedge its interest rate risk in relation to its floating rate borrowings. 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. The fair value of interest rate swaps at the reporting date is determined counterparty banks by discounting the future cash flows using the applicable yield curves derived from observable interest rates. As per the terms of the contracts, the Company's floating interest rate payments relating to a notional amount of AED 227,439 thousand of the borrowings 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 2020		31 December 2019	
	Gross carrying amount AED'000	**Fair value hierarchy**	Gross carrying amount AED'000	Fair value hierarchy
Derivative financial liabilities – interest rate swaps	**15,330**	**Level 2**	10,760	Level 2

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 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. The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships. Refer to note 37.5b for disclosures related to recent interest rate benchmark reforms.

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 hedging instrument liability	
Maturity profile	**2020**	2019	**2020 AED'000**	2019 AED'000	**2020 AED'000**	2019 AED'000
Less than 1 year	**6.07%**	–	**43,764**	–	**(1,655)**	–
1 to 2 years	**–**	6.07%	**–**	68,080	**–**	(3,337)
2 to 5 years	**2.73%**	2.73%	**183,675**	183,675	**(13,675)**	(7,423)
Total			**227,439**	251,755	**(15,330)**	(10,760)

Movement in the cash flow hedging reserve was as following:

	2020 AED'000	2019 AED'000
Balance at the beginning of the year	**(33,482)**	70,547
Cumulative fair value loss arising on hedging instruments during the year classified under cash flow hedges	**(4,570)**	(96,104)
Cumulative gain/(loss) arising on hedging instruments reclassified to profit or loss (note 31)	**6,998**	(9,362)
Fair value loss arising on hedging instruments during the year classified under cash flow hedges of a joint venture (note 8)	**–**	(280)
Cumulative loss arising on hedging instruments of a joint venture reclassified to profit or loss upon derecognition (note 8)	**–**	1,717
Balance at the end of the year	**(31,054)**	(33,482)

24 TRADE AND OTHER PAYABLES

	2020 AED'000	2019 AED'000
Trade payables	**387,917**	431,239
Accrual for contractors' costs	**2,796,945**	2,375,587
Advances from the Government of Abu Dhabi (note 36)	**178,025**	416,559
Deferred income	**275,392**	305,191
Dividends payable	**89,059**	90,659
Provision for onerous contracts	**16,430**	14,880
Due to the Government of Abu Dhabi	**67,028**	1,123,868
Other liabilities (note 24.1)	**672,086**	1,016,481
	4,482,882	5,774,464

The Group has financial and risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

24.1 Other liabilities include net contingent consideration payable of AED 51,366 thousand at 31 December 2020 (31 December 2019: AED 46,895 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 51,366 thousand. There was no change in the fair value of contingent consideration payable as at 31 December 2020 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 2020 and 31 December 2019. Key assumptions include a discount rate of 9.7% and probable outflow of AED 60,990 thousand.

25 REVENUE AND RENTAL INCOME

	2020 AED'000	2019 AED'000
Property development	**3,700,398**	2,731,445
Development management	**1,261,771**	365,574
Rental income on investment properties	**1,639,248**	1,728,773
Hospitality and leisure	**418,445**	697,915
Fee and related income from schools	**477,959**	464,590
Construction contracts	**422,334**	669,633
Property and facilities management	**384,876**	404,980
Cooling assets	**87,447**	84,971
	8,392,478	7,147,881

Rental income on investment properties includes contingent rental income of AED 26,005 thousand (2019: AED 26,846 thousand).

26 DIRECT COSTS

	2020 AED'000	2019 AED'000
Property development	**2,509,002**	1,728,984
Development management	**1,047,505**	215,761
Direct cost of investment properties	**329,029**	344,472
Hospitality and leisure	**382,563**	571,648
Direct cost related to schools	**355,496**	366,947
Construction contracts	**410,757**	743,512
Property and facilities management	**334,956**	363,702
Cooling assets	**40,138**	43,211
	5,409,446	4,378,237

27 SELLING AND MARKETING EXPENSES

	2020 AED'000	2019 AED'000
Projects marketing	**92,665**	49,331
Corporate advertising and events	**30,839**	37,272
Exhibitions and sponsorships	**1,945**	22,919
	125,449	109,522

28 STAFF COSTS

	2020 AED'000	2019 AED'000
Salaries, bonuses and other benefits	**829,123**	847,380
Employees' end of service benefits (note 22)	**38,814**	39,154
Staff training and development	**1,823**	3,639
	869,760	890,173

	2020 AED'000	2019 AED'000
Staff costs are allocated to:		
Direct costs	**589,914**	625,049
General and administrative expenses	**253,853**	237,423
Projects under development	**25,993**	27,701
	869,760	890,173

29 PROVISIONS, IMPAIRMENTS AND WRITE-DOWNS, NET

	2020 AED'000	2019 AED'000
Provision for impairment of investment in associates and joint ventures (note 29.1)	**70,991**	–
Receivables written-off	**37,642**	1,167
Provision for expected credit losses, net (note 11.6)	**33,640**	61,078
Impairment/(reversal of impairment) on property, plant and equipment (note 5)	**1,396**	(29,186)
Provision on due from associates and joint ventures	**–**	46,000
Provision/(release) for onerous contracts	**8,258**	(6,842)
Write-down of development work in progress (note 13)	**101,961**	16,503
Others (note 29.2)	**41,914**	63,955
	295,802	152,675

29.1 This represents provision for impairment recorded for the Company's investment in Abu Dhabi Finance PJSC ("ADF"), an associate of the Group. During the year, the Company performed impairment assessment for its associate and concluded that its recoverable amount, which is based on a binding offer for acquisition of associate's operations, was lower than the carrying value of the associate. As the Company's recoverable amount from the associate was lower than the carrying value of the associate, the Company recognised impairment on the carrying value of the associate.

29.2 Others for the year 2020 mainly include provision against other receivables. Others for the year 2019 mainly include provisions recorded in respect of cost overruns on certain projects.

30 FINANCE INCOME

	2020 AED'000	2019 AED'000
Interest/profit earned on:		
Islamic deposits	**19,915**	22,321
Bank fixed deposits	**4,722**	14,172
Call and current accounts	**13,376**	24,231
Total interest/profit earned	**38,013**	60,724
Financing income earned on receivables from project finance	**12,115**	12,238
Other finance income	**17,112**	11,125
	67,240	84,087

Finance income earned on financial assets, analysed by category of asset is as follows:

	2020 AED'000	2019 AED'000
Loans and receivables	**29,227**	23,363
Bank balances and deposits	**38,013**	60,724
	67,240	84,087

31 FINANCE COSTS

	2020 AED'000	2019 AED'000
Finance costs on bank borrowings and non-convertible sukuk	**284,039**	335,876
Unwinding of finance cost on operating lease liability (note 21)	**15,186**	17,208
Others	**4,474**	5,997
	303,699	359,081
Cumulative gain/(loss) arising on hedging instruments reclassified to profit or loss	**6,998**	(9,362)
	310,697	349,719

32 OTHER INCOME

	2020 AED'000	2019 AED'000
Government grant income recorded upon handover of infrastructure assets (note 36)	**2,412**	115,707
Release of liabilities, accruals and provisions (32.1)	**143,391**	44,752
Others (32.2)	**43,734**	97,928
	189,537	258,387

32.1 The amount for the year represents reversal of provision which was 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. The provision was related to variable obligation of the Company for use of a plot of land. Balance of this provision at 31 December 2019 amounted to AED 159,975 thousand of which an amount of AED 18,009 thousand was paid during the year related to share of profits from 2016 to 2018 after agreement with the counterpart. No expense was recognised in profit or loss during the year in respect of this provision.

The amount for the year ended 31 December 2019 represents reversal of various liabilities and accruals which are no longer payable.

32.2 The amount for the year ended 31 December 2020 includes an amount of AED 36,912 thousand representing gain on exchange of properties. During the year, in arrangements with the Government of Abu Dhabi and third parties, the Company received plots of land from the Government of Abu Dhabi in exchange of certain plots of land, title deeds of which were in the name of the Company. The settlement resulted in recognition of land held for sale of AED 74,232 thousand which is the fair value of GFA received by the Company and derecognition of land and related costs of the properties given which amounted to AED 37,320 thousand resulting in a gain of AED 36,912 thousand.

The amount for the year ended 31 December 2019 include an amount of AED 60,942 thousand representing fair value of a plot of land acquired from Tourism Development Investment Company PJSC ("TDIC") pursuant to a warranty claim settlement under the framework agreement.

33 GAIN ON EXCHANGE OF PROPERTIES, NET OF WRITE-DOWNS

	2020 AED'000	2019 AED'000
Gain on exchange of properties (note 33.1) (note 36)	**-**	913,275
Write-down of land held for sale to net realisable value (note 12)	**-**	(524,891)
	-	388,384

33.1 During 2019, the Executive Counsel of the Government of Abu Dhabi resolved to exchange plots of land with the Group in a transaction that exchanged developable land resources in line with the parties' strategic priorities. The Group received infrastructure enabled land that has a gross floor area ("GFA") of approximately 3 million sqm split equally between the prime areas of Saadiyat Cultural District and Mina Zayed, both properties situated in the Emirate of Abu Dhabi. The Government of Abu Dhabi received plots of land with a comparable GFA in Al Raha Beach West, Lulu Island along with certain plots inside the Abu Dhabi Island that were not part of the Group's development strategy in the foreseeable future. The fair value of the plots of land received amounted to AED 2,606,443 thousand while the carrying values of the plots of land given were AED 1,683,167 thousand (inclusive of plots with nominal carrying value of AED 1), resulting in a gain of AED 913,275 thousand (net of transaction cost of AED 10,000 thousand) which was recorded in profit or loss as gain on exchange of properties.

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:

	2020	2019
Earnings (AED '000)		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**1,932,238**	1,984,097
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	**0.246**	0.252

35 DIVIDENDS

At the annual general assembly held on 18 March 2020, 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. The Board of Directors, in their meeting held on 14 February 2021, proposed a cash dividend of 14.5 fils per share for the year ended 31 December 2020. 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 shareholder, 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:

	2020 AED'000	2019 AED'000
(1) Government of Abu Dhabi		
Trade and other receivables	**604,190**	884,211
Trade and other payables	**(141,515)**	(1,485,707)

The decrease in trade and other payables is mainly due to AED 1,078,200 thousand net cash balances paid to the related party in respect of fee based projects managed on their behalf.

	2020 AED'000	2019 AED'000
Advances received (note 24)	**(178,025)**	(416,559)
(2) Major shareholder and its affiliates		
Trade and other receivables	**1,008,558**	29,432

The increase in trade and other receivables is mainly due to AED 968,223 thousand receivable from disposal of subsidiaries (note 46) outstanding at 31 December 2020.

36 TRANSACTIONS AND BALANCES WITH RELATED PARTIES continued

36.1 Related party balances: continued

	2020 AED'000	2019 AED'000
Trade and other payables	**(4,635)**	(12,571)
(3) Due from associates and joint ventures (note 11.5)	**27,806**	33,099
(4) Due to joint ventures for project-related work	**(32,692)**	(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 for 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.

36.2 Related party transactions:

	2020 AED'000	2019 AED'000
(1) Government of Abu Dhabi:		
Revenue	**1,700,442**	741,849
Other income from infrastructure handover	**39,323**	115,707
Gain on exchange of properties (note 33)	**–**	913,275

The amount and timing of the infrastructure cost reimbursement is subject to the completion of certain audit and technical inspections and assessments to be performed by the relevant government authority. Once these activities are completed, there will be reasonable assurance that the grant will be received and at that point it will be recognised as a deferred government grant. Once the conditions of the grant are met, i.e. infrastructure assets are handed over to the designated authorities, the deferred government grant will be recognised in profit or loss. During the year, an amount of AED 2,412 thousand was recognised as government grant income upon handover of infrastructure assets (2019: AED 115,707 thousand) (note 32).

	2020 AED'000	2019 AED'000
(2) Finance income from project finance	**8,880**	8,982
(3) Major shareholder and its affiliates:		
Revenue	**34,745**	45,786
(4) Finance income from joint ventures:	**7,553**	7,553
(5) Key management compensation		
Salaries, bonuses and other benefits	**15,503**	16,054
Post-employment benefits	**672**	2,013
Long term incentives	**5,574**	6,270
	21,749	24,337
(6) Directors' remuneration – expense	**9,700**	23,000

During the year, the Company paid Directors' remunerations amounting to AED 13,950 thousand (31 December 2019: AED 16,075 thousand).

36.3 Other balances and transactions with related parties:

(1) Refer to note 46 for a transaction with an associate of major shareholder.
(2) Outstanding borrowings of AED 2,414,500 thousand (2019: AED 3,064,500 thousand) are due to the banks controlled by the Government and major shareholder. Finance cost on these borrowings amounted to AED 79,307 thousand for the year ended 31 December 2020 (2019: AED 176,910 thousand).
(3) Deposits and bank balances of AED 3,297,791 thousand (2019: AED 4,135,072 thousand) are kept with banks controlled by the Government and major shareholder. Finance income on these deposits amounted to AED 13,490 thousand for the year ended 31 December 2020 (2019: AED 36,530 thousand).
(4) Letter of credits and bank guarantees issued through banks controlled by the Government and major shareholder amounted to AED 310,263 thousand for the year ended 31 December 2020 (2019: AED 130,847 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:

	2020 AED'000	2019 AED'000
Projects under development	**1,294,780**	2,600,863
Reimbursable projects work in progress	**1,150,779**	2,239,164
	2,445,559	4,840,027

The above commitments are spread over a period of one to five years.

The Group has outstanding advances to the suppliers and contractors amounting to AED 386,698 thousand (2019: AED 642,826 thousand) against the above commitments.

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 20 years (2019: 1 and 20 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:

	2020 AED'000	2019 AED'000
Buildings:		
Within one year	**871,763**	835,379
In the second to fifth year	**1,838,969**	1,950,133
After five years	**1,500,663**	1,426,485
	4,211,395	4,211,997

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

	2020 AED'000	2019 AED'000
Letters of credit and bank guarantees	**953,119**	1,005,590
Group's share in contingencies of joint ventures and associates	**3**	23

Included in the above are bank guarantees and letters of credit amount of AED 586,564 thousand (2019: AED 795,772 thousand) pertaining to a construction related subsidiary.

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

	2020 AED'000	2019 AED'000
Financial assets		
Investment in financial assets at FVTOCI	**53,905**	55,202
Receivables and cash and bank balances	**11,611,369**	11,268,209
	11,665,274	11,323,411
Financial liabilities		
Financial liabilities measured at amortised cost	**13,119,263**	14,121,211
Derivative financial instruments	**15,330**	10,760
	13,134,593	14,131,971

38.3 Financial risk management

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 management

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. The Group's overall strategy remains unchanged from the year 2019.

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 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 2020, the weighted average cost of debt was 2.91% (2019: 3.84%). 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 seven (2019: 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 management

Market risk is the risk that the fair value or future cash flows of a financial asset or liability 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.

a) Foreign currency risk management

The Group has no significant cross-border trading transactions and therefore, foreign exchange transaction exposure is negligible. However, it does borrow money in foreign currencies primarily in US Dollars. The Group's currency exposure therefore is in relation to the repayment of loans and also the translation risk associated with converting outstanding loan balances back into UAE Dirhams in the Group consolidated financial statements at the end of each reporting period. The exchange rate between UAE Dirhams and US Dollars is fixed and therefore the Group considers foreign exchange risk associated with repayment of loans and translation as minimum.

Foreign currency sensitivity analysis

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
US Dollar	**4,712,256**	4,708,877	**93,333**	418,969
Saudi Riyal	**3,572**	9,762	**32,763**	41,682
Euro	**57**	276	**–**	–
	4,715,885	4,718,915	**126,096**	460,651

There is no significant impact of the US Dollar as the UAE Dirham is pegged to the US Dollar. Also, the Saudi Riyal is pegged to the US Dollar.

b) Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

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 and EIBOR (collectively "IBORs"). As listed in note 22, 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 IBOR regulators. The regulators have made clear that, at the end of 2021, it will no longer seek to persuade, or compel, banks to submit IBORs.

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 and Sustainability Officer who reports to the Board. The aim of the programme is to understand where IBOR exposures are within the business and prepare and deliver on an action plan to enable a smooth transition to alternative benchmark rates. The Group aims to finalise its transition and fall-back plans by the end of first half of year 2021.

None of the Group's current LIBOR and EIBOR 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 IBORs, 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 management continued

b) Interest rate risk management continued

For the Group's floating rate debt, the Group has started discussions with its banking group to amend the dollar and dirham bank loans so that the reference benchmark interest rate will change to a new risk-free rate. The Group is currently taking advice on the requirements to amend its dirham EIBOR denominated debt. The Group aims to finalise the amendments to its dollar denominated debt by the end of year 2021.

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 1-year EIBOR pays fixed interest rate swap	4 Jan 2021	AED 43,764,164	1-year EIBOR

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 2020 would increase/decrease by AED 25,276 thousand (2019: increase/decrease by AED 25,156 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 management

Credit risk in relation to the Group, refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group.

Key areas where the Group is exposed to credit risk are trade and other receivables and 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 2020, 100% (2019: 100%) of the deposits were placed with 9 local banks and 1 foreign bank in 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 & 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 management

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 2020 and 2019.

	<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 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**
31 December 2019						
Financial liabilities						
Non-interest bearing instruments (i)	134,396	3,206,659	683,890	581,302	156,837	4,763,084
Non-convertible sukuk	–	22,538	13,839	–	3,673,500	3,709,877
Variable interest rate instruments	3,752	8,975	62,500	4,422,000	–	4,497,227
Lease liabilities	3,863	30,713	22,409	145,568	341,198	543,751
Derivative financial instruments	–	–	–	10,760	–	10,760
Total	142,011	3,268,885	782,638	5,159,630	4,171,535	13,524,699

(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.

	2020		2019	
	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)	**1,837,805**	**2,058,611**	1,832,969	1,989,274
Sukuk No.2 (note 18)	**1,833,302**	**1,991,974**	1,831,521	1,887,555

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 2020 and 31 December 2019:

	Level 1 AED'000	**Level 2 AED'000**	**Level 3 AED'000**	**Total AED'000**
31 December 2020				
Investments in financial assets at FVTOCI				
Equities (note 9)	**37,500**	**–**	**16,405**	**53,905**
31 December 2019				
Investments in financial assets at FVTOCI				
Equities (note 9)	40,000	–	15,202	55,202

There were no transfers between level 1, level 2 or level 3 during the current or prior year.

40 SEGMENT INFORMATION

40.1 Business segments

Segment information about the Group's continuing operations is presented below:

Year ended 31 December 2020

	Property development and management		**Asset management**				
	Property development and sales AED'000	**Development management AED'000**	**Investment properties AED'000**	**Hospitality and leisure AED'000**	**Adjacencies AED'000**	**Eliminations AED'000**	**Consolidated AED'000**
Revenue from external customers							
– Over a period of time	**2,432,363**	**1,250,211**	**–**	**197,163**	**1,372,815**	**–**	**5,252,552**
– 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**	**74,845**	**(78,703)**	**–**
Gross revenue (i)	**3,700,398**	**1,261,771**	**1,642,536**	**418,816**	**1,447,660**	**(78,703)**	**8,392,478**
Cost of revenue excluding service charge	**(2,512,331)**	**(1,047,505)**	**(264,245)**	**(382,933)**	**(1,161,312)**	**86,571**	**(5,281,755)**
Service charge expenses	**–**	**–**	**(127,691)**	**–**	**–**	**–**	**(127,691)**
Gross profit	**1,188,067**	**214,266**	**1,250,600**	**35,883**	**286,348**	**7,868**	**2,983,032**
Depreciation and amortisation	**–**	**–**	**(9,529)**	**(156,687)**	**(85,661)**	**1,277**	**(250,600)**
Provisions, impairments and write –downs, net	**(39,301)**	**–**	**(104,835)**	**(1,148)**	**(36,987)**	**24,758**	**(157,513)**
Fair value loss on investment properties, net	**–**	**–**	**(399,850)**	**–**	**–**	**–**	**(399,850)**
Gain on disposal of property, plant and equipment	**–**	**–**	**–**	**54**	**–**	**–**	**54**
Gain on disposal of investment property	**–**	**–**	**4,396**	**–**	**–**	**–**	**4,396**
Gain on transfer from development work in progress to investment properties due to change in use	**–**	**–**	**3,343**	**–**	**–**	**–**	**3,343**
Selling and marketing expenses	**–**	**–**	**–**	**–**	**–**	**4,604**	**4,604**
Other income	**37,074**	**–**	**147,038**	**1,394**	**2,432**	**(40,502)**	**147,436**
Segment profit	**1,185,840**	**214,266**	**891,163**	**(120,504)**	**166,132**	**(1,995)**	**2,334,902**
Gain on disposal of businesses							**58,432**
Gain on disposal of subsidiaries							**429,535**
Share of loss from associates and joint ventures							**(9,875)**
Selling and marketing expenses							**(130,053)**
Provisions, impairments and write –downs, net							**(138,289)**
General and administrative expenses							**(393,967)**
Depreciation and amortisation							**(17,101)**
Finance income							**67,240**
Finance costs							**(310,697)**
Other income							**42,101**
Profit for the year							**1,932,228**

(i) Gross revenue of investment properties includes AED 127,691 thousand of revenue from service charges.

40 SEGMENT INFORMATION continued

40.1 Business segments continued

Year ended 31 December 2019

	Property development and management		Asset management				
	Property development and sales AED'000	Development management AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Adjacencies AED'000	Eliminations AED'000	Consolidated AED'000
Revenue from external customers							
– Over a period of time	2,493,694	318,043	–	364,563	1,624,175	–	4,800,475
– At a point in time	237,751	47,531	–	333,351	–	–	618,633
– Leasing	–	–	1,728,773	–	–	–	1,728,773
Inter-segments	–	–	–	710	140,580	(141,290)	–
Gross revenue (ii)	2,731,445	365,574	1,728,773	698,624	1,764,755	(141,290)	7,147,881
Cost of revenue excluding service charge	(1,832,658)	(215,761)	(215,499)	(572,357)	(1,532,702)	156,231	(4,212,746)
Service charge expenses	–	–	(165,491)	–	–	–	(165,491)
Gross profit	898,787	149,813	1,347,783	126,267	232,053	14,941	2,769,644
Depreciation and amortisation	–	–	(10,605)	(155,496)	(87,191)	–	(253,292)
Provisions, impairments and write-downs, net	(30,409)	–	(69,950)	46,827	4,835	–	(48,697)
Fair value loss on investment properties, net	(128,112)	–	(246,639)	–	–	–	(374,751)
Gain on disposal of property, plant and equipment	–	–	23,014	(50)	–	–	22,964
Gain on disposal of investment property	–	–	23,856	–	–	–	23,856
Gain on exchange of properties, net of write-downs	388,384	–	–	–	–	–	388,384
Other income	149,327	–	–	–	9,751	(15,329)	143,749
Segment profit	1,277,977	149,813	1,067,459	17,548	159,448	(388)	2,671,857
Share of profit from associates and joint ventures							(3,096)
Selling and marketing expenses							(109,522)
Provisions, impairments and write-downs, net							(103,978)
General and administrative expenses							(363,830)
Depreciation and amortisation							(15,258)
Finance income							84,087
Finance costs							(349,719)
Other income							114,638
Profit for the year							1,925,179

(ii) Gross revenue of investment properties includes AED 165,491 thousand of revenue from service charges.

The segment assets and liabilities and capital and project expenditures are as follows:

	Property development and management		**Asset management**					
	Property development and sales AED'000	**Development management AED'000**	**Investment properties AED'000**	**Hospitality and leisure AED'000**	**Adjacencies AED'000**	**Unallocated AED'000**	**Eliminations AED'000**	**Group AED'000**
As at 31 December 2020								
Assets	**12,810,329**	**1,543,970**	**17,976,940**	**2,356,833**	**1,704,874**	**3,838,327**	**1,375**	**40,232,648**
Liabilities	**(3,542,860)**	**(1,117,922)**	**(7,101,469)**	**(992,680)**	**(1,089,919)**	**(683,253)**	**(2,860)**	**(14,530,963)**
Capital expenditures	**51,980**	**–**	**409**	**28,578**	**65,280**	**1,611**	**–**	**147,858**
Project expenditures	**2,546,145**	**–**	**69,010**	**–**	**10,011**	**–**	**–**	**2,625,166**
As at 31 December 2019								
Assets	13,213,835	2,875,988	18,189,259	2,678,107	2,436,838	1,873,084	(388)	41,266,723
Liabilities	(2,885,323)	(2,911,411)	(7,422,137)	(1,132,190)	(1,251,952)	(712,460)	–	(16,315,473)
Capital expenditures	2,703,018	–	–	94,152	31,178	2,187	–	2,830,535
Project expenditures	2,563,314	3,905	1,224,756	–	4,757	–	–	3,796,732

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 and a broad range of key performance indicators in addition to segment profitability.

For management purposes, at 31 December 2020 and 2019, the Group is organised into three major segments, as follows:

- property development and management (develop, sell and manage development projects);
- asset management (lease and manage retail, commercial and residential properties, hotels and leisure activities); and
- adjacencies (mainly education, construction, property/facilities management and cooling operations).

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 corporates assets, investment in associates and joint ventures, investment in financial assets at fair value through other comprehensive income and derivative financial instruments. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- all liabilities are allocated to reportable segments other than corporate payables and derivative financial instruments. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

40.2 Geographical segments

The Group operated mainly in one geographical segment, i.e., United Arab Emirates.

41 OTHER GENERAL AND ADMINISTRATIVE EXPENSES

Other general and administrative expenses include social contributions amounting to AED 10,000 thousand (2019: AED 36,000 thousand).

42 NON-CASH TRANSACTIONS

The following were significant non-cash transactions relating to investing and financing activities of consolidated statement cash flows:

	2020 AED'000	2019 AED'000
Disposal of a joint venture (note 8)	–	771,976
Addition to investment properties (note 7)	–	1,111,480
Addition to bank borrowings (note 8)	–	507,601
Transfer between investment properties and property, plant and equipment (notes 5, 7)	–	13,665
Transfer between investment properties and development work in progress (note 13)	**80,053**	205,635

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 2020 AED'000	Financing cash flows (i) AED'000	Fair value adjustments AED'000	Others (ii) AED'000	Balance at 31 December 2020 AED'000
Bank borrowings and sukuk (i)	8,147,135	(424,146)	–	282,172	8,005,161
Lease liabilities	352,365	(42,988)	–	30,321	339,698
Derivative financial instruments	10,760	–	4,570	–	15,330
	8,510,260	**(467,134)**	**4,570**	**312,493**	**8,360,189**

(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 include finance costs incurred

44 NON-CONTROLLING INTERESTS

The table below shows details of the material non-controlling interests of the non-wholly owned subsidiaries of the Group:

		Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
Name of subsidiary	Place of incorporation and principal place of business	2020 (%)	2019 (%)	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Pivot Engineering & General Contracting Co. (WLL) ("PIVOT")	UAE	**34.8**	34.8	**(1,047)**	(59,323)	**70,819**	71,866
Saadiyat Cooling LLC ("SC LLC") (i)	UAE	**–**	15	**1,037**	404	**–**	41,804
Total						**70,819**	113,670

(i) Disposed during the year 2020 (refer note 46).

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 intragroup eliminations.

	2020 AED'000 Pivot	2020 AED'000 SC LLC	2019 AED'000 Pivot	2019 AED'000 SC LLC
Assets	**562,188**	–	947,705	303,254
Liabilities	**(547,672)**	–	(859,764)	(321,455)
Net assets	**14,516**	–	87,941	(18,201)
Revenue	**422,334**	–	669,633	74,001
Expenses	**(425,344)**	–	(840,100)	(71,304)
(Loss)/profit for the year	**(3,010)**	–	(170,467)	2,697
Net cash (outflows)/inflows from operating activities	**(192,605)**	–	111,392	33,694
Net cash inflows/(outflows) from investing activities	**9,133**	–	(189,609)	(2,979)

45 BUSINESS COMBINATION

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**

As of 1 December 2020, the fair value of the trade receivables acquired amounts to AED 399 thousand. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

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 COMBINATION 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.

There were no disposals of subsidiaries in 2019.

47 IMPACT OF COVID-19 PANDEMIC

The business outlook for 2021 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 novel 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 support measures introduced by governments, the ability of businesses to manage their operations during these times and the timing and manner of the easing of restrictions, including lockdowns, social distancing and travel. Due to the unprecedented adverse effect of the lockdown on the global economy and some success in the efforts to flatten the infection curve, many countries started easing gradually the lock down restrictions starting May and June 2020. However, the lockdowns and travel restrictions is expected to have a continuous impact on the global economy.

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 update 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 has also introduced proactive comprehensive measures to address and mitigate key operational and financial issues arising from the current situation and has reasonably managed several areas of operational risks identified and implemented various measures that ensured continuity of the operations. The Group has announced support programmes for residential communities, schools, retail partners and home buyers totalling AED 190 million until 31 December 2020 in addition to various initiatives and measures to the wider community as part of Abu Dhabi's wider efforts to cushion the blow faced by the global economy due to the COVID-19 and in line with the Group commitment to long term sustainable value creation. The Group is continuously assessing the impact of COVID-19 on its operations particularly the effect on the retail, hospitality and leisure business operations.

Based on assessment of the COVID-19 impact on its business, the Group has assessed the impact of COVID-19 on its consolidated financial position and performance including the major judgments, estimates and assumptions, which could result in greater variability in a variety of areas that depend on these estimates and judgments as given in note 4.

In response to this crisis, the Group continues to monitor and respond to all liquidity and funding requirements through its plan reflecting the current economic scenarios. The Group believes that, as at 31 December 2020, 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 impact of COVID-19 continues to evolve, hence there are uncertainties and likely significant risks that may impact the business in future. 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 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 development management services.

Subsequent to the reporting period, 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, the Company signed an agreement with Modon and acquired 100% of the issued share capital of its wholly owned subsidiary, Aldar Projects LLC ("Aldar Projects"). Aldar Projects is limited liability company incorporated in the Emirate of Abu Dhabi. 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 Subsequent to the reporting date, on 1 January 2021, Provis acquired 100% of the capital of Asteco Property Management LLC, a limited liability company ("Asteco") registered in Dubai, United Arab Emirates for a total consideration of AED 65,500 thousand. Asteco is mainly involved in property management and owners' association management services, leasing and assets management services and real estate sales, licensing, valuation and advisory services. Asteco UAE was acquired as part of plan of Provis to expand by acquiring existing entities in the related industry. Acquisition related costs amounted to AED 823 thousand. 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.

49 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 14 February 2021.

ALDAR.COM

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