

CEO's Message

Mohamed Khalifa Al Mubarak



A clear strategy for growth

By many measures, the Aldar of today is a mature company with the focus on delivering world class real estate assets and our commitment to creating shareholder value.

2015 was a year where we showed substantial progress in delivering against our strategy. We have weather-proofed our business to combat a sometimes uncertain external environment. Aldar is well positioned for the long-term. We are proud of our stable and maturing business and continue to play to our strengths: delivering the right product, at the right price, in the right location.

Our focus on stabilising recurring revenue assets has significantly improved the quality of our earnings and provided clarity on long-term cash flows.

The results speak for themselves. All our key financial metrics continue to move in the right direction.

Development sales amounted to AED 3.0 billion in 2015, supported by the launch of our five developments, while gross profit from recurring revenue grew by 49% to AED 1.5 billion. Our FY Net Profit rose 13% to AED 2.6 billion, and gross debt was reduced by 35% to AED 6.0 billion.

But these results by themselves do not show all the progress made over the past 12 months in de-risking the business and allocating capital in a more efficient manner. By completing our deleveraging cycle and establishing our reoccurring revenue business, we have been able to formalise a progressive dividend policy, one that reflects the underlying cash flow performance of our two core businesses.

Growth remains central to the Aldar story. And while we can be justifiably satisfied with a strong 2015 performance, we continue to look for opportunities to take our business forward. Our goal of generating AED 2.2 billion in recurring revenue by 2020 shows that our ambitions continue to grow, alongside the company.

Property development is at the very heart of what we do and we continued to see strong demand for our products in 2015. During the course of the year, five residential projects were successfully launched; three sold out, and one project is ongoing. We recognise that there are still untapped development opportunities in Abu Dhabi, and our strategy remains focused on developing our prime destinations, Yas Island, Al Raha Beach and Shams Abu Dhabi.

In terms of our asset management business, the performance of Yas Mall in 2015 exceeded our own very high expectations. Since opening, Yas Mall has attracted over 20 million visitors and continues to deliver a high quality shopping experience through a variety of household brands such as Apple, The Cheesecake Factory, Zara and Debenhams. Today, our residential portfolio is fully leased, and we continue to see strong demand for Aldar residential assets. In 2015, the company's hotel portfolio occupancy was in-line with 2014 and continues to outperform the wider Abu Dhabi market, underpinned by the ongoing development of Yas Island.

Our Adjacent Businesses, which include Aldar Academies and Khidmah, continue to grow. From one school and 250 students in 2007, Aldar Academies now encompasses over 5,100 pupils across 6 schools and is set to expand further with Al Mamoura school under development, which will bring up to an additional 1,800 students capacity.

Central to any successful company are the hard working people who share a common set of values and a clear sense of purpose. By embracing change and working together we have been able to achieve the goals we set out at the start of 2015. I would like to thank each and every Aldar employee for the contribution they have made to our success over the past 12 months.

We head into the new financial year with our business in excellent shape. Our consistent outperformance over the past couple of years underlines the success of our actions in positioning the business for the next stage of growth. Aldar's development and asset management portfolios are well matched to underlying demand, and our balance sheet remains strong. This gives me great confidence that our best days are still ahead of us.



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