

Management Report**In This Section**

Business Model
Our Geographies
2023 Highlights
Iconic Places
Chairman's Statement
Group Chief Executive
Officer's Statement

Market Context

UAE Macro Analysis
UAE Market Analysis

- Residential
- Commercial
- Retail
- Hospitality
- Industrial
- Education

Egypt Macro Analysis

UK Macro Analysis

Strategic Framework

Sustainability Summary

Group Chief Financial and

Sustainability Officer's

Statement

Operating Review

• Aldar Development

• Aldar Investment

Risk Management

EPRA Reporting Disclosures

Market Context

We operate in a rapidly changing environment. By understanding key trends, we can take advantage of opportunities as they arise and act quickly to reduce risks to our business where necessary.



Management Report

In This Section

Business Model
Our Geographies
2023 Highlights
Iconic Places
Chairman's Statement
Group Chief Executive
Officer's Statement

Market Context

UAE Macro Analysis

UAE Market Analysis

- Residential
- Commercial
- Retail
- Hospitality
- Industrial
- Education

Egypt Macro Analysis

UK Macro Analysis

Strategic Framework
Sustainability Summary
Group Chief Financial and
Sustainability Officer's
Statement
Operating Review
Aldar Development
Aldar Investment
Risk Management
EPRA Reporting Disclosures



Market Context continued

UAE Macro Analysis

Despite a softening macroeconomic environment globally over the past 12 months, the UAE was again expected to deliver solid GDP growth at around 3.1% in 2023.

This is forecast to rise to 4.0% in 2024 with an expected rebound in oil GDP on the back of increased supply quotas from OPEC, albeit the UAE is set to continue its voluntary cuts up to the end of the second quarter at least in line with the broader actions of the oil producing bloc, as they look to maintain a balanced oil market. The country's non-oil economy also continues to expand amidst rising foreign trade and increased foreign direct investments (FDI) into key sectors such as real estate, tourism and manufacturing¹.

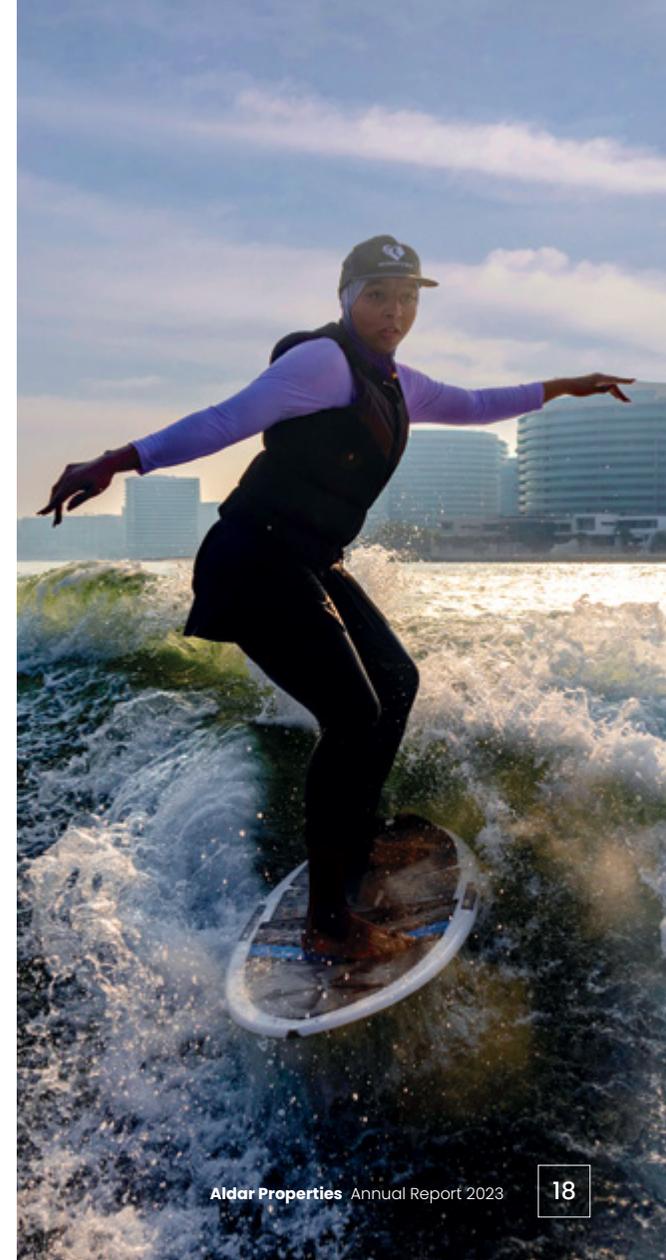
With the UAE set to operate a budget surplus this year, government spending has remained supportive, further stimulating economic activity across strategic growth sectors. The UAE also continues to benefit from a flight to safety amidst heightened geopolitical tensions globally, as a sustained influx of foreign capital helps to accelerate the Emirates' employment and population growth, supporting the rapid expansion of the non-oil economy.

The decisive actions of the UAE Government in successfully handling the Covid pandemic and rapidly reopening the country for business, is highly evident from recent growth and the ongoing migration of global corporate occupiers, HNWIs, entrepreneurs and other foreign talent into the local ecosystem. The positive impact of recent social changes, new visa systems, amended company ownership laws and all-round positive sentiment continues to make the country a highly attractive place to live, visit and do business.

The government has continued with its privatisation drive, with a host of local government entities completing initial public offerings (IPOs) through domestic listings, establishing the UAE as a growing financial hub. 2023 has also seen a growing number of new international names set up business, including investment banks, hedge funds and other alternative financial services companies as they look to exploit the increasing flow of capital into the region.

The country's strategy to de-risk supply chains and solidify trade partnerships has continued unabated over the past 12 months, with a new Comprehensive Economic Partnership Agreement (CEPA) signed with Turkey in March. This is in line with the UAE's Projects of the 50, which encompasses a series of strategic initiatives to help drive the next phase of sustainable economic development for the nation.

1. IMF.



Management Report

In This Section

Business Model
Our Geographies
2023 Highlights
Iconic Places
Chairman's Statement
Group Chief Executive
Officer's Statement

Market Context

UAE Macro Analysis

UAE Market Analysis

- Residential
- Commercial
- Retail
- Hospitality
- Industrial
- Education

Egypt Macro Analysis

UK Macro Analysis

Strategic Framework
Sustainability Summary
Group Chief Financial and
Sustainability Officer's
Statement
Operating Review
Aldar Development
Aldar Investment
Risk Management
EPRA Reporting Disclosures



Market Context continued

UAE Macro Analysis continued

The UAE is understood to have 10 CEPA partners in place at the end of 2023 and is targeting a total of 26, with an aim to attract USD 150 billion in investments by 2031 and be a mainstay of the top 10 countries globally in terms of attracting inbound FDI.

During 2023, the UAE saw a 28% increase in the number of greenfield FDI projects, placing it behind only the United States. This was against a -9%¹ decline in the value of FDI into developed economies globally, with falling or stagnating flows across most regions.

The UAE has also set a target to reach AED 4.0 trillion in non-oil foreign trade by 2031, up from the AED 2.2 trillion recorded in 2022. The CEPAs signed since the outbreak of Covid are set to increase the UAE's non-oil bilateral trade to USD 170 billion over the next five years, up nearly 50% from USD 116.1 billion in 2022².

Following a buoyant oil market performance during 2022, Brent Crude prices averaged USD 82 per barrel during 2023, down from over USD 100 per barrel a year earlier³, as global demand weakened amidst slowing economic growth.

However, with oil prices still well above the UAE's budgeted fiscal breakeven rate of USD 63 per barrel for 2023/2024⁴, there still appears to be a substantial buffer to help maintain current spending plans and to further stimulate non-oil activities.



1. UNCTAD; 2. Abu Dhabi Department of Economic Development (ADDED); 3. EIA; 4. Fitch Ratings.