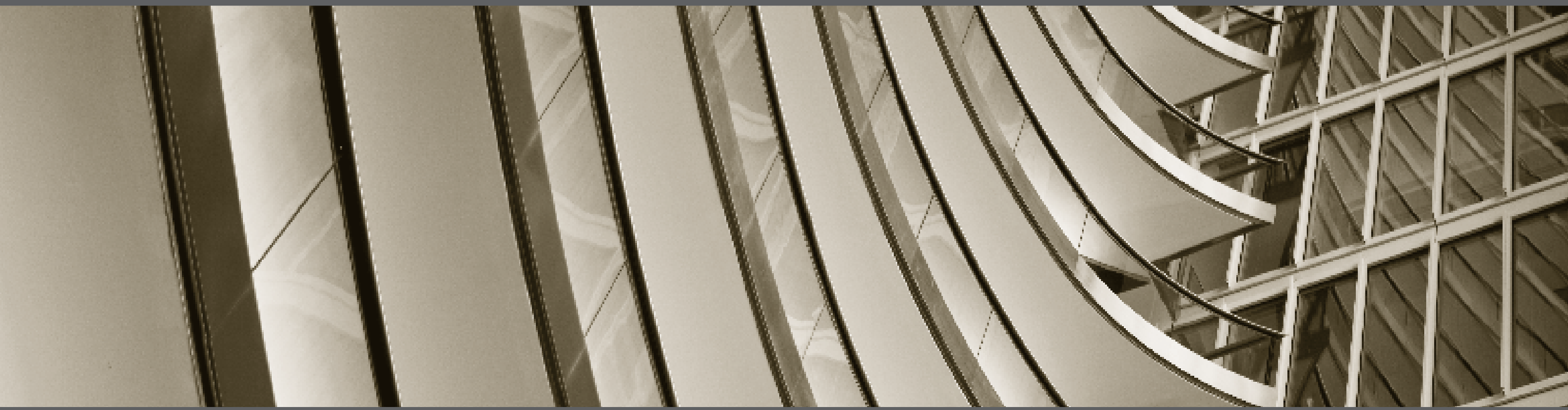
ADIA



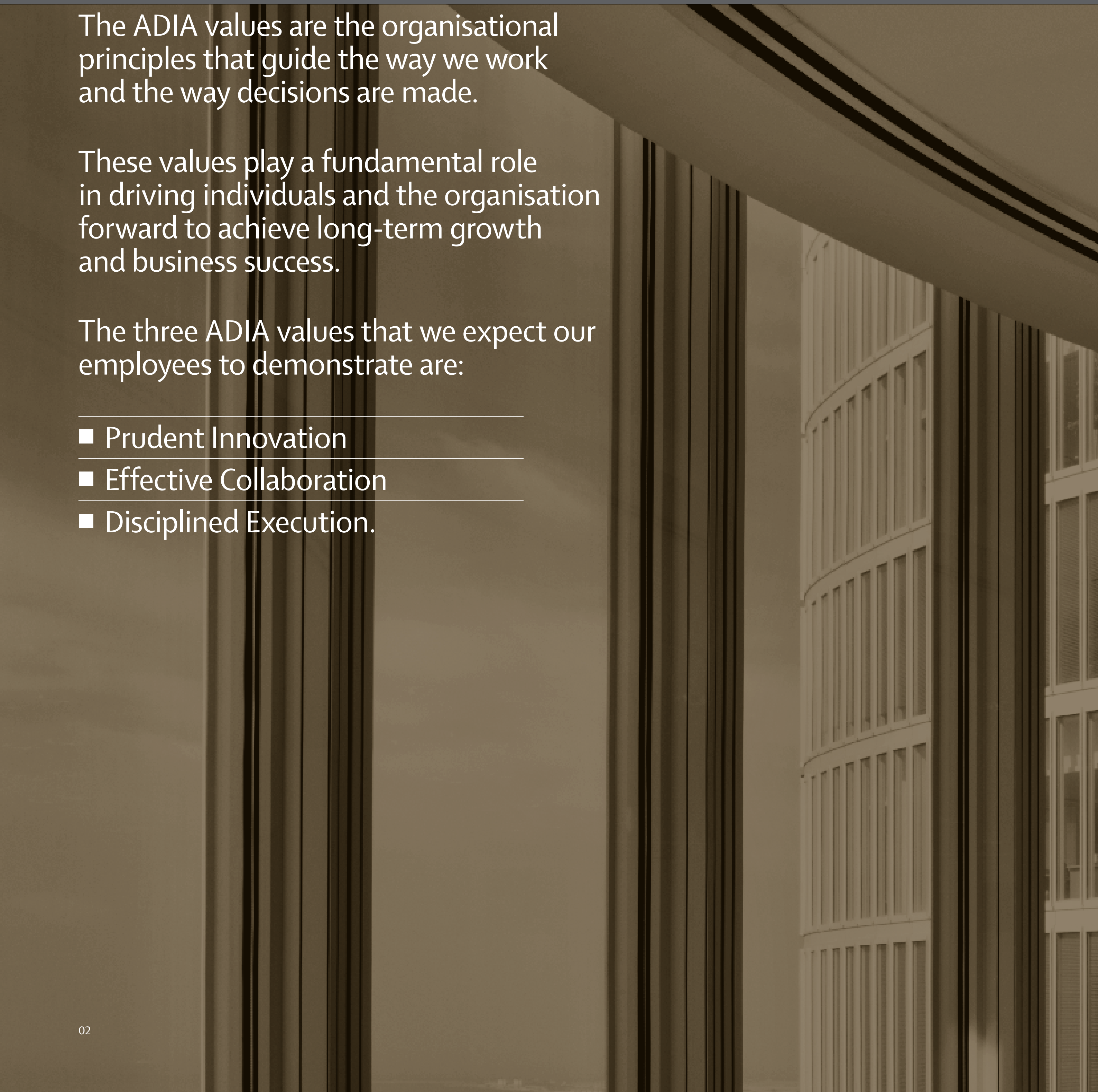
2011 Review

Prudent Global Growth

جهاز أبوظبي للاستثمار
Abu Dhabi Investment Authority

Established in 1976, the Abu Dhabi Investment Authority is a globally diversified investment institution whose sole mission is to invest funds on behalf of the Government of the Emirate of Abu Dhabi, to make available the necessary financial resources to secure and maintain the future welfare of the Emirate.

Our culture



The ADIA values are the organisational principles that guide the way we work and the way decisions are made.

These values play a fundamental role in driving individuals and the organisation forward to achieve long-term growth and business success.

The three ADIA values that we expect our employees to demonstrate are:

- Prudent Innovation
- Effective Collaboration
- Disciplined Execution.

Prudent Innovation

At ADIA, we encourage our people to be innovative and generate new ideas as well as support change and improvement initiatives. This means appropriately challenging the status quo and championing new department initiatives. However, as a risk-sensitive business, it is vital that consideration of change is approached in a careful manner so that all new initiatives are fully analysed, considered and reviewed to reduce possible risk and drive continuous improvement. Professional judgements should demonstrate caution and ensure a good awareness of the balance between opportunities and risks involved in pursuing them.

We recognise the importance of personal and professional development and encourage our employees to drive their own and others' development while at ADIA. In addition to individual growth, ADIA is focused on organisational acceleration and ensuring the business is able to anticipate change and take advantage of market developments.

Effective Collaboration

ADIA places strong emphasis on collaboration and seeks individuals who can proactively build relationships and networks, both internally and externally, that deliver results. We encourage individuals to gather input from those with different knowledge and opinions, across departments and at all levels within the business. ADIA welcomes those who take responsibility for working together towards a shared purpose and provide support for team objectives and decisions.

At ADIA the ability to communicate openly has an important role to play in building solid professional relationships. We value those who share opinions openly whilst also listening to the ideas of others. This means getting involved in productive and positive debates where ideas and suggestions can be discussed in a constructive manner.

Disciplined Execution

ADIA expects individuals to set and achieve high standards that are aligned to our strategic objectives. Employees are given the responsibility for delivering ADIA's objectives and do so by putting in place realistic, clear and practical plans to ensure that expected results are achieved. Effective delegation and the ability to drive completion of projects are essential to meeting objectives.

We respect individuals who can demonstrate the necessary energy, drive and determination to deliver results and maintain focus and integrity despite being faced with difficult or challenging circumstances.

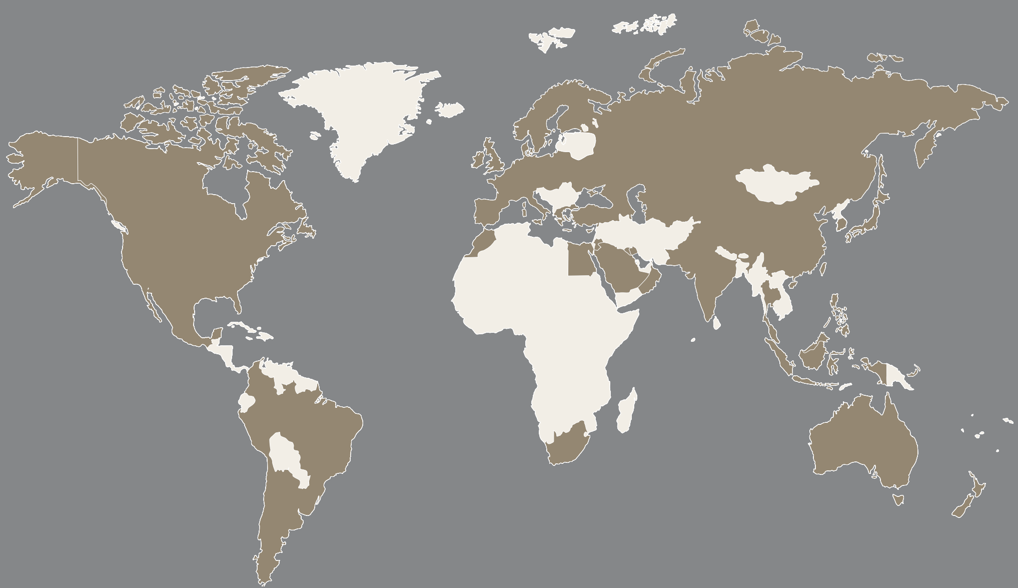
At a glance

Guiding principles

With a long tradition of prudent investing, ADIA's decisions are based solely on its economic objectives of delivering sustained long-term financial returns.

ADIA does not seek an active role in the management of companies in which it invests.

Where we invest



80%

Approximately 80% of ADIA's assets are managed by external fund managers whose activities are monitored on a daily basis.

60%

Approximately 60% of ADIA's assets are invested in index-replicating strategies.

People

ADIA's success stems from its team of 1,275 talented individuals from the UAE and around the world who, together, pursue our mission. With more than 40 nationalities represented in our Abu Dhabi head office, we are proud of ADIA's rich diversity and have committed to fostering high standards of leadership, integrity and professionalism.

Portfolio Highlights

ADIA manages a diversified global investment portfolio across more than two dozen asset classes and sub-categories, including quoted equities, fixed income, real estate, private equity, alternatives and infrastructure.

- Approximately 80% of ADIA's assets are managed by external fund managers whose activities are monitored daily.
- Approximately 60% of ADIA's assets are invested in index-replicating strategies.

In U.S. dollar terms, the 20-year and 30-year annualised rates of return for the ADIA portfolio were 6.9% and 8.1% respectively, as of 31 December 2011. Performance is measured based on underlying audited financial data and calculated on a time-weighted return basis.

Relationship with the Government of Abu Dhabi

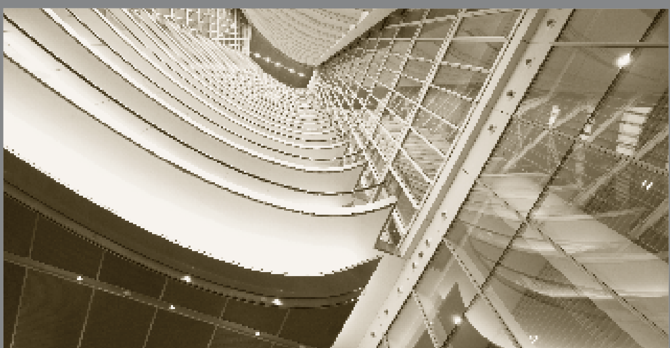
ADIA carries out its investment programme independently and without reference to the Government of the Emirate of Abu Dhabi or other entities that also invest on the Government's behalf.

ADIA's Managing Director is vested under the law with responsibility for implementing ADIA's policy and the management of its affairs, including decisions related to investments, and acts as its legal representative in dealings with third parties.

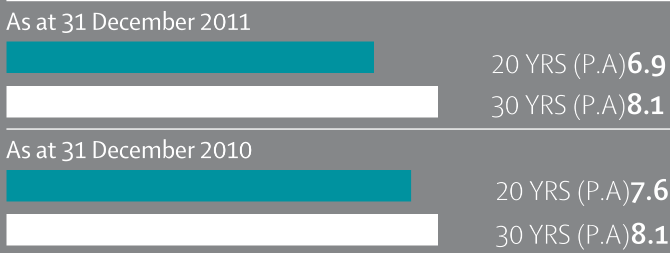
ADIA is not involved with, nor has any visibility on, matters relating to the spending requirements of the Government of the Emirate of Abu Dhabi, nor are ADIA's assets classified as international reserves.

ADIA Employees by Nationality
(1,275)

UAE	**32%**
ASIA	**36%**
Middle East & Africa	**11%**
Europe	**11%**
Americas	**8%**
Australia & New Zealand	**2%**



Annualised Returns %



Note: Performance for 2011 remains provisional until final data for non-listed assets are included.

Letter from Hamed bin Zayed Al Nahyan
Managing Director

In keeping with the spirit of ADIA's cultural values, we rolled out further initiatives during 2011 aimed at streamlining the way we operate, enhancing collaboration and ensuring that the knowledge and experience of our most senior leaders is shared across the organisation.

2011 was a year in which financial markets and global economies once again proved their resilience in the face of powerful headwinds. While buffeted by considerable volatility, and a series of unforeseen events including the tragic earthquake and tsunami in Japan, the year drew to a close with a renewed sense of optimism that the most serious risks may finally be behind us.

But 2011 was also a year that reinforced our view of the important role that diversification and maintaining a long-term focus can play in safeguarding against unexpected risks and delivering sustainable returns.

Over the past 35 years, ADIA has prudently invested funds on behalf of the Government of Abu Dhabi with a focus on long-term value creation. In doing so, it has evolved into a global investment institution that manages a portfolio spanning multiple geographies and asset classes. Our mission, which has remained unchanged since our creation in 1976, is to secure and maintain the future welfare of the Emirate of Abu Dhabi. It's a responsibility that ensures we remain focused on our long-term goals, while also continuing to evolve and adapt to changing market and economic conditions.

In keeping with the spirit of ADIA's cultural values, we rolled out further initiatives during 2011 aimed at streamlining the way we operate, enhancing collaboration and ensuring that the knowledge and experience of our most senior leaders is shared across the organisation.

Key among these was the decision to restructure several departments that held responsibility for overseeing the activities of external fund managers. This resulted in ADIA's four geographically-focused "external equities" departments being combined into two new departments: the Indexed Funds Department, which comprises all passively-managed equity portfolios; and the External Equities Department, which combines all of our external actively-managed equity portfolios.

This new structure reflects the key role that index-replicating strategies play in our portfolio. The creation of the External Equities Department, meanwhile, allows our regional experts to share ideas more freely and to be more focused in their efforts to target and deliver outperformance.

Also last year, we made the decision to combine our real estate and infrastructure activities into the newly-named Real Estate & Infrastructure Department, as a means of improving organisational efficiency and aligning investment teams and resources.

On a broader level, meanwhile, we continued to integrate ADIA's cultural values into the fabric of the organisation through a series of new initiatives. Among these, we redesigned our Leadership and Management Development programmes in such a way as to encourage the behaviour and skills that are consistent with our values of "prudent innovation", "effective collaboration" and "disciplined execution."

Last year we also completed the roll out of a new annual planning process across ADIA, combined with an enhanced performance-based incentive structure that will more closely align individual objectives with departmental and ADIA's overall objectives. I am confident that these efforts and others currently underway will ensure that ADIA continues to fulfil its mission on behalf of the Government of Abu Dhabi in the years to come.

Finally, on the recruitment front, we made a number of senior hires in areas such as private equity, real estate, legal, and in our Investment Services Department.

2011 – The Year in Review

Despite many twists and turns, the global economy continued its recovery last year. Economic activity was affected by a number of serious shocks, most notably the tragic events in Japan, and the financial stress surrounding the sovereign debt crisis in Europe. However, relative to the pessimism that often dominated public perceptions, the story last year was as much about the resilience of the global economy as its fragility.

Views of 2011 also differ widely depending on the perspective of the observer. In Europe or North America, attention was focused largely on high public debt and concerns that the after effects of the financial crisis will leave these regions facing an extended period of sub-par economic performance.

Letter from Hamed bin Zayed Al Nahyan
Managing Director
Continued

However, observers in Asia and other regions of the emerging world tend to see 2011 as a year in which growth was depressed temporarily by external events and economic policies intended to limit inflation. In their view, slower growth is a disappointment, but not necessarily a reason for pessimism about the long term.

Financial markets during 2011 were buffeted by similarly divergent reactions to shocks and broader worries about the sustainability of the economic expansion. But, in the end, average returns across global bond and equity markets were only slightly negative, which was a better outcome than many had feared during the year. Returns across asset classes and regions showed a broad range, reaffirming the value of a disciplined, globally diversified approach to investing.

Events last year also reinforced important lessons about how unforeseen trends can emerge and affect a wide range of markets. While it is prudent to try to anticipate how and where surprises may emerge, it is essential to retain an open mind and be prepared to analyse and respond accordingly.

Meanwhile, the challenges faced by the Euro area provided important insights into the complex relationships between governments and financial markets. In the absence of clear guidance from policy makers and central banks, markets are prone to behave in unpredictable and unwelcome ways. Investors participating in these markets must understand the inherent limitations on political processes and market functioning in order to cope with possible outcomes.

Finally, the distinction between the developed and emerging economies is fading faster than many had imagined. The clearest sign of this is the contrast between widespread downgrades in the credit ratings of developed economies and the continued strengthening of many emerging countries. But this is merely a symptom of deeper change in the global economy. The growth rate gap that opened up in the financial crisis was maintained last year, as emerging economies in general demonstrated greater policy flexibility and proved more resilient to economic shocks than in the past.

Looking Forward

Despite facing undoubted short-term risks, the global economy offers many exciting and important opportunities. Economic growth each year is advancing millions of people out of poverty and into more active participation in the global economy. Rising incomes are reinforcing growing demands for a full range of goods and services. Technology continues to create new capabilities and connect more people and more ideas. People across the globe are becoming more educated.

Investors have a tried and tested way to participate in these developments. Economic advances require the input of capital through a range of vehicles, from private equity and direct investments to public equities, hedge funds and also government bonds. As a long-term investor, we see ourselves and others with similar investment horizons as providers of this necessary capital, with the advantage of patience and the ability to ride out dips in the economic cycle.

Hamed bin Zayed Al Nahyan
Managing Director

Our mission

- To secure and maintain the future welfare of the Emirate of Abu Dhabi.

At a glance

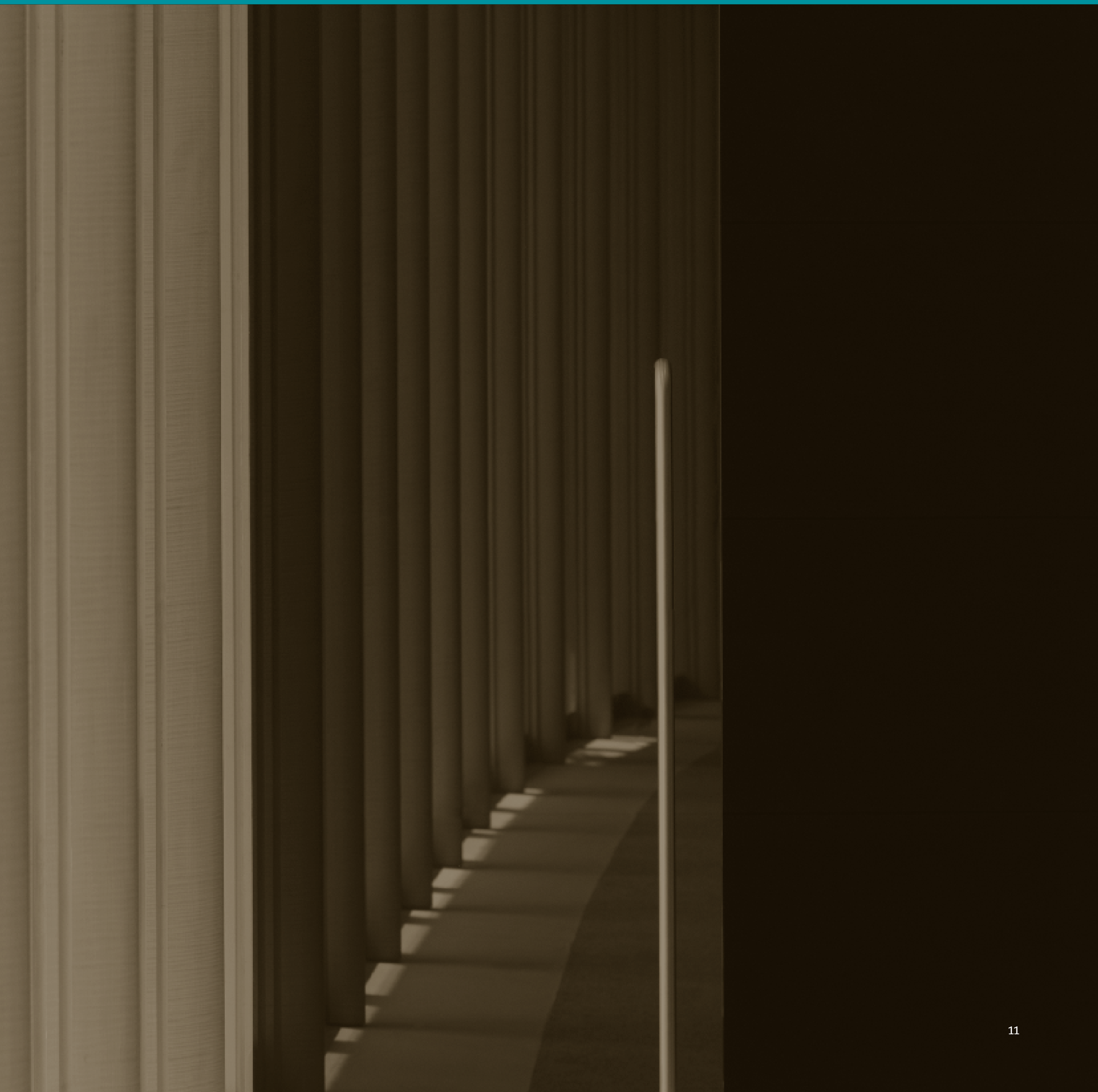
- Over 35 years of prudently investing funds on behalf of the Government of Abu Dhabi with a focus on long-term value creation
- Diversified, global investment institution
- 1,275 employees.

Key initiatives in 2011

- Created Indexed Funds Department and External Equities Department
- Combined real estate and infrastructure activities into Real Estate & Infrastructure Department
- Redesigned leadership and management development programmes in line with cultural values
- Rolled out annual planning process to align individual objectives with those of departments and ADIA as a whole.

1,275	40	36
Employees	Nationalities	Years of investing funds

"Our approach begins by identifying an acceptable level of risk, and then building outwards by adding a highly diversified range of asset classes that allow us to maximise returns within these parameters."



Investment strategy

ADIA's investment strategy involves looking beyond individual economic cycles and focusing on strategies aimed at capturing secular trends to generate long-term, sustainable returns.

Our approach begins by identifying an acceptable level of risk, and then building outwards by adding a diversified range of asset classes that allow us to maximise returns within these parameters. The Strategy Unit is at the heart of this process. Its market strategists and asset specialists, supported by quantitative analysts, identify new and emerging trends in the global economy and then compare the potential risks and returns of different asset classes within those scenarios. The result is a recommended portfolio mix that contains more than two dozen asset classes and sub-categories, each with a fixed weight, which together form ADIA's shared, long-term view of the world, otherwise known as our policy portfolio or "neutral benchmark." (See page 14 – Portfolio overview)

The Strategy Unit regularly reviews the neutral benchmark and suggests any necessary changes to either new or existing asset classes and their respective weightings. It also researches and proposes medium-term strategies around the benchmark with the objective of enhancing returns. This may include occasional "off-benchmark" opportunistic investments.

Our investment strategy requires a careful balance between discipline and flexibility: discipline to ensure the portfolio remains closely aligned with our long-term vision; and flexibility to adapt to major changes ahead of long-term trends, such as our decision to begin investing in alternatives as early as 1986 and in private equity in 1989.

Any proposed changes to the neutral benchmark are subject to review by the Strategy Committee, followed by the Investment Committee, before a recommendation is made to the Managing Director. Once approved, the investment departments are given mandates with specific benchmarks, guidelines and excess return targets.

Our strategy

Investment objective
To invest funds on behalf of the Government of Abu Dhabi and make available the financial resources to secure and maintain the future welfare of the Emirate.

Asset allocation
Design the long-term strategic neutral benchmark for the total portfolio.

Define the appropriate level and mix of assets to maximise expected returns subject to risk tolerances and liquidity constraints.

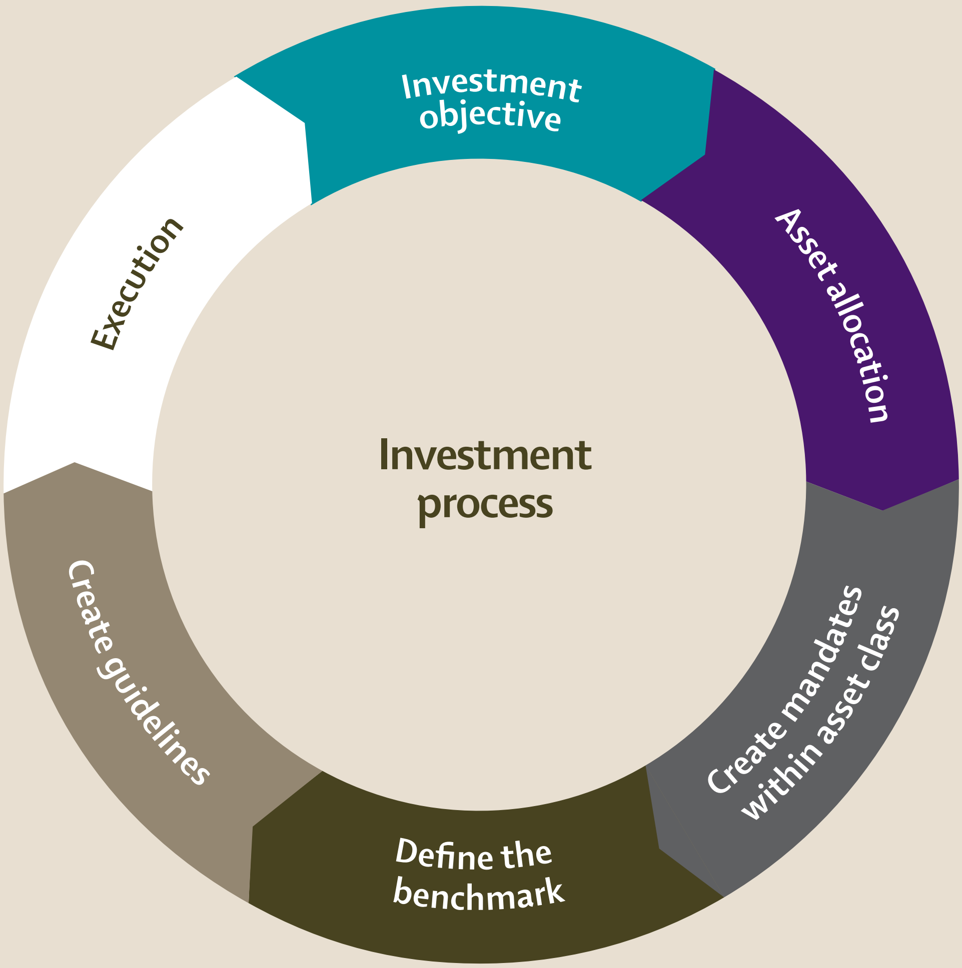
Create mandates within an asset class or sub-asset class
Allocate and manage funds across the mandates at the asset / sub-asset class levels.

Define the benchmark
Set a policy benchmark for each investment mandate that is achievable and reflective of the asset / sub-asset class.

Success of the investment teams is measured against the tailored performance targets.

Create guidelines
Institute guidelines for investment managers that highlight the objectives of the mandate and specify the relevant investment constraints.

Execution
Put in place the appropriate investment teams needed to implement the overall investment strategy.


Investment objective
Asset allocation
Create mandates within asset class
Define the benchmark
Create guidelines
Execution
Investment process

Portfolio overview
By Asset Class

Neutral benchmark*

Asset class	Min.	Max.
Developed Equities	35.0%	45.0%
Emerging Market Equities	10.0%	20.0%
Small Cap Equities	1.0%	5.0%
Government Bonds	10.0%	20.0%
Credit	5.0%	10.0%
Alternative**	5.0%	10.0%
Real Estate	5.0%	10.0%
Private Equity	2.0%	8.0%
Infrastructure	1.0%	5.0%
Cash	0.0%	10.0%

Minimum
Maximum

* The above denotes neutral benchmark ranges within which allocations can fluctuate, hence they do not total 100%.
** Alternative is comprised of hedge funds and managed futures.

By Region
Neutral benchmark†

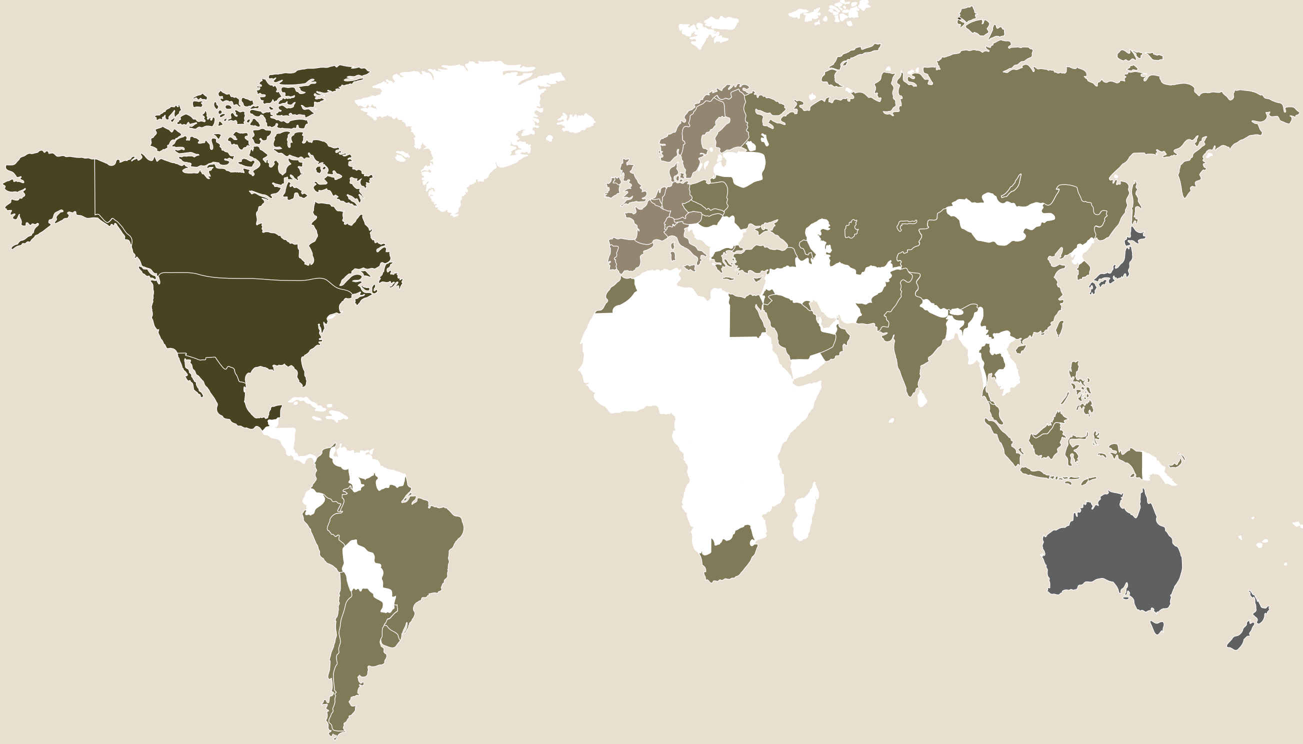
North America
35.0% Min – 50.0% Max.

Europe
25.0% Min – 35.0% Max.

Developed Asia
10.0% Min – 20.0% Max.

Emerging markets
15.0% Min – 25.0% Max.

†ADIA, as a matter of practice, does not invest in the UAE. Nor does it typically invest in the Gulf region except in instances where such investments constitute part of an index.

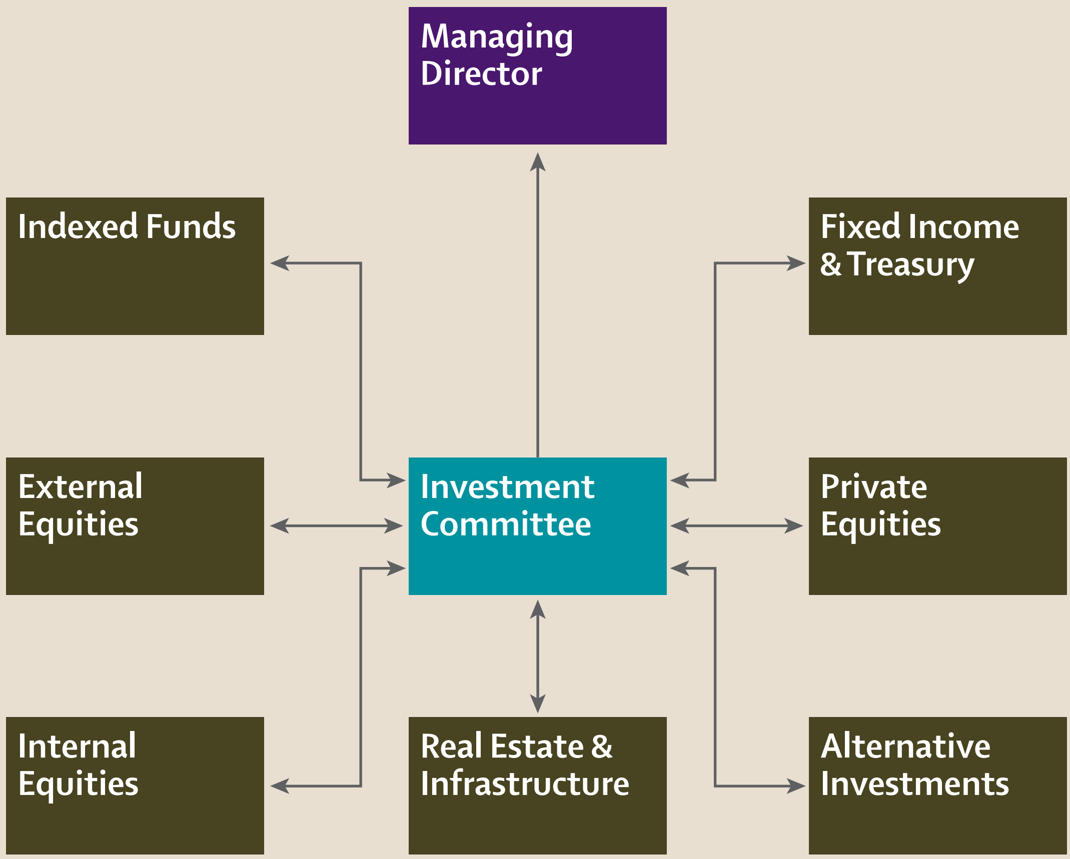


Investment activities

ADIA's investment departments are responsible for building and managing investment portfolios within the parameters set for them through the asset allocation process.

These departments, which between them invest across multiple asset classes and geographies, have discretion over the origination and recommendation of investment proposals.

Overview


Managing Director
Indexed Funds
Fixed Income & Treasury
External Equities
Investment Committee
Private Equities
Internal Equities
Real Estate & Infrastructure
Alternative Investments

Investment activities
Equities

Indexed Funds:

The objective of the Indexed Funds Department (IFD) is to achieve returns on assets under its management that replicate those of the broader market as a whole. IFD aims to achieve this using a "Full Index Replication" methodology across all portfolios, and through the use of guidelines that allow managers sufficient leeway to fund administrative costs while minimising underperformance relative to the Index.

IFD comprises an External team, which monitors the activities of external investment managers who together manage around 90% of the Department's allocated assets, and an Internal team, which invests directly into the market.

Both the External and Internal asset pools are subdivided into Developed and Emerging mandates and are subject to strict guidelines and close monitoring to ensure consistency and robust risk management.

External Equities:

The External Equities Department (EED) invests actively in the global equity markets through external investment managers. The Department is responsible for numerous mandates, each of which is managed with the objective of outperforming their respective benchmark within a predetermined set of investment guidelines.

The investment teams establish strategies that seek to identify the best opportunities within this global remit to generate sustainable alpha. The trading activities of all external managers are monitored on a daily basis, backed up by regular internal reports on performance, risk and adherence to ADIA's guidelines. This is complemented by regular review meetings and site visits by EED professionals.

Internal Equities:

The Internal Equities Department (IED) invests directly in the global equity markets, rather than through external fund managers. The goal of the Department is to generate returns that outperform its benchmark through disciplined execution.

IED manages multiple active portfolios that are divided by geography and employs a heavily research-driven approach that aims to generate alpha within predefined risk parameters. Each team is led by a portfolio manager and consists of analysts, as well as sector and/or country specialists in some cases, who are responsible for identifying and executing opportunities along stock, sector and country themes.

The Department has a separate Equity Opportunities team, which is responsible for managing a concentrated, long-term portfolio of global equity investments, and a Quant team that actively manages portfolios employing quantitative techniques to exploit small inefficiencies across a large number of stocks.

Review of the year

2011 was a year of two distinct halves for global equity markets, with initial optimism ultimately giving way to a fresh bout of risk aversion on concerns that the Eurozone crisis and other factors may combine to stall the global recovery.

At the start of the year, markets proved surprisingly resilient in their ability to shrug off major events, including geopolitical unrest in the Middle East and the devastating earthquake and tsunami in Japan. Equity markets ended the first quarter on a high note, as investors remained confident that the global economic recovery, while shaky, was on track and better times lay ahead. This positive sentiment continued into the second quarter, before a combination of factors including the possibility of defaults in the Eurozone and the looming end of monetary stimulus measures in the U.S. began to weigh heavily on risk appetite.

While the second quarter ended flat for equity markets, the stage was set for an about turn over the summer months, with investors adopting a "risk off" mindset and funnelling money into safer assets. Equity markets were highly volatile in the second half and displayed increasing correlation as the year progressed, eventually losing all of their early gains and more as 2011 drew to a close. The MSCI AC World Index declined 7.4% making the year as a whole one in which, yet again, government bonds handsomely outperformed equities.

An unjustified casualty of the equity correction was the emerging markets space, which once again underperformed developed markets despite its relatively attractive economic fundamentals.

Over the year, the MSCI Emerging Markets Index lost 18.4% compared with a 5.5% decline in the MSCI World Index, which measures the performance of developed equity markets. Equities of the so-called "BRIC" nations of Brazil, India and China were among the hardest hit, recording US$15 billion of outflows in 2011.

While investors had justifiable concerns about the ability of major emerging markets to balance the twin risks of high inflation and slowing growth, their relative weakness appears to owe more to general risk aversion than specific concerns. Looking forward, it is likely that such volatility will decline over time as investors gain confidence in the ability of emerging markets to manage the various challenges they face and begin to focus more on economic fundamentals.

With the current level of government bond yields, the valuation of global equities remains attractive for long-term investors in general and especially in the emerging market space. Indeed, emerging markets have already outperformed their developed peers over the past decade and we expect this trend to continue (see chart below). As inflation crests, we expect emerging market central banks such as those in China and India to continue with their counter-cyclical monetary policies, which will in turn support some expansion in valuation multiples, assuming consensus top-line growth expectations continue to be realised.

Meanwhile, 2011 marked a significant change to the way that ADIA organises its equity investments, with a decision to restructure several departments that held responsibility for overseeing the activities of external fund managers. This resulted in ADIA's four geographically-focused "external equities" departments being combined into two new departments: the Indexed Funds Department, which contains all passively-managed equity portfolios; and the External Equities Department, which combines all of our external actively-managed equity portfolios.

The structure now in place will enhance collaboration and pooling of resources. It also reflects the key role that index-replicating strategies play in our portfolio, while also sharpening our focus on generating outperformance from ADIA's active managers.

10-year returns for Emerging Markets equities vs Developed Markets equities

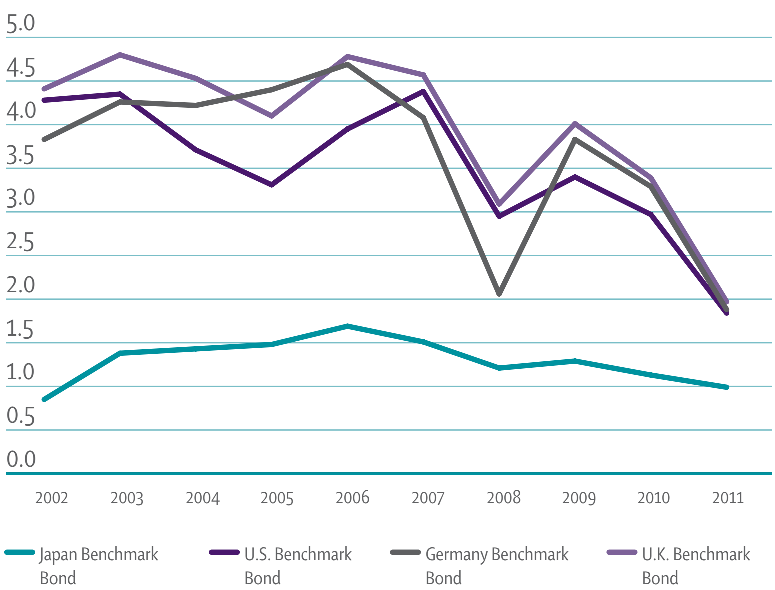
Investment activities
Fixed Income & Treasury

The Fixed Income & Treasury Department serves multiple functions, which include managing ADIA's liquidity needs and cash investments inthe short-term money markets, as well as managing its portfolio of investments across a broad range of fixed income securities.

In addition to money markets, the Department's investments can be grouped into four broad categories: global government bonds, global inflation-linked bonds, emerging-market bonds and global investment-grade credit. Its objectives are to meet ADIA's liquidity needs and to obtain returns above its respective fixed income benchmarks while maintaining an acceptable level of risk.

The Department manages funds both internally and through external managers and is assisted by support departments.

10-Year Government Bond Yields



Review of the year

Europe's sovereign debt crisis dominated fixed income market performance in 2011. Government bond yields jumped in several major Euro area countries as markets suddenly took a more sceptical view of prospects for fiscal adjustment amidst high levels of debt and sluggish growth. Crisis dynamics took on a self-reinforcing character, with higher yields hurting banks and prospects for economic growth, and making it even tougher for affected sovereigns to borrow. Politics also contributed to the crisis as proposed remedies were repeatedly rejected by the markets as insufficient to restore confidence. By year-end, however, there were signs that governments had begun to script a solution to the crisis, and tensions eased slightly, but significant uncertainties remained.

The forces that pushed government bond yields higher in some markets also contributed to a powerful rally in countries viewed as safe havens in the crisis. Government bond yields in Germany, the U.K. and the U.S. plunged to historically low levels, around 2% for 10-year bonds in all three countries, and some 100 to 150 basis points lower on the year. This bond rally provided welcome returns to investors in an otherwise difficult year, but raised challenging questions about future returns given such low starting yields.

In addition to the Euro area crisis, continued aggressive expansionary monetary policies had an important impact on major government bond markets. The U.K. expanded its programme to purchase government bonds, and the U.S. initiated the so-called "Operation Twist" where it sold short-term government bonds from its portfolio while buying longer-term government debt. Both actions were viewed in markets as helping to push down bond yields. The European Central Bank refrained from major debt purchase operations, but made smaller purchases through the year to help moderate stress in sovereign markets. Late in the year the ECB began an aggressive programme to offer medium-term refinancing to Euro area banks, which appeared to have similar effects as the outright purchases by other central banks.

Amidst all the action in sovereign markets, conditions in other sectors of fixed income markets were relatively quiet. Credit markets performed in line with their local government bond markets. High quality credit in safe-haven markets also rallied strongly, even if yields could not quite keep pace with falling government yields. Credit performance was poorer where government yields were under upward pressure; this was especially true for bank debt which was viewed as dependent on the sovereign. Emerging market debt also had mixed results. Dollar-denominated debt generally performed well, supported by strength of the U.S. Dollar and the fall in U.S. yields. Local currency bonds were hurt as the Euro area crisis and related economic uncertainty led to a broad depreciation of emerging markets' currencies.

The Fixed Income & Treasury Department reacted to the challenging environment in a timely manner by readjusting portfolio positioning and maintaining a balanced mix of traditional long-only and portable-alpha managers within their pools. The Department also implemented a new structure for the fixed income benchmarks in order to better align its portfolio structure with the liquidity needs of ADIA. It took a selective approach in deploying capital by giving careful consideration to the increased level of risk in government bond markets and by identifying pockets of alpha opportunities which meet the department's objectives of preserving capital and providing a source of liquidity to ADIA.

The risk management function created within FIT in 2010 is now an integral part of the investment process and works independently of the portfolio managers in evaluating risk at a department level, while feeding its analysis into ADIA's broader risk management framework.

Investment activities
Alternative Investments

The mandate of the Alternative Investments Department is to invest principally in liquid, non-traditional funds and employ strategies that reduce the volatility and correlation of ADIA's overall portfolio to other investments. The Department's three investment mandates focus on commodity trading advisors (CTAs), hedge funds and active commodities. Portfolio managers and analysts within the Department are responsible for identifying, vetting and engaging investment managers who can best fulfil the Department's mandates, and continuously evaluate their performance and development.

CTAs execute systematic strategies that employ a wide range of quantitative techniques to trade equities, commodities, fixed income and currency markets worldwide. These highly liquid strategies often perform best when traditional assets underperform, making them an attractive means of diversifying a traditional portfolio.

Hedge funds employ strategies that are driven by discretionary investment themes, take both long and short positions and employ varying degrees of leverage. The Department's Hedge Fund mandate invests across discretionary macro, credit and hedged-equity strategies.

The Active Commodities mandate invests in a variety of commodity-related strategies, with the objective of capturing excess returns from the commodities market without a sustained directional bias. The portfolio includes both long and short as well as relative value strategies.

Review of the year

2011 proved to be a challenging year for managers of alternative assets, with returns impacted by a range of abnormal factors including central bank interventions, fiscal policy drift, sovereign downgrades, civil unrest and natural disasters. The industry as a whole suffered only its third down year since 1990, with the broad composite index falling just over 5%. Despite this, however, the industry as a whole grew to over $2 trillion in assets, led by a $70 billion net increase of institutional investment seeking the unique risk/reward profiles that only hedge funds and other alternative strategies such as CTAs can offer.

In managed futures, the investment environment in 2011 was a challenging one for most trend-following CTAs. Clear price trends rarely emerged and, when they did, reversed more quickly than the norm. A bright spot was the fixed income markets, which began to rally in the second quarter in response to expectations of a global economic slowdown and massive purchases of bonds by central and commercial banks. CTAs with significant exposure to fixed income in their strategies tended to perform better than managers with heavy equity, commodity and currency exposures.

For hedge funds, the dominant theme of 2011 was "risk on/risk off," driven largely by the twists and turns of Europe's sovereign debt crisis. This meant that while hedge funds as a whole continued to outperform equity indices worldwide in 2011, manager returns were widely dispersed and inconsistent across the year. In the face of frequent, sharp and quick market reversals, many managers chose to preserve capital and reduce exposure to markets. The Alternative Investments Department's predominant exposure to managers who favoured caution in the uncertain market conditions ensured that our portfolio did not experience the wide dispersion of returns seen across the industry. The focus, discipline and professionalism of our managers in the face of such adverse conditions were commendable.

Returns from commodity markets were highly correlated with investor risk-aversion, and hence with global equities, which together often outweighed the continued strong long-term fundamentals of commodity markets. Following a first-quarter rally predicated on expectations of continuing global growth, the re-emergence of the sovereign debt crisis combined with a slowdown in China's growth led to significant declines in commodities prices during the remainder of the year. Gold was the relative outperformer within precious metals and across commodities as a whole. Despite positive fundamentals for crude oil and grains, both sectors were negatively affected by investors' fears of a slowing global economy, which played out incrementally and with considerable volatility.

Against a challenging backdrop, the Department was able to comfortably outperform industry benchmarks in 2011, due in large part to diligent work by its team of in-house professionals and the Department's access to the highest quality managers in the industry.

2011 was also a year of change and transition for the Department. Mr. Khalifa Almheiri, who has held a number of senior posts within ADIA over the past 17 years, was appointed Executive Director with responsibility and oversight for the Department's activities. Late in the year, industry veteran Mr. Ben Weston joined the Department's management team as the Global Head of Alternative Investments, reporting to Mr. Almheiri. The team plans to further broaden the Department's capabilities in the coming years by recruiting professionals with specialised skills while continuing its prudent approach to building long-term relationships with its managers.

At the mandate level, the CTA team is now organised along geographic lines to enhance efficiency and foster closer ties with our managers worldwide. In addition, the Active Commodities mandate was expanded to include new strategies and this process is expected to continue during 2012. The hedge fund group also innovated with a "fund of one" investment structure with two new managers. This structure allows the Department to precisely tailor the investment mandate of a fund to its portfolio requirements and ensure its interests are not impacted by the differing liquidity requirements and investment horizons of other investors. The Department's risk team, meanwhile, re-formed as a separate unit and now reports directly to the Executive Director, further enhancing its ability to develop a distinct and independent view of risks within the Department's portfolios.

Investment activities
Real Estate & Infrastructure

The Real Estate & Infrastructure Department is responsible for building and managing globally diversified portfolios of real estate and infrastructure assets, each with their own dedicated teams.

The Department is staffed with a broad mix of experienced professionals and has a mission to provide ADIA with the diversification benefits of real estate and infrastructure investing by effectively managing its portfolio to achieve attractive relative returns over the long term. Identifying, pricing and managing risk is paramount in our investment approach.

In Real Estate, the Department executes its business plan through a collaborative approach that includes joint ventures with experienced local partners and extensive use of third-party fund managers, whose performance is closely monitored by ADIA's in-house team. It employs a flexible strategy that allows for investing across a variety of real estate asset types and also at various entry points in the capital structure.

A finance team supports the investment managers, and is responsible for structuring and executing investments, budgeting and producing performance reports and other analyses which assist the investment team in developing its long-term, global view of the market.

In Infrastructure, the core focus is on assets with strong market-leading positions and relatively stable cash flows, including utilities, such as water, gas and electricity distribution and transmission companies, as well as transport infrastructure, such as toll roads, ports, airports and freight railroads. Our primary strategy is to acquire minority equity stakes alongside proven partners, with an emphasis on developed markets but an ability to look at emerging markets on an opportunistic basis. We do not seek to control or operate the infrastructure assets in which we invest.

Review of the year

Global commercial real estate markets continued their slow and uneven recovery during 2011. While investors were heartened by an increase in leasing and transaction activity in the first half of the year, this was tempered by a return to risk aversion, and subsequent slowdown, as the year progressed.

Preliminary estimates indicate global sales volume increased almost 20% in 2011 to around $800 billion. But the pace of transactions slowed significantly in the second half of the year, especially in Asia where sharp falls in land sales in China and Hong Kong are likely to have caused overall activity to decline slightly on a year-on-year basis. Much of the investment activity remained concentrated in "gateway" cities such as London, Hong Kong and New York, where demand for prime assets has continued to drive yields lower even as the near-term outlook for fundamentals has softened. As with 2010, capital was readily available and highly competitive for deals at opposite ends of the risk spectrum, with relatively little investor demand for properties and markets in between.

While the slowdown in transaction and leasing activity was disappointing, it was not surprising given the severity of the challenges faced by global economies and financial markets and the ongoing deleveraging of the sector.

In Infrastructure, meanwhile, overall activity in the market remained subdued during 2011 compared to the peak of the market in 2006 – 2008, with only a handful of assets valued at US$2-5 billion-plus (enterprise value) being traded. Australia and the UK were two of the more active markets by value of completed infrastructure deals over the period.

Debt during the first half of the year was generally available for core, mid-sized opportunities; however further unfolding of the European financial crisis in the latter part of 2011 led to a number of banks reducing their lending appetite especially in non-core regions.

On the supply side, the bulk of infrastructure opportunities originated from the private sector, with corporate owners selling off non-core assets either to pay down debt or to redeploy capital in core activities. There were also a small number of infrastructure privatisations that either launched or successfully completed during the year, including in Spain and Australia.

Among key developments in 2011, ADIA's real estate and infrastructure teams were formally combined into the Real Estate & Infrastructure Department to improve organisational efficiency and alignment of investment teams and resources. The Department added a number of specialists during the year with a wide range of skill sets, experiences and cultural perspectives, and continued to enhance its processes for monitoring and managing risk exposure at the asset and portfolio level. In real estate, we continued to actively manage existing holdings in our portfolio to improve operating fundamentals while looking to sell assets opportunistically and redeploy capital in areas with more attractive risk-return profiles. The strong bid for prime assets provided several opportunities to sell into the strength of the market, where we believe pricing is being driven more by investor sentiment – specifically, robust demand for prime assets in major global cities – than by underlying fundamentals.

For its part, the Infrastructure team continued its focus on investing in large scale, core infrastructure assets in developed markets alongside strong partners. With our flexible mandate, we also have the ability to take minority investments in publicly listed companies that we deem attractive on a long-term perspective based on a range of criteria including asset quality and valuation.

Despite the subdued market conditions, 2011 was an active year for the Infrastructure team, with a number of new investments and commitments being made. Among these, an ADIA subsidiary was part of a consortium that agreed to acquire a 24.1% stake in Gassled – Norway's gas transmission pipeline system. In listed equities, the team announced in May that it had acquired through a subsidiary slightly more than 5% of MAp Airports (now known as Sydney Airport Holdings Ltd.), an Australian company that owns stakes in the Sydney, Brussels and Copenhagen airports. Later in the year, the team reached agreement to acquire a 9.9% stake in Thames Water, the U.K's largest water and wastewater company.

Investment activities
Private Equities

The Private Equities Department is responsible for investing in private equity funds globally on a primary and secondary basis and co-investing directly in private companies, typically alongside our external partners. We began investing in private equity as early as 1989 to diversify ADIA's portfolio and to seek risk-adjusted returns that exceed those possible in the public equity markets.

The Department has three investing activities: primary funds, secondary funds and co-investments. The primary funds activity is organised geographically across North America, Europe and Emerging Markets whilst secondary and co-investing activities operate on a global platform. The result is a portfolio that is diversified by geography, as well as by industry, investment strategy, size and time frame. Performance is closely monitored and measured against both medium and long-term benchmarks.

Review of the year

2011 was very much a tale of two halves for the private equity industry. The year began with a similar outlook to that at the end of 2010, with large amounts of available equity and an increasingly stable macroeconomic outlook and credit environment. This fed through to a corresponding acceleration in buyout and disposal activity in the first few months of the year and optimism about the year as a whole.

However, by mid-year, buyout deal activity had slowed significantly, due in large part to a pull back in leverage financing stemming from concerns about the European sovereign debt crisis, and the possible impact on bank solvency and lending appetite. Reduced economic growth forecasts across both developed and emerging markets also prompted caution among many market participants.

In 2011 we saw dramatic new levels of scrutiny for the private equity industry as a whole, and this scrutiny can be expected to continue through 2012. The increasingly fragile macroeconomic climate also impacted the asset class in other ways, with volatile equity markets affecting transaction values and volumes. Over the course of 2011 unstable pricing often created a substantial mismatch between buyers' and sellers' price expectations, causing many deals to come to a standstill until the broader environment stabilised.

As expected in times of turbulence, there was a flight to quality. Investors and lenders supported only the most stable and highest-quality assets, backing fund managers with the most resilient strategies and performance. This, combined with high levels of liquidity in line with what was seen in 2010, ensured that transaction multiples remained elevated despite the market uncertainty. On the whole, the equity component of transactions used in private equity deals in 2011 fell slightly but remained at historically high levels.

Secondary private equity activity was helped early in the year by many Limited Partners seeking to rebalance their portfolios as well as financial institutions reacting to the implementation of U.S. regulations that affected banks' ability to participate in private equity on a proprietary basis. However, as with many sub-sectors within the asset class, secondary market activity declined in the second half of the year as the economic outlook led to an increased gap in bid-ask spreads. This macroeconomic overhang was also felt in fundraising, which ended the year around 10% lower compared to 2010.

However, emerging markets continued to benefit from the economic conditions, with investors attracted by their comparatively strong growth profiles and maturing private equity ecosystems.

Against this backdrop, the Private Equities Department continued to expand its geographical exposure in developing markets, whilst remaining an active investment partner in more mature regions. The Department, in addition to fund investing, has also continued to pursue and execute attractive co-investments where appropriate.

To further support its investment activities, the Department brought in additional investment professionals during 2011 as part of a concerted resource expansion that will continue into 2012 and beyond.

Selection of external managers

In addition to our internal investment teams, we recognise that external managers often bring unique skills or experience that allow ADIA to successfully capture "alpha", or returns that beat the market, as well as managing its exposure to "beta" strategies that track the overall market.

In total, around 80% of our assets are managed externally in areas including equities, fixed income, foreign exchange, money markets, real estate, private equities and alternative investments. We engage managers across the risk spectrum, from index-replicating to actively managed mandates, in most cases through the use of "segregated accounts" that allow us to tailor each fund to our specific needs and internal guidelines.

ADIA's alpha-seeking managers operate in a wide variety of different geographies and asset classes and employ a comprehensive array of strategies to meet their objectives. Our goal is to ensure that we employ skilful managers, operating across structurally attractive geographies and asset classes, who combine to produce steady, incremental alpha streams over the medium to long term.

In addition to managing some of its index-replicating – or "beta" – investments internally, ADIA also uses a number of external managers to manage these investments across various asset classes and geographies. The specialised skills of these external managers are of particular benefit in more operationally difficult, complex and liquidity-challenged geographies.

In recognition of the important role they play, we devote time and effort to the process of recruiting and monitoring external managers. We begin by creating a long list of potential managers in any given asset class and strategy, sourced from extensive internal databases that ADIA has developed over many years. We then analyse these managers on the basis of ADIA's "four Ps Framework":

- Philosophy
- Process
- People
- Performance.

This process involves discussions and face-to-face meetings with managers before we create a shortlist, allowing us to build a rounded understanding of their backgrounds and potential to deliver sustainable outperformance against their mandates.

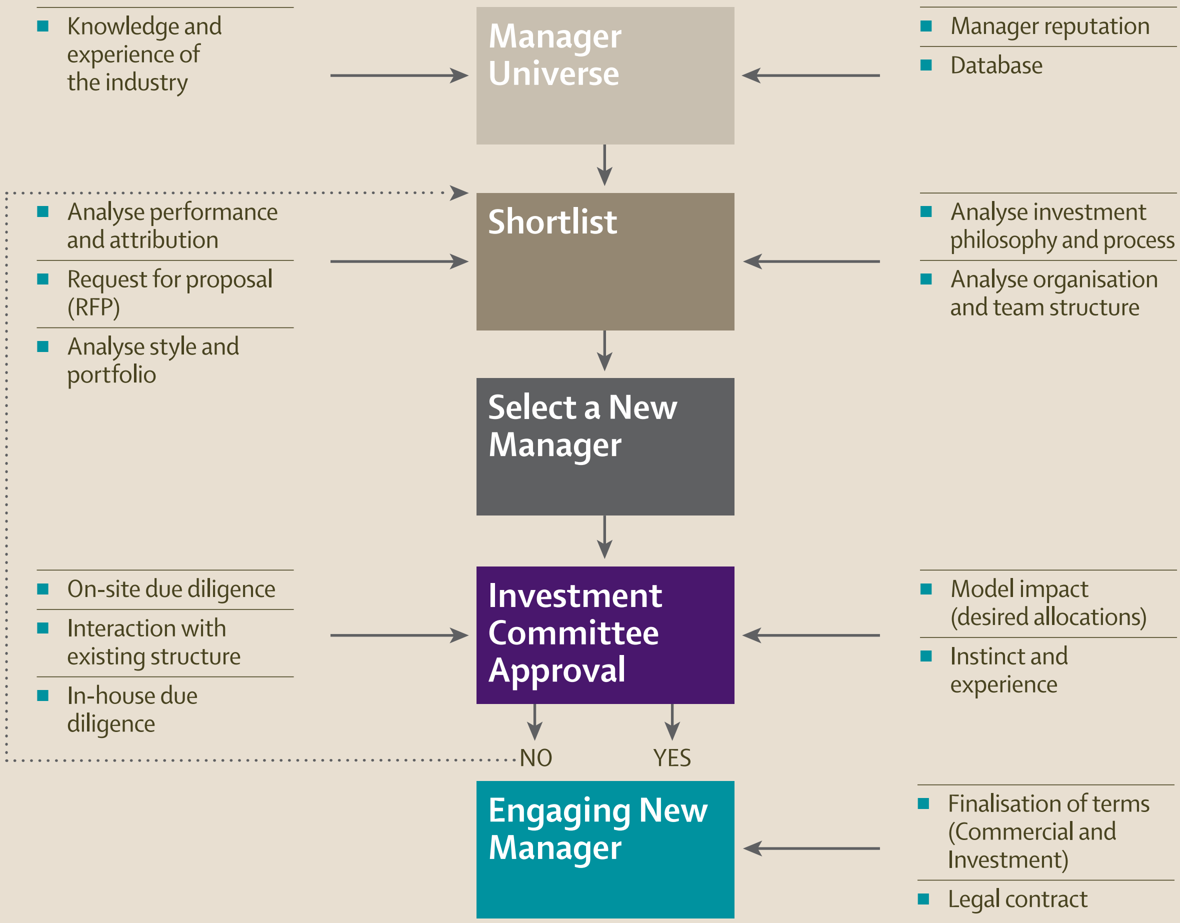
Our due diligence teams then gather and analyse relevant data to back up their qualitative views on the attributes of each manager. In this way we set clear expectations of the behaviours of each external manager and are able to put their performance in context against differing market conditions.

ADIA has developed systems and processes over many years that are intended to ensure that external managers remain compliant with their agreed investment and operating parameters. Once appointed, we monitor our managers through teams in each department. These teams are supported by the Internal Audit Department, Evaluation and Follow-Up Department, Operations Department, Investment Services Department and Accounts Department, in coordination with ADIA's custodian banks.

We produce investment reports that cover portfolio positions, investment style and risk exposures. We also typically receive written performance and strategy reports on a monthly or quarterly basis from each of our managers, and hold face-to-face review meetings a minimum of once a year at the managers' offices and once in ADIA's headquarters.

The use of external managers also ensures that ADIA retains up-to-date knowledge and is kept abreast of developments across the investment industry. Whilst we have a clear focus on investment performance, our preference is to have long-term relationships with our external managers.

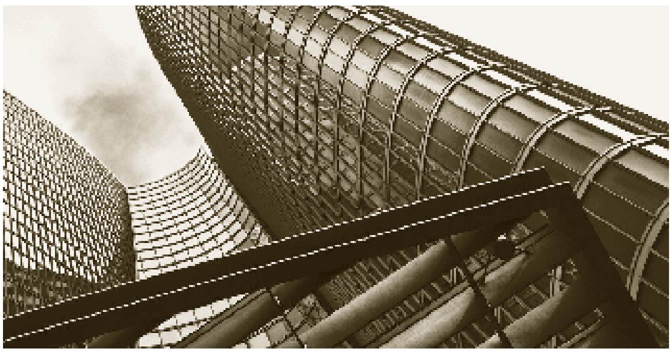
Manager selection process



Investment support

ADIA's ability to fulfil its mission and deliver sustainable long-term returns is underpinned by a network of professional teams across the organisation.

These teams, which have been developed over many years to support ADIA's specific needs, ensure that the business continues to operate efficiently and effectively at all levels to support ADIA's investment goals.



Overview

Accounts Department

The Accounts Department's mission is to contribute to the safeguarding of ADIA's assets by maintaining the accounting books and records of its investments. In addition, the Accounts Department prepares ADIA's consolidated financial statements in accordance with International Financial Reporting Standards and provides analyses of the underlying financial data to ADIA's senior management.

Business Continuity Management

Business Continuity Management (BCM) works closely with all ADIA departments to operate a best practice BCM programme, to enable ADIA to continue critical processes in the event of any significant business disruptions. This involves the regular review of business continuity threats and their impact on ADIA, having clear policies and procedures, ensuring that we have viable recovery strategies and business continuity plans, rehearsing our plans on a regular basis, and running BCM training and awareness sessions.

Evaluation & Follow-Up Department

The Evaluation & Follow-Up Department (EFD) advises and supports the Managing Director and ADIA's Investment Committee.

EFD is responsible for providing independent analyses and recommendations on all investment proposals generated by ADIA's investment departments, including asset allocation proposals, prior to their presentation to the Investment Committee. It evaluates and prepares periodical reports on investment departments' performance, strategies, risk profile, structure and resources, and on ADIA's overall investment performance, the impact of its asset allocation decisions and attribution analysis findings. It also analyses and provides recommendations on ADIA-wide strategic, organisational and governance matters.

Finance & Administration Department

- **General Services** – The General Services Division is responsible for providing a wide range of services to both new and existing employees. These include assisting them in their transition to ADIA, liaising on their behalf with government departments, as well as supporting them with accommodation, travel and other requirements. General Services also oversees the maintenance and operation of all ADIA facilities including the health club, restaurant and guest areas, and the procurement of office supplies. In addition, the Division supervises all security operations to ensure that ADIA premises are well protected and relevant laws and procedures are strictly adhered to.
- **Human Resources Division** – The mission of the Human Resources Division (HR) is to continuously drive ADIA's performance through its people, whilst delivering a highly professional service that supports business requirements.

  The Division is divided into several areas: Recruitment and Selection, which is responsible for identifying, attracting and recruiting world-class talent who will thrive in ADIA's culture; Leadership and Organisational Effectiveness, which aims to provide opportunities for career and personal development that are consistent with ADIA's business needs and individuals' objectives, and to ensure that each department is aligned to support ADIA's mission while achieving optimal organisational performance; Performance Management, which ensures that employees' goals and behaviours are aligned with ADIA's values and the objectives of their departments; and Compensation and Benefits, which develops employee reward packages that recognise skills, experience and performance.
- **Payments Section** – The Payments Section is responsible for ensuring efficient and timely payment of operational expenses to ADIA staff and third parties. Its objective is to maintain and control operational expenses by reviewing annual budgets for ADIA's departments. It employs approved accounting policies and procedures to ensure consistent and efficient internal reporting, while ensuring that adequate financial controls are in place to implement ADIA's rules and regulations.
- **Corporate Communications & Public Affairs** – The Corporate Communications & Public Affairs Division (CC&PA) is responsible for protecting and promoting ADIA's reputation, improving the understanding of ADIA and its activities, managing the ADIA brand, providing strategic and tactical advice to Departments on significant issues, and helping to bring lasting positive change to ADIA. The Division's activities can be broken down as follows: External Relationship Management, Media Relations, Public Affairs/Government Relations, Marketing & Brand Management, and Internal Communications.

Investment support
Continued

Managing Director's Office:

- **Legal Division** – The Legal Division is part of the Managing Director's Office and is responsible for providing legal and tax advice to ADIA's senior management and both its investment and support departments. The Division's purpose is to protect ADIA from legal risk, including tax and non-tax liabilities. It assists ADIA in achieving its investment objectives in compliance with all applicable laws and regulations.
- **Strategy Unit** – Refer to page 12.
- **Central Dealing Unit** – The mission of the Central Dealing Unit (CDU) is to manage the implementation process of ADIA's investment decisions by trading and executing global equities, fixed income, foreign exchange and money market instruments and deposits on behalf of ADIA's investment departments. CDU seeks to obtain the most favourable execution and prices for ADIA, thereby reducing transaction costs and market impact and enabling securities transactions to be effected quickly to take advantage of short-lived market and crossing opportunities. CDU focuses on executing its daily business with professional care and in such a way as to minimise operational risk and maintain ADIA's reputation as a respected and trusted counterparty in the securities markets.

Information Technology Department

The Information Technology Department is responsible for planning, developing and maintaining ADIA's organisation-wide IT architecture. It provides reliable, scalable and efficient IT business solutions and services to help ADIA's departments achieve their goals.

The IT Department aims to achieve optimal configuration of all IT equipment and ensure the effective use of software tools across the organisation while complying with ADIA's approved processes and procedures. It is responsible for maintaining and operating ADIA's disaster recovery sites to ensure they are perfectly synchronised with ADIA's live business environment. The Department has a professional, customer-focused approach with an emphasis on continuously improving its service to ADIA employees.

Internal Audit Department

Refer to page 40.

Investment Services Department

The Investment Services Department (ISD) is responsible for reporting, monitoring and managing ADIA-wide risk, performance and compliance. ISD's data management function ensures accurate and timely information is available to all relevant groups within the organisation. The Department also provides support to ADIA's investment departments in areas such as contract management, transition management and operational due diligence. ISD also is responsible for the project management of ADIA's strategic business and information technology initiatives to ensure successful implementation and alignment with ADIA's vision.

Operations Department

The Operations Department is responsible for providing support to ADIA's investment departments through timely and accurate capture, processing and settlement of trades and safeguarding of ADIA's assets held in custody.

The Department continuously develops its straight-through-processing solution to maximise efficiency while managing operational risk. It also mitigates risk and generates incremental revenue through efficient cash management, earns revenue through activities such as securities lending and by overseeing ADIA's involvement in class action recoveries.

The Operations Department supports ADIA's mission as a global investor by maintaining strong technical knowledge of global financial markets and staying abreast of prevailing settlement, market regulations, statutory, tax and compliance requirements.

The Department strives to deliver a one-stop shop for all ADIA's settlement, corporate action and custody-related issues.

Scholarships Department

The mission of the Scholarships Department is to provide advice and facilitate opportunities for the educational and personal development of ADIA's employees and their dependants.

The Department offers a broad range of services aimed at college counselling and academic follow-up, and provides support to current employees and their dependants on academic options, as well as assisting them to explore career options through internships and work placements.

It has three key areas of focus: offering advice and support to existing employees who aspire to pursue higher education and to build and develop their careers; offering educational assistance to the dependants of ADIA employees; and establishing and enhancing the relationship with other internal and external academic institutions relevant to the Department's work to share knowledge, experience, and latest practices in the academic field.

Risk

Our overall portfolio has implicit risk and return objectives that have evolved over time according to global market developments, whilst always remaining consistent with our fiduciary responsibilities.

These objectives are central to the creation of our "neutral benchmark" or shared long-term view of the world, and the resulting asset-allocation process.

Risk framework

In keeping with our prudent culture, identifying and managing risk plays a central role in every stage of ADIA's strategic and day-to-day decision-making.

The Managing Director has ultimate responsibility for ADIA's risk management, with assistance and advice from a number of committees and departments, including: Investment Committee, Management Committee, Strategy Committee, Strategy Unit, the Evaluation & Follow-Up Department, Investment Services Department (ISD), Internal Audit Department and Legal Division.

Exposure to absolute market, credit and liquidity risk, as well as systemic risks, is managed primarily through the diversification, by asset class and geography, of the "neutral benchmark" and the associated asset allocation decisions. The individual components of the "neutral benchmark" are termed "pools" which can be further split into passive and active. Relative risk is managed by the respective investment departments against their assigned benchmark and approved pool investment guidelines. It is embedded in the investment processes that we undertake within and across asset classes.

We operate numerous risk-control mechanisms at a departmental level. For market and counterparty risks these include information systems capable of storing and evaluating a range of risk criteria or investment guidelines within each managed portfolio, together with relevant trading limits. These systems allow for both pre-trade and post-trade compliance checking.

ISD's centralised risk function is responsible for enhancing, standardising and ensuring consistency in the identification, measurement and monitoring of risk through a risk framework that supports departments in managing their risks and enables consolidated reporting of risk exposures to senior management. This encompasses various aspects of risk including:

- Investment Risk (including liquidity risk)
- Operational Risk
- Credit Risk.

Other functions within ADIA are tasked with assisting in addressing the following risks:

- Regulatory – Compliance and Legal Division
- Reputational – Communications, Compliance and Legal Division
- Business Continuity – Business Continuity Management team.

Through our hiring and employment practices, we ensure our employees follow high standards of ethics, integrity and professional competence. We require all of our people to adhere to the ADIA Code of Ethics and Standards of Professional Conduct, which are designed to help manage potential conflicts of interest and cover several areas, including:

- Pre-approval of personal account trading
- Disclosure of outside business interests
- Disclosure of gifts or benefits received.

Relationship with the Government of Abu Dhabi

ADIA carries out its investment programme independently and without reference to the Government of the Emirate of Abu Dhabi or other entities that also invest on the Government's behalf. ADIA's Managing Director is vested under the law with responsibility for implementing ADIA's policy and the management of its affairs, including decisions related to investments, and acts as its legal representative in dealings with third parties.

ADIA is not involved with, nor has any visibility on, matters relating to the spending requirements of the Government of the Emirate of Abu Dhabi, nor are ADIA's assets classified as international reserves.

Source of funds

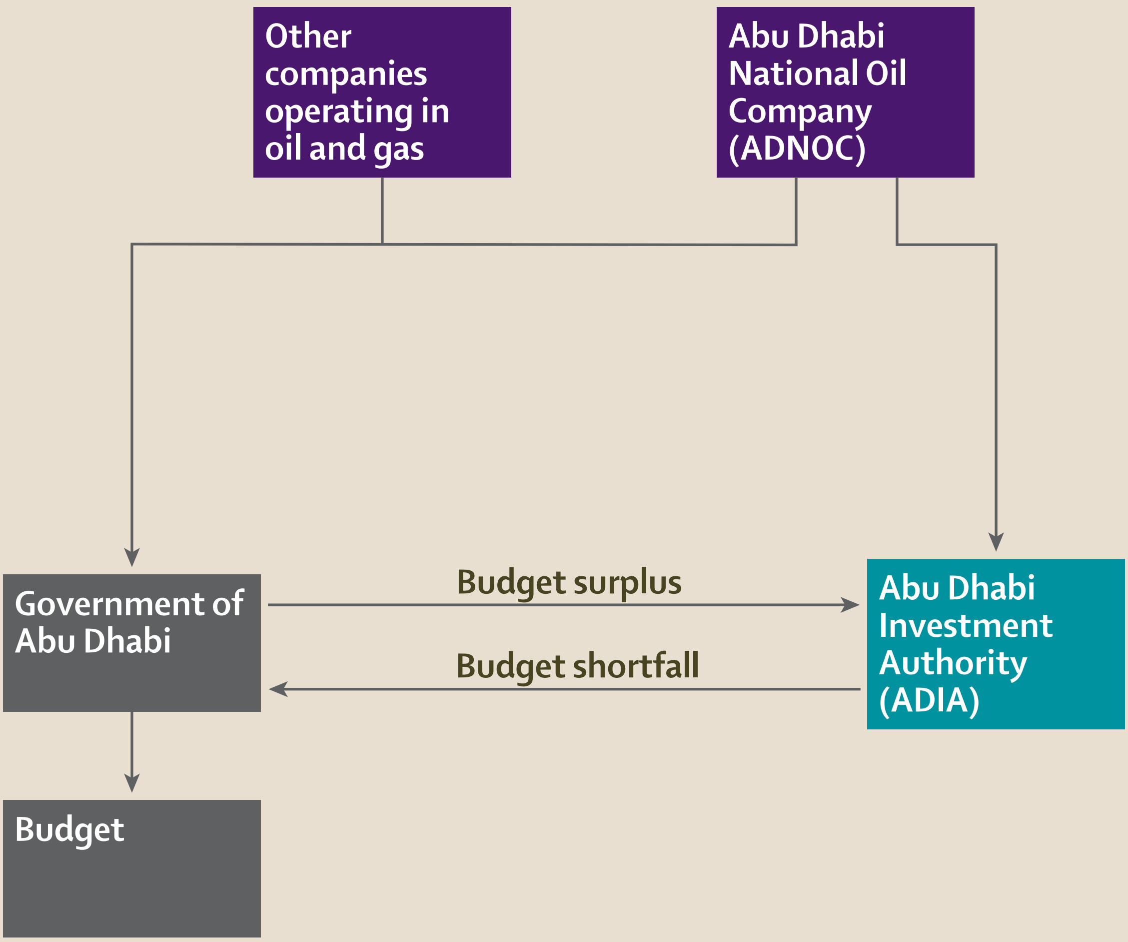
The Government of the Emirate of Abu Dhabi provides us with funds that are surplus to its budgetary requirements and other funding commitments.

General approach to withdrawals

ADIA is required to make available to the Government of the Emirate of Abu Dhabi, as needed, the financial resources to secure and maintain the future welfare of the Emirate. In practice, such withdrawals have occurred infrequently and usually during periods of extreme or prolonged weakness in commodity prices.

We manage our portfolio in such a way as to ensure it holds a sufficient level of short-term liquidity to meet anticipated funding requests from the Government, thus minimising the need to liquidate other investments.

Source of Funds from the Government of Abu Dhabi


Other companies operating in oil and gas
Abu Dhabi National Oil Company (ADNOC)
Government of Abu Dhabi
Budget surplus
Budget shortfall
Abu Dhabi Investment Authority (ADIA)
Budget

Governance

ADIA has established governance standards with defined policies, processes and systems that we have developed over many years to ensure accountability. ADIA's Board of Directors comprises a Chairman and Managing Director who, together with other Board members, are appointed by a decree of the Ruler of the Emirate.

Structure

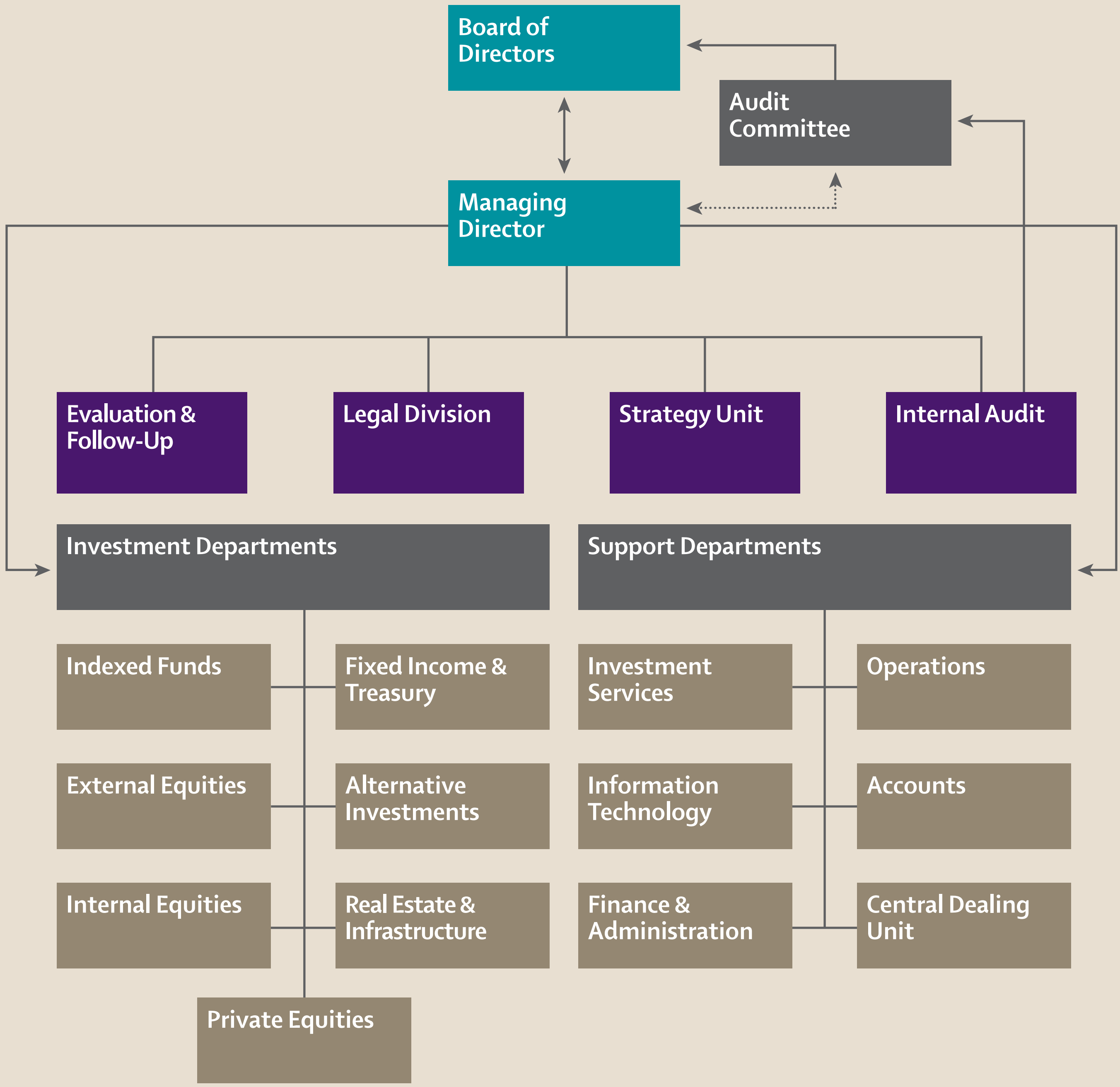
The Board holds primary responsibility for the implementation of ADIA's strategy in accordance with Law (5) of 1981 of the Emirate of Abu Dhabi. It also oversees ADIA's financial performance and the activities of management. The Board does not involve itself in ADIA's investment and operational decisions, for which the Managing Director is responsible under the law.

The Investment Committee assists the Managing Director with investment decisions. The Investment Committee comprises the Managing Director as its Chairman, in addition to senior executives from across ADIA's investment and support departments.

A number of advisory committees and departments support the governance framework, including:

- The Strategy Committee, which advises on ADIA's overall investment strategy, based on the Strategy Unit's recommendations
- The Investment Guidelines Committee, which formulates and advises on investment guidelines for individual investment departments in accordance with our investment strategy.

The Management Committee is responsible for overseeing non-investment-related issues, and reports to the Managing Director.


Board of Directors
Audit Committee
Managing Director
Evaluation & Follow-Up
Legal Division
Strategy Unit
Internal Audit
Investment Departments
Support Departments
Indexed Funds
Fixed Income & Treasury
External Equities
Alternative Investments
Internal Equities
Real Estate & Infrastructure
Private Equities
Investment Services
Operations
Information Technology
Accounts
Finance & Administration
Central Dealing Unit

Financial information
ADIA prepares its financial information in accordance with International Financial Reporting Standards.

Internal Audit
The Internal Audit Department assists senior management in their oversight, management and operating responsibilities, by providing internal audits and consultations. The overall goal is to ensure that ADIA's assets are safeguarded at all times. The Internal Audit Department reports functionally to the Audit Committee and administratively to the Managing Director. The Internal Audit Department is primarily a review function which:

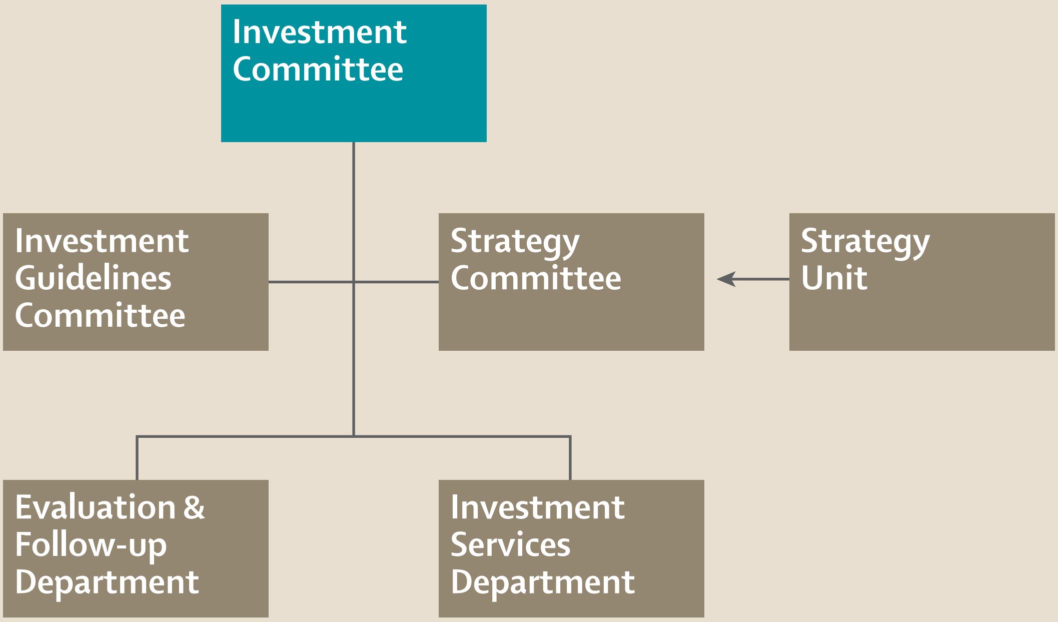
- Independently evaluates ADIA's internal control systems to ensure they adequately safeguard our assets, activities and interests, and reviews them regularly to ensure they are both efficient and effective
- Provides an additional layer of security to ensure all transactions are undertaken in accordance with our policies and procedures.

ADIA's Board of Directors has established an Audit Committee, which appoints two external audit firms to act jointly to audit ADIA's annual accounts, as prepared by ADIA's Accounts Department. Both the Internal Audit Department and ADIA's external auditors report their findings to the Audit Committee.

The work of the Internal Audit Department was reviewed during 2011 by the Abu Dhabi Accountability Authority, the local government audit regulator, who confirmed the Department's practices and processes met the standard of internal audit required for Abu Dhabi government entities. In addition, the Department engaged an independent audit consultancy firm during 2011 to undertake an external quality assessment of its conformity to the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The Department was awarded the consultant's highest "generally conforms" rating following this review.

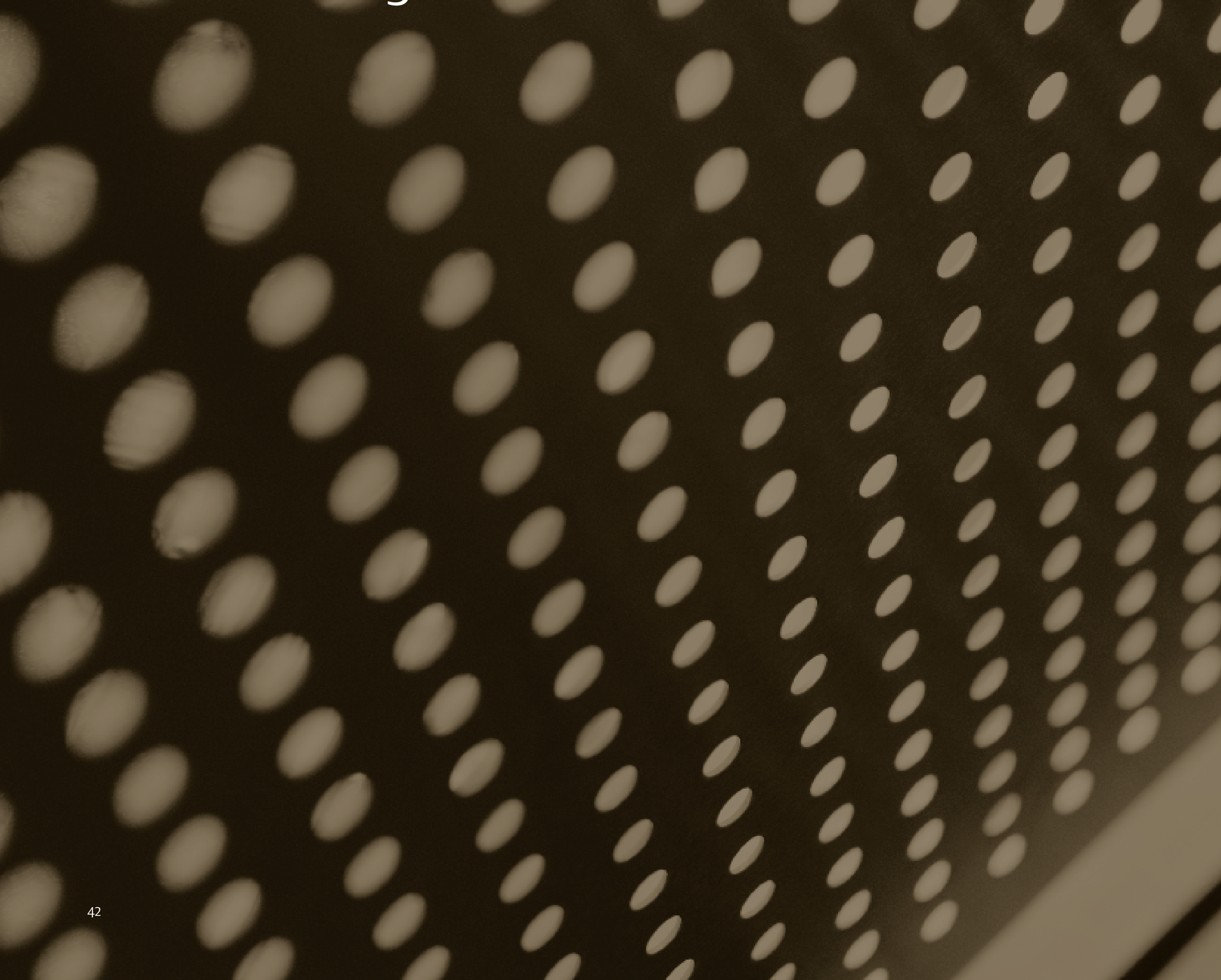
Voting
ADIA does not seek to manage or be represented on the boards of the public companies in which it invests. In practice, this means that it usually abstains from exercising its voting rights, except in certain circumstances to protect ADIA's financial interests or to oppose motions that may be detrimental to shareholders as a body.

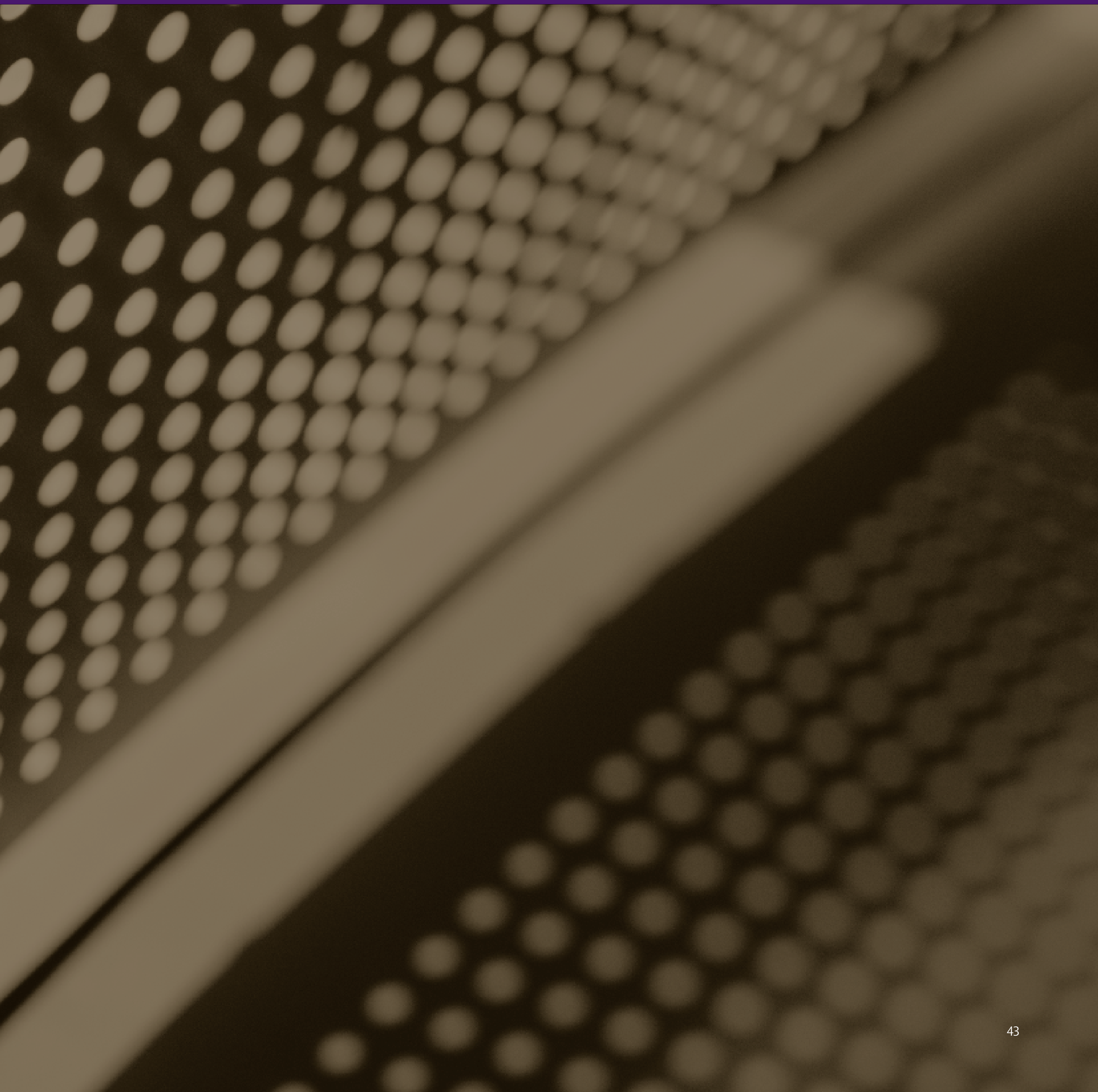
Main Advisory Committees


Investment Committee
Investment Guidelines Committee
Strategy Committee
Strategy Unit
Evaluation & Follow-up Department
Investment Services Department

People

"ADIA employs 1,275 talented people from over 40 countries, on whom we rely to underpin and build our continued long-term success."





People

ADIA benefits from being a truly multicultural workplace where many nationalities combine to create a business environment focused on prudent innovation, disciplined execution and effective collaboration.

Overview

ADIA Employees by Nationality
(1,275)

	%
UAE	32
Asia	36
Middle East & Africa	11
Europe	11
Americas	8
Australia & New Zealand	2

ADIA employs nearly 1,300 talented people from over 40 countries, on whom we rely to underpin and build our continued long-term success. We aim to attract, develop and retain the best people and to assist them in realising their full potential, especially UAE Nationals.

We maintain high levels of employee engagement by investing in employees' development and career progression and offering attractive, market based compensation for both "home-grown" and international talent.

Culture

Our mission is embodied in the way we work – our ADIA culture. ADIA benefits from being a truly multicultural workplace where many nationalities combine to create a business environment focused on prudent innovation, disciplined execution and effective collaboration. Following the 2009 ADIA Employee Opinion Survey, where we benchmarked the strength of our three cultural values, we identified a number of organisational practices that needed improving or reinforcing and have subsequently implemented a range of actions.

Recruitment

ADIA employs a balanced mix of senior managers who have been with us over many years, top international talent from some of the world's most respected financial institutions, and a steady influx of bright new recruits sourced from local and international universities. To achieve such a mix ADIA has a strategy designed to attract and recruit the best talent globally. All candidates are put through an assessment programme that looks at multiple factors and is centred around the ADIA culture. This helps potential employees to decide whether ADIA is the right organisation for them, and helps us to assess if they are suited to ADIA.

In 2011 we continued to increase our headcount across the majority of investment departments and strengthened our support functions, with a particular focus on the Investment Services Department.

Our targeted recruitment methods, as part of our overall HR strategy, have ensured that ADIA's employee turnover was just 8% in 2011.

Performance management

Performance management is an essential part of ADIA's culture and management practice. To support the development of our employees we ensure that people's goals and behaviours are aligned to ADIA's objectives and values. During 2011 we increased our focus on driving high performance and building a strong base of talented leaders and employees by enhancing our performance appraisal system. Further improvements to the manager training, documentation and overall process ensures that every employee has regular dialogue with their manager with the outcome of a performance rating which is the basis for their personal development, objective setting and reward decisions.

People
Continued

Training and development

We are committed to helping people reach their full potential through ongoing training and development. This commitment is focused on both UAE nationals and our international talent through an extensive range of training programmes, seminars and conference attendance. As well as world-class education facilities on-site we have regular presentations from international experts to offer employees the opportunity to keep up to date on the latest industry news and analysis.

ADIA has a Leadership Development Programme and an Executive Development Programme combining both in-house training and outsourced courses. We have relationships with a number of academic institutions, whose seminars and courses are modified to suit ADIA training, be it on management skills, personal development or a specific requirement.

We are also firmly committed to developing local talent. Our scholarship programme reaches back into local schools to identify, develop and track students at an early age who we believe have the potential to be leaders of the future. Upon graduation, selected students are sponsored by ADIA to attend universities usually in the U.S. or Europe, after which an assessment is made by both parties as to their interest and suitability for a career at ADIA. We offer these students a broad range of services aimed at counselling and providing support to current and potential future employees on academic options, as well as assisting them to explore career options through internships and work placements.

2012 will bring increased emphasis on development of new UAE national hires, through planned training, structured developmental experiences, internal rotations and international internships.

We are proud to employ the highest number of chartered financial analysts (CFA) of any organisation in the Middle East. We currently have 114 charter-holders, and a further 56 employees who have passed at least Level 1. For CFA courses, we have a programme in-house to train people for Level 1, Level 2 and Level 3 with instructors offering dedicated full-time training within the building.

People
Testimonials

Ben Weston
Alternative Investments Department
Global Head of Alternative Investments

When did you join ADIA?
December 2011

Who do you have to collaborate with, inside and outside of ADIA?
Successful investing is all about teamwork, both with internal and external partners, and this is something ADIA excels at. In our department, we follow a very disciplined process in which we buy, size, monitor and sell funds managed by our external partners in order to beat our benchmarks.

Our departmental and manager processes are deeply intertwined with ADIA's internal support and control groups, who have the specialist expertise to ensure that we are able to function at the high level of professionalism expected here at ADIA.

We also work closely with our external managers, made up of some of the world's leading hedge funds and commodity trading advisers. I have been impressed since arriving at ADIA with the depth of our relationships with managers and by their responsiveness to our needs, and those of our internal partners. We are demanding but considerate and place great emphasis on long-term relationships.

Ellecia Saffron

Internal Equities Department
Portfolio Manager

When did you join ADIA?

July 2007

What do you enjoy most about your role?

I enjoy the dynamic nature of my job and being able to learn and engage with people who have a variety of experience and knowledge. My focus is on finding value and taking a view on what will drive returns, and I am measured and accountable for my actions.

I also enjoy the global context in which my role exists. We collaborate across markets, asset classes and functions to ensure we understand and focus on what is important.

ADIA has a unique culture and this, combined with the wonderful culture of the UAE, adds an extra, valuable dimension to the learning experience. These points, together with ADIA's strong focus on employee development, have enabled me to develop here personally and professionally. It is a place I knew I wanted to discover and work in, and a place I continue to enjoy five years later.

Sultan Ali Dhahery

Real Estate & Infrastructure Department
Accountant

When did you join ADIA?

March 2010

Why did you choose ADIA?

Before joining, my knowledge of ADIA came from friends and relatives who were employees here. What interested me was the way they portrayed the multinational working environment, culture and professionalism of the institution and its workforce. It is a place where professionals from all over the world collaborate and work together and I wanted to be exposed to this pool of knowledge and expertise. These things are not easy to find in one place, and I am very proud to be able to develop my career in such an environment.

Gerben Wanningen

Fixed Income & Treasury Department
Head of External Fixed Income

When did you join ADIA?

April 2007

What do you do in your job? What is your typical day?

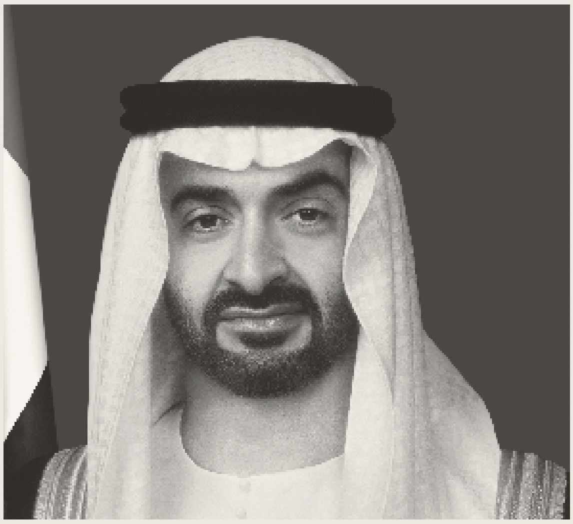
In general terms it is relatively simple – our main goal is to generate outperformance, or alpha, for our active mandates and ensure a benchmark return for our index-replicating mandates. In practice, of course, generating consistent outperformance is not that simple. We focus heavily on portfolio construction as a means to try to generate consistent returns over time, regardless of the external environment. A typical day starts with quickly scanning the markets and reading manager commentaries, followed by daily meetings and calls with existing and potential managers as well as informal internal team meetings. We also interact regularly with colleagues across ADIA.

Training Course statistics

	%
Investment and Professional Skills Programmes	29
Management & Leadership Development	25
Professional Certifications Programmes (e.g. CFA)	5
Personal Development	28
IT Skills	11
Other	2

Board of Directors

H.H. Sheikh Khalifa bin Zayed Al Nahyan **Chairman**



H.H. Sheikh Mohammed bin Zayed Al Nahyan

1 H.H. Sheikh Sultan bin Zayed Al Nahyan
2 H.H. Sheikh Mansour bin Zayed Al Nahyan
3 H.H. Sheikh Hamed bin Zayed Al Nahyan **Managing Director**
4 H.H. Sheikh Mohammed bin Khalifa bin Zayed Al Nahyan
5 H.E. Mohammed Habroush Al Suwaidi
6 H.E. Dr. Jua'an Salem Al Dhaheri
7 H.E. Hamad Mohammed Al Hurr Al Suwaidi
8 H.E. Khalil Mohammed Sharif Foulathi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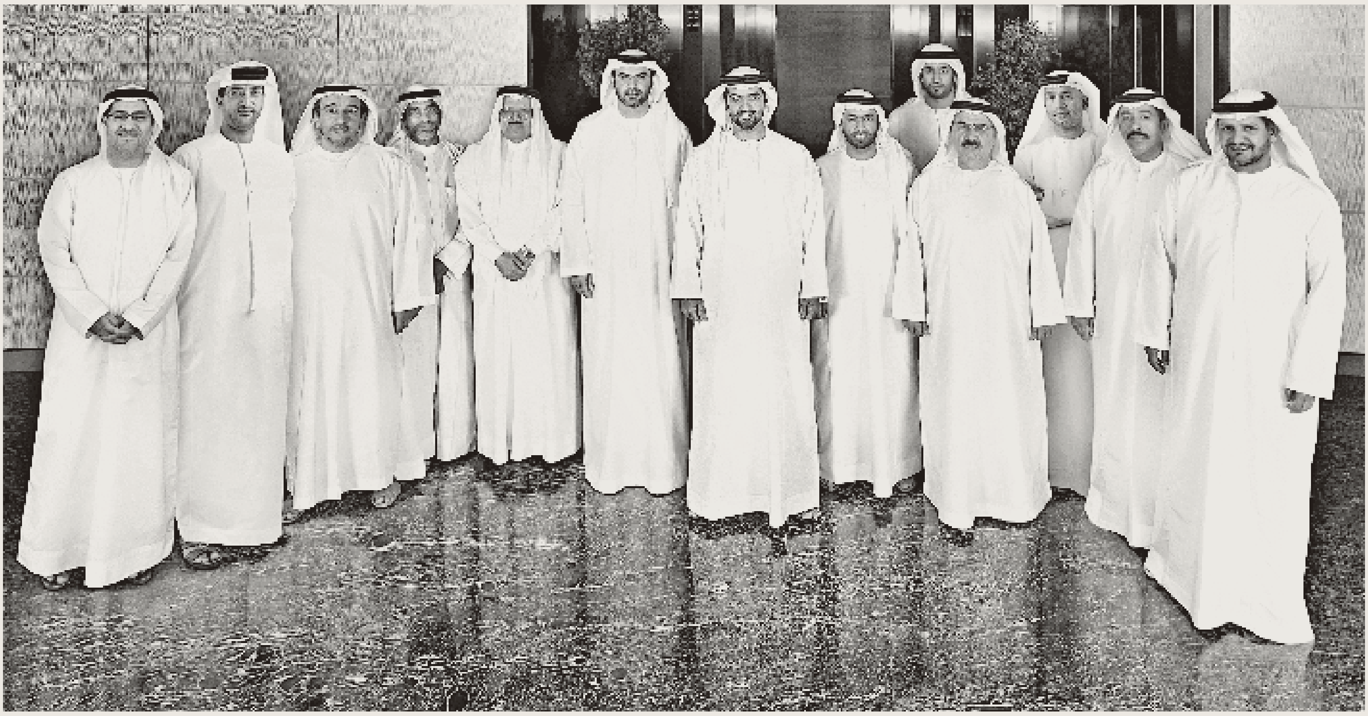
Investment Committee

1	H.H. Sheikh Hamed bin Zayed Al Nahyan – **Board Member, Managing Director** (Chairman)
2	H.H. Sheikh Mohammed bin Khalifa bin Zayed Al Nahyan – **Board Member, Executive Director, Indexed Funds**
3	Dr. Jua'an Salem Al Dhaheri – **Board Member** (Deputy Chairman)
4	Khalil Mohammed Sharif Foulathi – **Board Member, Executive Director, Fixed Income and Treasury** (Deputy Chairman)
5	Hamad Mohammed Al Hurr Al Suwaidi – **Board Member**
6	Hareb Al Darmaki – **Executive Director, Private Equities**
7	Jumaa Khamis Mugheer Al Khaili – **Executive Director, Investment Services**
8	Majed Salem Khalifa Al Romaithi – **Executive Director, Real Estate & Infrastructure**
9	Khalifa Nasser Huwaileel Al Mansouri – **Executive Director, Accounts**
10	Mohamed Darwish Mohamed Al Khouri – **Executive Director, Internal Equities**
11	Obaid Murad Al Suwaidi -– **Executive Director, External Equities**
12	Khalifa Matar Almheiri – **Executive Director, Alternative Investments**



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Our history

World events

1971
> UAE founded as an independent nation.

1985
> Mikhail Gorbachev elected by the Politburo as General Secretary of the Communist Party of the U.S.S.R.

1989
> In response to massive protests, the East German government allows East Berliners to cross into West Berlin. The dismantling of the Berlin Wall begins shortly after.

1990
> Iraq invades Kuwait.

1991
> Attempted coup in Russia.

ADIA

1967

Creation of Abu Dhabi's "Financial Investments Board" under the Department of Finance (mandate given to UBS, Robert Fleming, Morgan Guarantee Trust and Indosuez).

1976

Decision to separate ADIA from the Government as an independent organisation. Created the following departments: Equities and Bonds, Treasury, Finance and Administration, Real Estate, local and Arab investments.

1986

Started investing in alternative strategies.

1987

Equities and Bonds departments became regional (North America, Europe and Far East).

1988

Number of employees exceeds 500 mark.

1989

Started investing in private equity.

1993

Started formal asset allocation process with a set of benchmarks and guidelines. Bonds moved from Equities Department to Treasury Department.

Financial events

1973
> Oil crisis – Oil prices soared, causing the 1973–1974 stock market crash.

1980
> Latin American debt crisis, beginning in Mexico.

1987
> Black Monday. The largest one-day percentage decline in stock market history.

1992
> Black Wednesday – Speculative attacks on currencies in the European Exchange Rate Mechanism.

1995
> Dayton Agreement ends Bosnian War and confirms Bosnian independence.

1998
> Decline in commodity prices triggers financial crisis in Russia.

2002
> U.N. Security Council passes resolution demanding that Iraq disarm.

2008
> Democratic candidate Barack Obama elected to be 44th President of the United States.

1997
Creation of the global Private Equities Department.

1998
Started investing in inflation-indexed bonds.

2005
Dedicated allocation to small caps within equities, and investment-grade credit within fixed income.

2007
Started investing in infrastructure sector. Moved into new headquarters.

2008
ADIA participates in the development of policy principles for international investments with the U.S. Department of the Treasury. ADIA appointed co-Chair with IMF of International Working Group of Sovereign Wealth Funds.

2009
Creation of Investment Services Department. Founding member of the International Forum of Sovereign Wealth Funds (IFSWF).

2011
Creation of Indexed Funds Department and External Equities Department; combined real estate and infrastructure operations to create Real Estate & Infrastructure Department.

1997
> Asian financial crisis – Devaluations and banking crises across Asia.

2000
> Internet bubble bursts.

2002
> New York – Dow saw its second-biggest gain ever. Dow Jones index added 488.95 points to 8,191.29. The buying was spurred by the arrest of offenders in Adelphia scandal.

2008
> Global financial crisis – Central banks and policymakers around the world announce unprecedented stimulus packages in an effort to restore liquidity and stabilise the financial system.

2009
> USA – US budget deficit at $1 trillion. The deficit has moved above $1 trillion for the first time – with three months of the financial year remaining, official data show.
> Elsewhere – IMF: Global economy worst in 60 years.

2011
> Japan tsunami and earthquake.

Contact details

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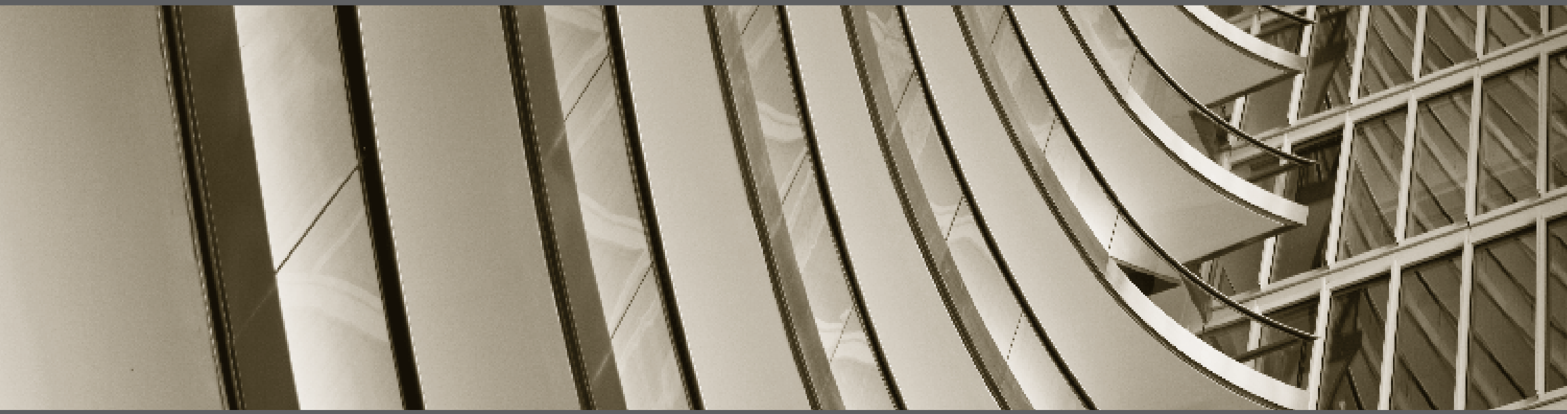

www.adia.ae