FAB SECURITIES أبوظبي الأول للأوراق المالية

First Look Note | 2Q26

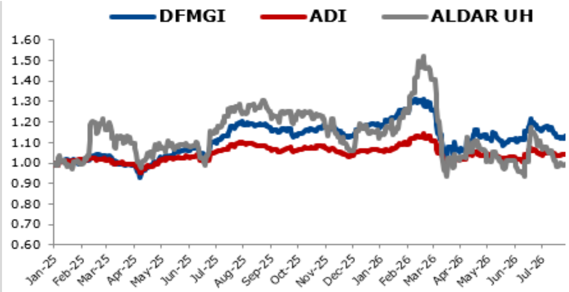
UAE Equity Research Sector: Real Estate Market: ADX

Aldar Properties

Backlog execution supported profitability amid softer sales prevailing to geopolitical conditions

Current Price	Target Price	Upside/Downside (%)	Rating
AED 7.45	AED 11.00	+48%	BUY

- Group development sales declined 42.5% YOY to AED 5.4 Bn in 2Q26.
- Backlog remained resilient at AED 71.6 Bn in 2Q26, including AED 59.9 Bn in the UAE.
- Maintained a robust liquidity position of AED 37.1 Bn as of 2Q26, comprising AED 16.8 Bn of free and unrestricted cash and AED 20.3 Bn of committed undrawn credit facilities.
- Development Holdings pipeline stood at AED 20.0 Bn in 2Q26, supporting long-term expansion of recurring income portfolio.
- Revised 2026 guidance by lowering Development sales to AED 30–34 Bn, Development EBITDA to AED 8.9–9.3 Bn and Group adjusted EBITDA to AED 12.3–12.7 Bn.



Stock Information	
Market Cap (AED, Mn)	58,576.59
Paid Up Capital (Mn)	7,862.63
52 Week High	11.80
52 Week Low	7.03
3M Avg. daily value (AED)	137,750,500

2Q26 Result Review (AED, Mn)	
Total Assets	125,524
Total Liabilities	73,725
Total Equity	51,799
EBITDA	3,327
Net Profit	2,166

Financial Ratios	
Dividend Yield (12m)	2.75
Dividend Pay-out (%)	21.47
Price-Earnings Ratio(x)	7.22
Price-to-Book Ratio (x)	1.35
Book Value (AED)	5.50
Return-on Equity (%)	19.76

Stock Performance	
5 Days	-2.61%
1 Months	-10.02%
3 Months	-3.37%
6 Months	-22.31%
1 Year	-22.56%
Month to Date (MTD%)	-10.02%
Quarter to Date (QTD%)	-10.02%
Year to Date (YTD%)	-14.37%

2Q26 Net Profit marginally in line with our estimate

Aldar Properties PJSC (ALDAR/the Company) net profit attributable to equity shareholders increased 9.9% YOY to AED 2,166 Mn in 2Q26, marginally in line with our estimate of AED 2,245 Mn. The increase in net profit is largely driven by growth in revenue, finance income, gain on revaluation of investment properties, and provision reversal coupled with lower selling and marketing expense, partially offset by increase in general expenses, and finance costs, income tax expenses and profits attributable to non-controlling interest holders.

P&L Highlights

ALDAR's revenue grew 4.8% YOY to AED 8,109 Mn in 2Q26. This growth was primarily driven by execution of the development revenue backlog, alongside higher recurring income from Aldar Investment supported by strong occupancy, rental growth, strategic acquisitions and growth in the Education and Estates businesses. Additionally, Aldar Development's backlog stood at AED 71.6 Bn as of 2Q26 compared to AED 62.3 Bn in 2Q25, providing clear visibility on revenue recognition over the next two to three years, including sizeable UAE backlog of AED 59.9 Bn. ALDAR's development revenue grew 6.1% YOY to AED 5,944 Mn in 2Q26, primarily supported execution of backlog, partially offset by selective project launches due to geopolitical condition in the region. Investment revenue increased 1.5% YOY to AED 2,165 Mn in 2Q26, supported by increase in investment properties, Education and Estate. The Company's direct costs increased marginally by 0.2% to AED 5,183 Mn in 2Q26. As a result, gross profit grew 14.2% YOY to AED 2,925 Mn with gross margin expanding from 33.1% in 2Q25 to 36.1% in 2Q26. The Company's general expenses increased 6.5% YOY to AED 491 Mn in 2Q26, while the selling and marketing expenses fell significantly by 47.3% YOY to AED 20 Mn in 2Q26. ALDAR's EBITDA increased by

17.6%YOY to AED 3,327 Mn in 2Q26, with EBITDA margin increasing from 36.6% in 2Q25 to 41.0% in 2Q26. Operating profit increased 17.1% YOY to AED 2,414 Mn in 2Q26, with operating margin expanding 312 bps to 29.8% in 2Q26. The share of profit of associates stood at AED 4 Mn in 2Q26. The Company's impairment reversals increased from AED 3 Mn in 2Q25 to AED 21 Mn in 2Q26. ALDAR's finance income increased 26.0% YOY to AED 255 Mn in 2Q26, and finance cost increased 35.2% YOY to AED 492 Mn in 2Q26. Also, the total other income increased by 15.0% YOY to AED 677 Mn in 2Q26, due to net gains from revaluations of investment properties and financial assets at FVTPL. The Company's income tax expenses increased 5.6% YOY to AED 312 Mn in 2Q26. Furthermore, profit attributable to non-controlling interest rose from AED 224 Mn in 2Q25 to AED 403 Mn in 2Q26.

Balance Sheet Highlights

ALDAR maintained a robust liquidity position as of June 2026, supported by AED 16.8 Bn of free and unrestricted cash and AED 20.3 Bn of committed undrawn credit facilities, resulting in total available liquidity of AED 37.1 Bn. The Project Management Services PMS backlog stood at AED 87.2 Bn, with AED 62.3 Bn of projects currently under construction, reflecting a healthy pipeline of government-led infrastructure and housing developments. Shareholders equity increased from AED 42.6 Bn in 1Q26 to AED 43.2 Bn in 2Q26. The Company's total debt rose from AED 29.4 Bn in 1Q26 to AED 33.3 Bn in 2Q26. Additionally, cash and bank balances increased from AED 21.9 Bn in 1Q26 to AED 22.7 Bn in 2Q26.

Target Price and Rating

We maintain our BUY rating on Aldar with a revised target price of AED 11.00. Aldar Properties delivered a resilient financial and operating performance in 2Q26, supported by continued execution of its development revenue backlog and growth in recurring income across its investment platform. Group development sales declined 42.5% YOY to AED 5.4 Bn in 2Q26, reflecting a measured and cautious approach to new launches given the UAE market conditions. UAE sales stood at AED 3.5 Bn in 2Q26 compared to AED 9.0 Bn in 2Q25. Despite the slowness in UAE sales, ALDAR continued to strengthen its development pipeline through an active launch schedule, introducing three residential projects during 2Q26 - Yas Park Place, Al Ghadeer Gardens I and The Orchids in Yas Acres followed by The Canopies at Yas Point and Al Ghadeer Gardens II in July 2026. The Company also maintained pricing discipline, relying on payment plan flexibility including the recently introduced 50% post-handover mortgage solution, and targeted incentives to support sales while preserving project returns and brand positioning. The Company also expanded its strategic landbank with the launch of Marsa Al Saadiyat, a landmark mixed-use waterfront destination with an estimated GDV exceeding AED 60 Bn, reinforcing long-term development visibility across Abu Dhabi. International sales increased from AED 406 Mn in 2Q25 to AED 1.9 Bn in 2Q26, supported by stronger contributions from SODIC and London Square. This was supported by continued execution of the Company's international growth strategy, with ongoing project launches in Egypt and expansion of the London Square platform in the UK. The D-Hold pipeline expanded by AED 5.2 Bn to AED 20.0 Bn in 2Q26, supported by the addition of residential, retail and education projects, reinforcing the Group's recurring income platform and long-term earnings visibility. ALDAR significantly strengthened its long-term recurring income platform through a series of strategic initiatives during 2Q26. The Company entered into a landmark public-private partnership with the Department of Municipalities and Transport to develop integrated communities across five strategic locations spanning over 20 Mn sqm in Abu Dhabi, reinforcing its position as a preferred master developer while substantially expanding its long-term development pipeline. As part of this partnership, ALDAR will develop two value housing communities in MBZ City and Baniyas comprising approximately 9,000 rental units with a GDV of AED 2.8 Bn, supporting the expansion of it develop-to-hold portfolio and future recurring rental income. Further strengthening its recurring income platform, the Company acquired a AED 1.1 Bn residential and retail development in Dubai Studio City, expanding its residential-for-rent portfolio, while the acquisition of three industrial and logistics assets in KEZAD for AED 650 Mn increased exposure to a high-growth asset class and enhanced long-term recurring cash flow generation. Furthermore, ALDAR secured a AED 5.0 Bn five-year sustainability-linked revolving credit facility. ALDAR continue to maintain a strong balance sheet in 2Q26 with robust liquidity of AED 37.1 Bn as compared to AED 33.2 Bn in 1Q26, including AED 16.8 Bn of free and unrestricted cash and AED 20.3 Bn of committed undrawn bank facilities, providing financial flexibility to fund its development pipeline and strategic investments. Net Debt-to-Adjusted EBITDA remained at a healthy

1.4x in 2Q26 despite higher debt levels, reflecting a prudent leverage profile and sufficient balance sheet capacity to support future growth initiatives. Following a measured launch strategy amid regional geopolitical uncertainty, Aldar revised 2026 Development guidance, lowering Development sales to AED 30-34 Bn from earlier guidance of AED 45-49 Bn in 1Q26 and Development EBITDA to AED 8.9-9.3 Bn from AED 9.5-10.0 Bn for similar period. The Company maintained 2026 guidance for the Project Management Services platform, with EBITDA expected at AED 0.9-1.0 Bn, while the UAE Property Development Services gross margin guidance remained unchanged at 37-39%. At the Group level, adjusted EBITDA guidance for 2026 was revised to AED 12.3-12.7 Bn from previous guidance of AED 12.7-13.3 Bn, whereas Aldar Investment's adjusted EBITDA guidance of AED 3.7-3.9 Bn, capital deployment of AED 3-4 Bn and D-Hold capex of AED 3-4 Bn were all reaffirmed. Revised guidance for 2026 reflects a more measured near-term outlook, but ALDAR remains well positioned to deliver sustainable long-term growth, supported by its diversified business model, strong development pipeline, expanding recurring income platform, robust balance sheet and disciplined capital allocation strategy. Thus, we maintain a BUY rating to the stock.

Aldar - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	25.50	20.41	15.46	10.75	7.87	7.10
PB	2.19	2.08	1.90	1.69	1.45	1.24
EV/EBITDA	21.17	17.10	13.01	9.93	6.13	5.84
BVPS	3.424	3.606	3.951	4.438	5.182	6.049
EPS	0.295	0.368	0.486	0.699	0.955	1.058
DPS	0.150	0.160	0.170	0.185	0.205	0.225
Dividend yield	2.0%	2.1%	2.3%	2.5%	2.8%	3.0%

FABS Estimates & Co Data

Aldar - P&L

AED Mn	2Q25	1Q26	2Q26	2Q26F	Var	YOY Ch	QOQ Ch	2025	2026F	Change
Revenue	7,736	8,734	8,109	9,134	-11.2%	4.8%	-7.2%	33,818	37,001	9.4%
Direct costs	-5,175	-5,411	-5,183	-5,749	-9.8%	0.2%	-4.2%	-22,243	-23,878	7.4%
Gross profit	**2,561**	**3,323**	**2,925**	**3,385**	**-13.6%**	**14.2%**	**-12.0%**	**11,575**	**13,122**	**13.4%**
General expenses	-461	-504	-491	-512	-4.0%	6.5%	-2.5%	-2,021	-2,183	8.0%
Selling & Marketing exp.	-38	-39	-20	-46	-55.8%	-47.3%	-48.7%	-133	-148	11.0%
EBITDA	**2,829**	**3,009**	**3,327**	**3,253**	**2.3%**	**17.6%**	**10.6%**	**11,230**	**12,620**	**12.4%**
EBIT	**2,061**	**2,780**	**2,414**	**2,828**	**-14.6%**	**17.1%**	**-13.2%**	**9,421**	**10,791**	**14.6%**
Share of assoc.	0	0	4	0	NM	NM	NM	0	5	NM
Provision/(reversal)	3	-16	21	-37	NM	NM	NM	-460	-444	-3.4%
Finance income	202	240	255	219	16.7%	26.0%	6.1%	848	896	5.7%
Finance cost	-364	-428	-492	-438	12.1%	35.2%	14.8%	-1,397	-1,743	24.8%
Total other income	589	54	677	274	NM	15.0%	NM	1,552	1,517	-2.3%
Profit before tax	**2,491**	**2,631**	**2,881**	**2,845**	**1.2%**	**15.6%**	**9.5%**	**9,964**	**11,022**	**10.6%**
Income tax	-296	-339	-312	-323	-3.3%	5.6%	-8.0%	-1,131	-1,251	10.6%
Profit after tax	**2,196**	**2,291**	**2,568**	**2,523**	**1.8%**	**17.0%**	**12.1%**	**8,834**	**9,771**	**10.6%**
Non-controlling interest	224	252	403	277	45.1%	79.4%	59.5%	1,223	1,348	10.3%
Net Profit	**1,971**	**2,039**	**2,166**	**2,245**	**-3.5%**	**9.9%**	**6.2%**	**7,611**	**8,423**	**10.7%**

FABS estimate & Co Data

Aldar - Margins

	2Q25	1Q26	2Q26	YOY Ch	QOQ Ch	2025	2026F	Change
Gross margin	33.1%	38.0%	36.1%	298	-197	34.2%	35.5%	124
EBITDA margin	36.6%	34.4%	41.0%	446	659	33.2%	34.1%	90
Operating margin	26.6%	31.8%	29.8%	312	-206	27.9%	29.2%	131
Net Profit margin	25.5%	23.3%	26.7%	122	336	22.5%	22.8%	26

FABS estimate & Co Data

Key Developments:

- **22 June 2026** - Aldar announced a AED 385.8 Mn investment to relocate Cranleigh Abu Dhabi to a new purpose-built campus on Saadiyat Island, increasing capacity to 2,178 students from the 2027–28 academic year. The investment strengthens the Group's premium education platform, supports future enrolment growth and enhances long-term recurring income generation.
- **14 May 2026** - Aldar Properties PJSC has acquired a AED 1.1 bn residential rental development in Dubai Studio City, comprising 312 residential units and community retail space. The acquisition expands Aldar's recurring income portfolio, strengthens its presence in Dubai's residential rental market, and supports sustainable earnings growth through stable rental cash flows
- **12 May 2026** - Aldar Properties PJSC has entered into a partnership with Abu Dhabi's Department of Municipalities and Transport to develop integrated communities across more than 20 mn sqm. The partnership expands Aldar's development pipeline, reinforces its master developer position and creates long-term opportunities for sustainable revenue growth.
- **23 April 2026** - Aldar Properties PJSC has acquired an industrial and logistics portfolio in KEZAD for AED 650 Mn, adding 163,000 SQM of high-occupancy logistics assets to its investment portfolio, this can expand Aldar's recurring income platform, strengthens its exposure to the fast-growing industrial and logistics segment and this positions the company to benefit from rising trade and manufacturing activity.
- **17 April 2026** - Aldar Properties PJSC has partnered with the Department of Municipalities and Transport to develop 9,000 value housing rental units across Abu Dhabi under the Value Housing Programme. The project expands Aldar's develop-to-hold pipeline, strengthens its recurring rental income base amid addressing growing housing demand.
- **20 February 2026** - Aldar Properties PJSC has raised USD 1.0 bn through hybrid notes issued to Apollo to strengthen its capital structure and increase its ownership in Aldar Investment Properties. This issue will improve financial flexibility, increase recurring income exposure and support future growth investments.
- **03 February 2026** - Aldar Properties PJSC has formed a AED 10 bn retail joint venture with Mubadala, combining Yas Mall and The Galleria Luxury Collection under a single platform. The transaction is expected to create operational synergies and reinforce Aldar's leadership in premium retail assets.
- **09 January 2026** - Aldar Properties PJSC priced USD 1.0 Bn subordinated dated hybrid notes. The 30.25-year notes are non-callable for 7.25 years and carry an initial yield of 5.95% with a 5.875% semi-annual coupon. The issuance was oversubscribed, with a peak orderbook of USD 4.2 Bn. Moreover, allocations comprised the Middle East 31%, the UK 27%, North America 24%, Asia 10%, and Europe 8%. Moody’s assigned a Baa3 rating, coupled with disclosed liquidity of AED 29.7 Bn as of 30 September 2025.

Valuation:

We use Discounted Free Cash flow (DCF) and Relative Valuation (RV) to value Aldar. We have assigned 70% weight to DCF, and 30% to RV method.

Valuation Method	Target	Weight	Weighted Value
DCF Method	10.88	70.0%	7.61
Relative Valuation (RV)	11.29	30.0%	3.39
Weighted Average Valuation (AED)			**11.00**
Current market price (AED)			7.45
Upside/Downside (%)			+48%

1) DCF Method:

Aldar is valued using free cash flow to the firm. We have discounted the cash flow using the weighted average cost of capital of 7.9%. It arrived after using the cost of equity of 9.1% and the after-tax cost of debt of 5.9% with a debt-to-equity ratio of 56.6%. The cost of equity is calculated by using a 10-year government bond yield of 4.9%, a beta of 1.00 and an equity risk premium of 4.2%. Government bond yield is calculated after adding Abu Dhabi's 10-year spread over a 10-year US risk-free rate. The cost of debt is calculated using the cost of debt of 6.6% after adjusting for a tax rate, arriving at an after-tax cost of debt of 5.9%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	20,632
Terminal value (AED, Mn)	90,472
Net Debt as of 2Q26 (AED, Mn)	(25,557)
Equity value of shareholders (AED, Mn)	**85,547**
No. of share (Mn)	7,863
Current Market Price (AED)	7.45
Fair Value per share (AED)	**10.88**

DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	9,541	10,297	11,012	11,635	12,046
D&A	751	757	767	777	788
Change in working capital	-6,124	-1,472	-2,399	-2,032	-2,092
(-) Capex	-3,787	-3,880	-3,593	-3,519	-3,402
Free Cash Flow to Firm (FCFF)	**380**	**5,700**	**5,784**	**6,856**	**7,333**
Discounting Factor	*0.97*	*0.90*	*0.83*	*0.77*	*0.71*
Discounted FCFF	**184[1]**	**5,116**	**4,811**	**5,284**	**5,238**

Source: FAB Securities, [1]Adjusted for partial year

2) Relative Valuation:

We have used local peers to value Aldar, and it is valued using the EV/EBITDA multiple. It is valued at an EV/EBITDA multiple of 9.1x for FY2026, in line with peers.

Company	Market	EV/EBITDA (x)		P/E (x)		P/B (x)	
	(USD Mn)	2026F	2027F	2026F	2027F	2026F	2027F
Emaar Properties	30,128	4.4	3.7	6.3	5.4	1.1	0.9
Dar Al Arkan Real Estate	5,154	16.4	14.7	20.2	16.9	0.8	0.8
Arabian Centres	2,241	13.7	11.0	9.2	6.5	0.5	0.5
Deyaar Development	995	4.2	3.0	7.0	5.2	NA	NA
TECOM Group	4,533	9.1	8.7	10.6	9.8	1.8	1.8
Average		**9.5x**	**8.2x**	**10.7x**	**8.7x**	**1.1x**	**1.0x**
Median		**9.1x**	**8.7x**	**9.2x**	**6.5x**	**1.0x**	**0.9x**
Max		**13.7x**	**11.0x**	**10.6x**	**9.8x**	**1.3x**	**1.2x**
Min		**4.4x**	**3.7x**	**7.0x**	**5.4x**	**0.8x**	**0.7x**

Source: FAB Securities

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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