FAB SECURITIES
أبوظبي الأول للأوراق المالية

DUBAI RESIDENTIAL

Initiation Coverage

Dubai Residential REIT

THE GARDENS
INTERNATIONAL CITY
NAD AL SHEBA VILLAS
LAYAN
AL KHAIL GATE
GHOROOB
SHOROOQ
CITY WALK
BLUE WATERS
REMRAAM

Key Investment Highlights:

We initiate coverage on Dubai Residential REIT ("Dubai Residential" or "the Company") with an equity valuation of **AED 1.51 per share**. Dubai Residential became the GCC region's largest Real Estate Investment Trust (REIT) after listing. The Company is a wholly owned indirect subsidiary of Dubai Holding, one of the most influential and largest private real estate investor and developer in Dubai. Dubai Residential offers a diverse range of apartments, villas, and townhouses catering to various customer segments, ensuring it meets the needs of a wide range of tenants.

Our investment view is supported by:

- *High-Quality Diverse Portfolio Enabling Long Term Sustainable Growth*
- *Strategic Asset Management Resulting in Stable and Robust Operating Performance*
- *Scalable Organic Growth with Inorganic Upside to Strengthen Market Position*
- *Strong Financial Performance and Growing Free Cash Flow Supports Dividend Payouts*

High-Quality Diverse Portfolio Enabling Long Term Sustainable Growth

Dubai Residential is the GCC region's largest Real Estate Investment Trust (REIT). The Company is a wholly-owned subsidiary of Dubai Holding, one of Dubai's most prominent private real estate developers. Dubai Residential's portfolio caters to a broad range of tenants, offering premium housing for High-Net-Worth Individuals, family-friendly communities, and affordable options for cost-effective residents. The Company rapidly expanded its residential portfolio to 35,700 units as of December 2024, spanning 21 communities with a Gross Leasable Area of 35.7 Mn sq ft. The Company's portfolio is diversified across Premium, Community, Affordable, and Corporate Housing segments.

Strategic Asset Management Resulting in Stable and Robust Operating Performance

Dubai Residential's value chain is mainly driven by four key operational pillars: Marketing, Leasing, Tenant Experience, and Asset Management. The Company's first pillar of operations excellence is its high-impact, customer-focused marketing strategy that integrates online and offline channels, ensuring a well-rounded approach that enhances its market position and supports sustained growth. The Company's second operational pillar employs a structured five-step customer leasing process to maximize operational efficiency and deliver superior outcomes. The third pillar of operational excellence focuses on elevating the tenant living experience through high-quality services delivered by specialized teams and supported by digital platforms. Furthermore, by leveraging its active asset management strategies, the Company has driven stable and resilient performance across its portfolio.

Scalable Organic Growth with Inorganic Upside to Strengthen Market Position

Dubai Residential leverages key growth levers to unlock organic and inorganic upside potential. The Company's organic growth strategy focuses on Rental Uplift and Performance Optimization, which aims to capitalize on the significant gap between its current passing rents and prevailing market rates. Furthermore, the Company is advancing its organic growth strategy through effective asset management and cost-saving measures. Moreover, Dubai Residential's Inorganic growth strategies include targeted acquisitions within the DH ecosystem, such as Garden View Villas and Jebel Ali Village, adding 276 units with projected revenue of AED 70–80 Mn. In the medium term, the Company plans to feature Built-to-Lease (BTL) projects like Dubai Science Park, Dubai Wharf, and Acres, while through the long term, Dubai Residential aims to expand its portfolio in premium and community segments, focusing on villas and apartments.

Strong Financial Performance and Growing FCF Supporting Dividend Payouts

Dubai Residential demonstrated strong growth, with revenue growing at a CAGR 11.0% from AED 1,456 Mn in FY2022 to AED 1,793 Mn in FY2024. The strong revenue growth is mainly attributable to the Company's diversified revenue streams across multiple segments, including Premium, Community, Affordable, and Corporate Housing. The Company's Adjusted EBITDA grew at a CAGR of 16.4% from AED 957 Mn in FY2022 to AED 1,296 Mn in FY2024. Adjusted EBITDA margins also expanded from 65.7% in FY2022 to 72.3% in FY2024. Dubai Residential's Proforma FFO grew at a CAGR of 15.9% from AED 815 Mn in FY2022 to AED 1,094 Mn in FY2024. The Proforma FFO margins also expanded from 56.0% in FY2022 to 61.0% in FY2024. Furthermore, the Company's Proforma Free Cash Flow (FCF) recorded strong growth from AED 703 Mn in FY2022 to AED 1,061 Mn in FY2024.

Initiating Coverage

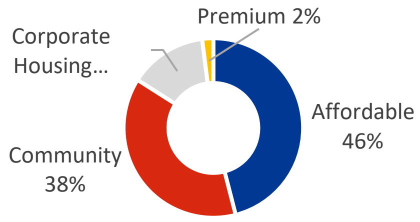
Sector: Real Estate Investment Trust(REIT)

Sharia compliant REIT

Analyst Name: Ahmad Banihani

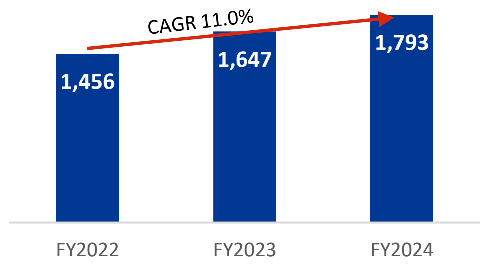
Rating	BUY
Current Market Price (AED)	1.24
Target Price (AED)	1.51
Upside/(Downside)	+22%
Market Cap (AED, Bn)	16.2

Distribution of Residential Units



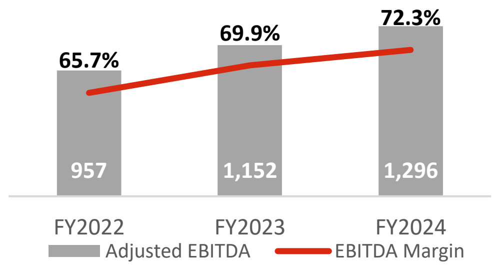
Source: Company Information, as of FY2024

Total Revenue (AED, Mn)



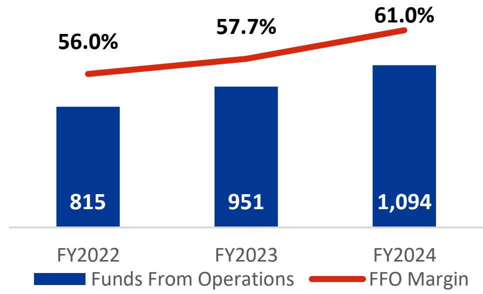
Source: Company Information

Adjusted EBITDA (AED, Mn) and Margin (%)



Source: Company Information, Carveout Basis, Pre-Management fees

Pro-forma FFO (AED Mn)



Source: Company Information

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Introduction to Dubai Residential REIT

Dubai Residential is the Largest REIT in the GCC Region

Dubai Residential is the GCC's largest REIT with Sharia compliant and a GAV of AED 21.6 Bn, as of December 2024

Dubai Residential REIT (the Company) is the GCC region's largest Real Estate Investment Trust (REIT). It is a wholly-owned subsidiary of Dubai Holding, one of the most influential and largest private real estate developers in Dubai, and it is recognised as being one of the largest private land bank holders in the city. Dubai Holding's extensive portfolio spans various sectors, reinforcing its position as Dubai's leading real estate investor and developer. The Company manages assets with a total book value of AED 265 Bn. Its diverse investments in real estate, media, tourism, retail, design, manufacturing, logistics, education, ICT, hospitality, and entertainment offer an attractive value proposition.

Dubai Holding's development journey began in 2004, evolving through integrating various assets and projects over the years. This was followed by the founding of Dubai Properties in 2005, which contributed to the development of significant real estate landmarks. Nakheel initially developed International City and The Gardens. Both Nakheel and Meydan were integrated into Dubai Holding in 2024, further expanding Dubai Holding's portfolio. Other notable projects include the development of Layan Residential in 2008 and Shorooq in 2009. Dubai Holding also developed Ghoroob in 2010, City Walk in 2014, Remraam in 2016, Bluewaters in 2018, and Nad Al Sheba Villas in 2019, further cementing its reputation as a leading player in the region's real estate market. It also integrated Meraas in 2020 to increase its footprint. Dubai Holding delivered some of Dubai's most iconic integrated real estate developments, including Palm Jumeirah, Bluewaters, JBR, and City Walk.

The Company operates 35,700 residential units under its portfolio

Dubai Holding undertook a significant step forward by listing its subsidiary Dubai Residential on the Dubai Financial Market (DFM) in early FY2025 as a Real Estate Investment Trust (REIT). With a diversified portfolio of residential assets, the Company is set to manage assets with a Gross Asset Value (GAV) of AED 21.6 Bn. This extensive portfolio includes 21 residential communities, encompassing 35,700 units across various housing segments such as Premium, Community, Affordable, and Corporate Housing.

Figure 01: Track Record of Growth of Dubai Holding Portfolio

Source: Company Information, Notes: [1] Developed by Nakheel, which was integrated into Dubai Holding in 2024. [(2)] Developed by Meraas, which was integrated into Dubai Holding in 2020.

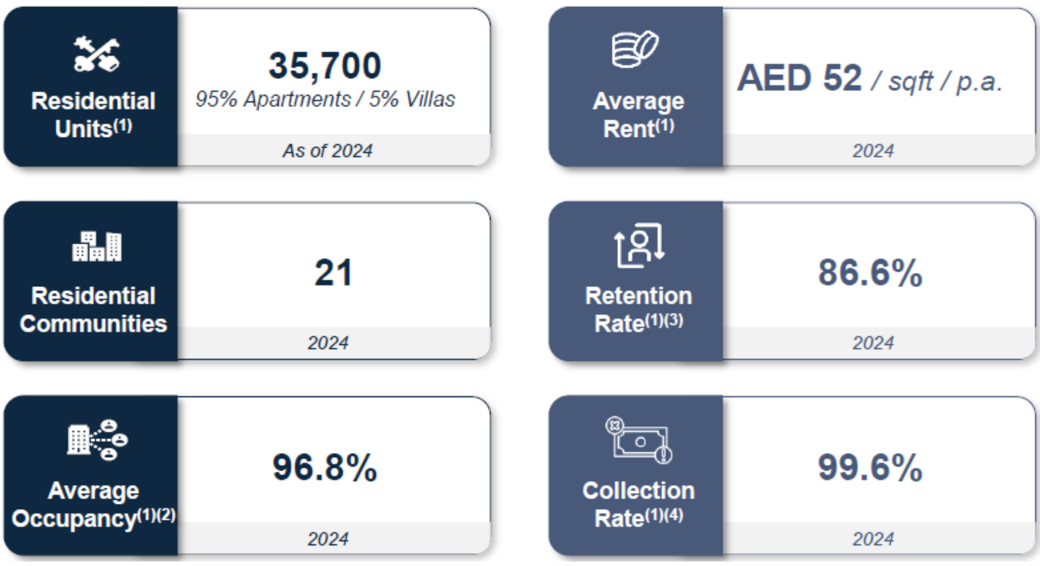
Dubai Residential revenue grew at a CAGR of 11.0% from AED 1.5 Bn in FY2022 to AED 1.8 Bn in FY2024

The Company is committed to maintaining a robust portfolio, evidenced by its impressive average occupancy rate of 96.8% across the residential portfolio during FY2024. This high occupancy is a direct result of strategic asset management and a keen focus on meeting the needs of diverse residents. Additionally, Dubai Residential achieved a strong rent collection rate of 99.6%, with delinquencies making up just 0.4% of total revenue during FY2024. The Company's financial health is further demonstrated by its ability to earn an average annual rent of AED 52 per square foot in FY2024, underscoring its successful strategy of attracting reliable tenants and generating sustainable income. Through its upcoming listing on the DFM and its continued focus on effective portfolio management, Dubai Residential is poised to build on its established position in the Dubai real estate market, further enhancing its growth potential and financial strength.

Dubai Residential offers a diverse range of residential apartments catering to various customer segments, ensuring it meets the demands of a broad spectrum of tenants. The Company provides Premium residences for High-Net-Worth Individuals (HNWI), family-friendly Community housing in vibrant communities, and cost-effective options to cater to budget-conscious residents in the Affordable segment. Furthermore, Dubai Residential manages a portfolio of purpose-built properties for corporate and industrial staff, further expanding its reach across different housing requirements. This diversification allows the Company to effectively address the varied demands across all price points and micro-markets within Dubai, ensuring a comprehensive presence in Dubai's real estate landscape.

In terms of performance, the Company saw strong revenue growth, with a compound annual growth rate (CAGR) of 11.0% between FY2022 and FY2024, with revenue at AED 1.8 Bn during FY2024. The Community segment remains the largest contributor, accounting for c. 48%, followed by Affordable segment at c. 35% of total revenue during FY2024. The Premium and Corporate Housing segments contributed c. 8% and c. 5% of total revenue, respectively, with the remaining c. 5% coming from other segment, consisting of the retail portfolio. Dubai Residential also reported healthy profitability with adjusted EBITDA of AED 1.3 Bn during FY2024 with an implied net yield of 6.0% in FY2024. The Company also recorded a strong proforma adjusted free cash flow conversion ratio of 89.7% during the similar period.

Figure 02: Dubai Residential at a Glance



Source: Company Information. [1] Excludes 1,726 retail units. [2] Defined as leased units during the period divided by available units during the period. [3] Defined as percentage of total tenants that renew their leases during the period. [4] Defined as revenue minus charge for loss allowance on trade and other receivables, divided by revenue, expressed as a percentage.

Balanced Approach to Affordability and Luxury with Diversified Portfolio

Tailored Portfolio to Meet the Housing Needs of Every Tenant

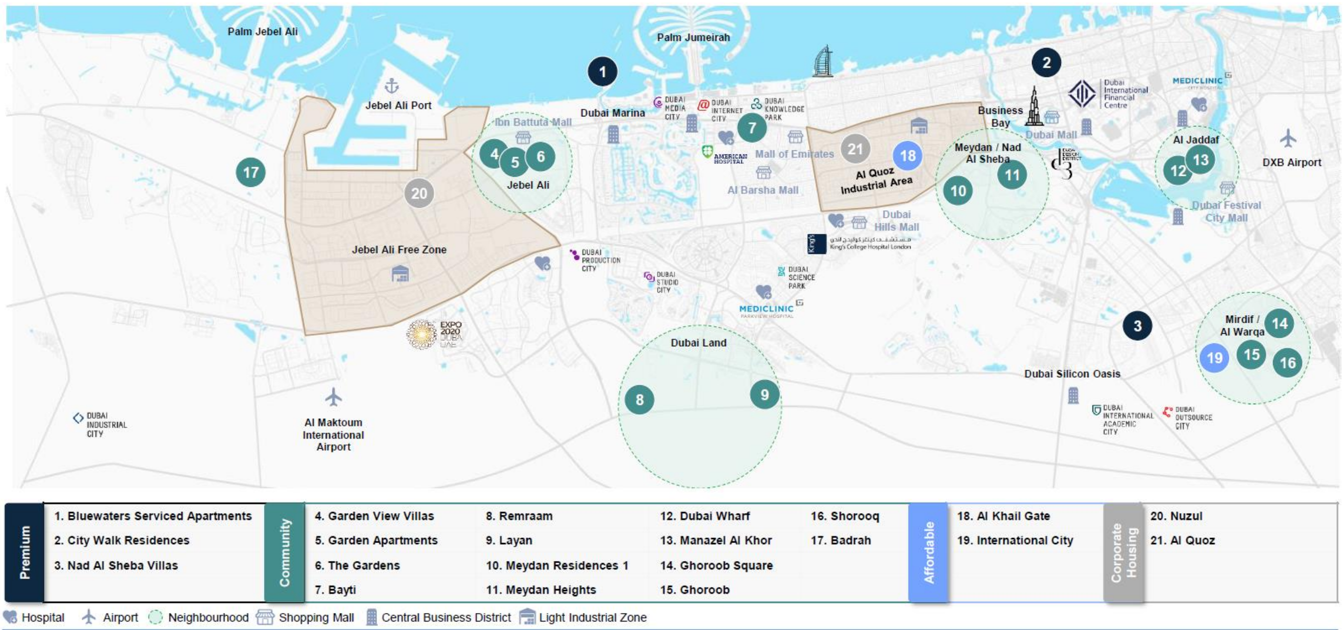
The Company's portfolio is highly diversified, catering to a wide range of tenants across various price points

The growth of Dubai Residential is strongly supported by a favourable macroeconomic and demographic landscape, which is driving robust population expansion in the city. Dubai benefits from a dynamic, well-developed, and diverse ecosystem, with numerous key players across sectors contributing to its economic activity. As the number of households continues to grow and disposable incomes rise, demand for residential properties is accelerating. Additionally, a sustained preference for renting over buying, due to affordability challenges ensures steady demand across various housing segments. This consistent demand, along with ongoing development and future supply, helps maintain healthy occupancy levels, positioning Dubai Residential as a leading player in the market.

The Company's portfolio is highly diversified, catering to a wide range of tenants across various price points. It includes fully integrated communities that provide well-managed, high-quality living environments. Dubai Residential focuses on large-scale, purpose-built Build to Lease (BTL) developments, optimizing rental yields through economies of scale. The portfolio also features customized residential complexes for industrial workers, corporate employees, and staff in key industrial areas, such as Jebel Ali Free Zone and Al Quoz Industrial Area. In addition, Dubai Residential offers premium housing in prime locations, providing superior amenities and access to key attractions. This diverse approach ensures the Company meets the varied housing needs of individuals and businesses, offering both affordability and luxury across multiple sectors.

The Company's assets are strategically located in areas with excellent transport connectivity, ensuring that properties remain accessible and attractive to a wide range of residents. This diversification, coupled with favourable macroeconomic factors such as a growing population, increasing disposable incomes, and rapid urbanization, strengthens the Company's growth trajectory. As Dubai continues to be a major global hub for business, tourism, and investment, Dubai Residential is well-positioned to capitalize on the ongoing expansion of the city's real estate market, ensuring continued success and value creation for its stakeholders.

Figure 03: Dubai Residential Assets are Well Positioned in Key Catchment Areas



Source: Company Information

Diversified Offerings Across Multiple Price Points and Micro-Markets in Dubai

Dubai Residential rapidly expanded its portfolio to 35,700 apartments as of December 2024, spread across 21 residential communities with a GLA (Gross Leasable Area) of 35.7 Mn square feet. This diverse portfolio is spread across:

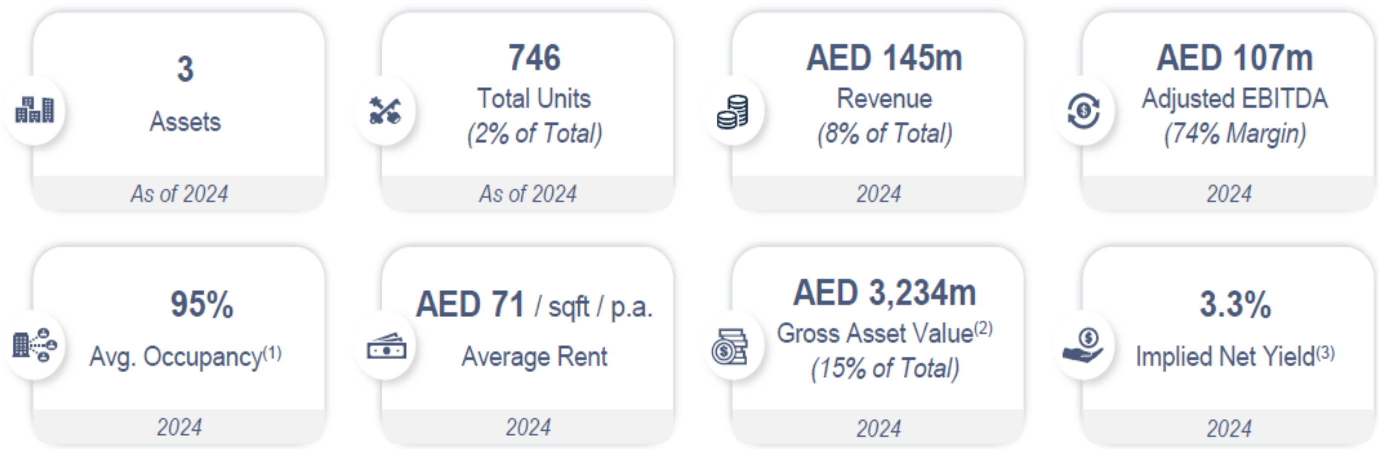
The Company offers 35,700 residential units spread across 21 residential communities with a GLA of 35.7 Mn square feet

Premium Segment: The Premium segment of Dubai Residential is strategically developed to cater to the high-income population, addressing their need for superior amenities. It is located in prime locations that offer a luxurious lifestyle. The segment offers high-end developments in some of Dubai's most sought-after areas and lifestyle destinations. The portfolio includes a variety of unit configurations to suit the diverse needs of renters, with apartments available in one to three-bedroom layouts, as well as villas or townhouses featuring four to five bedrooms. These properties are designed to accommodate small and large families, offering flexibility in living spaces. Annual rentals for the Premium segment start at AED 150K for a one-bedroom apartment and AED 265K for a four-bedroom villa, reflecting the exclusive nature of the properties. Residents enjoy access to world-class amenities, including landscaped walkways, infinity pools, waterfront access, water play areas, BBQ zones, and fully equipped fitness centres. These offerings ensure that tenants experience an elevated living standard, blending comfort with style in some of Dubai's most iconic locations.

GAV of Premium segment assets stood at AED 3.2 Bn as of December 2024

As of December 2024, Dubai Residential owns three key assets in the Premium segment: Bluewaters, Nad Al Sheba, and Citywalk, which collectively comprise 746 premium rental units. The segment consists of 65% apartments and 35% villas, offering a range of 2-bed, 3-bed and 4-bed and above residences. These properties represent 2.1% of the Company’s total residential portfolio but have a significant impact on overall performance. In the FY2024, the Premium segment generated AED 145 Mn in revenue, contributing 8.1% of Dubai Residential’s total revenue. The segment also achieved an impressive adjusted EBITDA of AED 107 Mn, with an EBITDA margin of 74%. The Gross Asset Value (GAV) of these three assets stood at AED 3.2 Bn at the end of December 2024, according to JLL report. This translates to an implied net yield of 3.3%, calculated as the FY2024 adjusted EBITDA divided by the GAV. With an average occupancy rate of 95.4% during FY2024 and an average rent of AED 71.0 per square foot annually, the Premium segment continues to be a significant driver of Dubai Residential’s growth and financial performance, demonstrating strong demand and attractive returns for investors.

Figure 04: Premium Segment at a Glance



Source: Company Information, Notes: (1) Defined as leased units during the period divided by available units during the period. (2) GAV values are based on estimates of the residential component only. (3) Defined as Adjusted EBITDA divided by GAV.

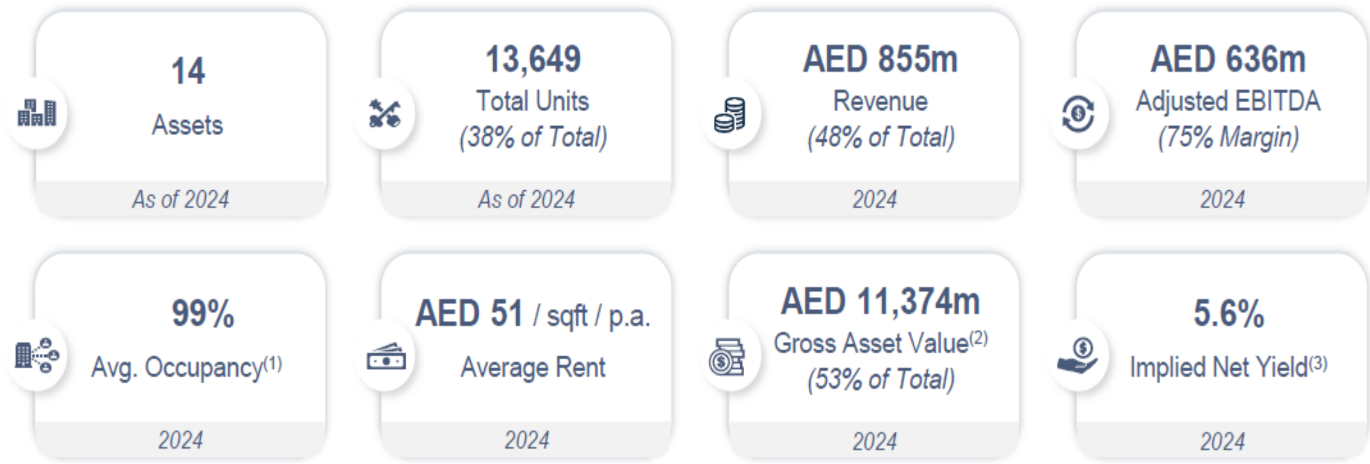
The Community Segment is the largest contributor to the revenue, with 13,649 rental units

Community Segment: The Community segment of Dubai Residential is strategically developed to cater to the mid-tier to high-end population, focusing on family-friendly living environments. The segment meets the growing demand for gated communities with a range of specialized amenities, including local retail centers (supermarkets), leisure facilities, and fitness options. The properties are positioned in some of Dubai's most sought-after residential and family-centric destinations, the Community segment provides tenants with a high quality of life within secure, well-maintained communities. The portfolio within this segment offers a diverse range of unit configurations to suit the varied needs of renters. It includes studio apartments, one- to two-bedroom units, as well as villas and townhouses ranging from two to four bedrooms. This wide selection allows the Community segment to accommodate both small families and larger households, offering the flexibility required for different family sizes and lifestyles.

GAV of Community Segment assets stood at AED 11.4 Bn as of FY2024

Annual rentals for properties in the Community segment begin at AED 40K for a studio apartment and AED 90K for a two-bedroom townhouse, reflecting the cost-effective nature of these developments compared to premium properties. Residents of these communities enjoy a range of family-oriented amenities, including children's play areas, nurseries, indoor gyms, swimming pools, BBQ zones, and convenient access to supermarkets for everyday shopping. These features ensure a balanced lifestyle, combining comfort, convenience, and recreational options for families. As of December 2024, Dubai Residential owns 14 key assets in the Community segment, which include developments such as The Gardens, Ghoroob, Shorooq, Layan, Remraam, Garden Apartments, Garden View Villas, Dubai Wharf, Badrah, Bayti Villas, Manazel Al Khor, Meydan Residences 1, Ghoroob Square, and Meydan Heights. These assets comprise 13,649 rental units, representing 38.2% of the Company's total residential portfolio. The units consist of 89% apartments and 11% villas, offering a range of studio to 4-bedroom and above residential units. In the FY2024, the Community segment generated AED 855 Mn in revenue, accounting for the largest portion, 47.7% of the Company's total revenue. The segment also achieved an adjusted EBITDA of AED 636 Mn, reflecting an EBITDA margin of 75%. The GAV of the 14 assets in the Community segment stood at AED 11.4 Bn at the end of December 2024, according to JLL report. This implies a net yield of 5.6%, calculated by dividing the FY2024 adjusted EBITDA by the GAV. With an outstanding average occupancy rate of 99.0% in FY2024 and an average rent of AED 50.9 per square foot annually, the Community segment remains a major driver of Dubai Residential's growth and financial success, showcasing both strong demand and attractive returns for investors.

Figure 05: Community Segment at a Glance



Source: Company Information, Notes: [1] Defined as leased units during the period divided by available units during the period. [2] GAV values are based on estimates of the residential component only. [3] Defined as Adjusted EBITDA divided by GAV.

The Affordable segment consists of cost-effective 16,256 residential units across two major assets, International City and Al Khail Gate

Affordable Segment: The Affordable segment of Dubai Residential is strategically developed to meet the growing demand for budget to mid-tier housing, providing cost-effective living options that prioritize value and accessibility. This segment caters to a diverse population looking for affordable housing without compromising on quality of life. The developments within this segment are equipped with essential amenities, such as local retail centers, including supermarkets, and family-friendly facilities like playgrounds, indoor and outdoor gyms, sports clubs, and jogging tracks.

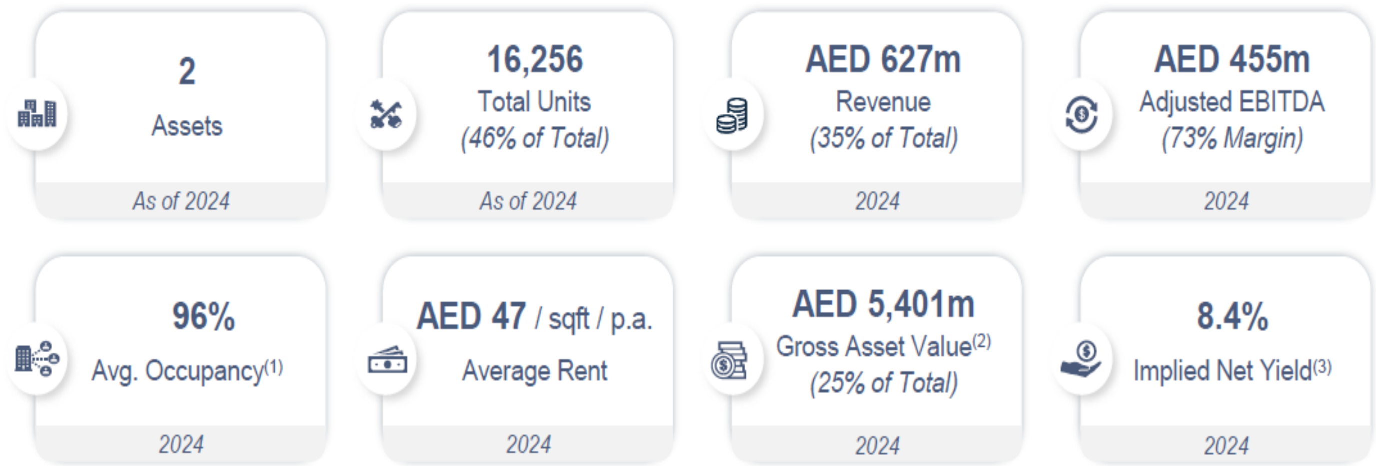
The portfolio in the Affordable segment offers a wide range of unit configurations to meet the varying needs of renters. It includes studio apartments, one- to two-bedroom units, and 3 Bed and above units accommodating small families and medium-sized households. Annual rents in the Affordable segment start at AED 21K for a studio apartment, making these properties an attractive option for those seeking budget-friendly accommodations compared to higher-end properties in the Community and Premium segments. Residents benefit from a range of family-oriented amenities, such as children's play areas, gyms, sports clubs, and easy access to supermarkets for daily shopping. These elements contribute to a balanced and convenient living experience, ensuring that families have access to everything they need within their community.

As of December 2024, Dubai Residential owns two major assets in the Affordable segment: International City and Al Khail Gate. These properties collectively comprise 16,256 rental units, making up 46% of the Company's total residential portfolio. The units in this segment only includes apartments across studio to 2-bed residences. In the FY2024, the Affordable segment generated AED 627 Mn in revenue, representing 35.0% of the Company's total revenue. The segment also achieved an adjusted EBITDA of AED 455 Mn, reflecting a strong EBITDA margin of 73%. The GAV of the two properties stood at AED 5.4 Bn as of December 2024, according to JLL report. This translates to an implied net yield of 8.4%, calculated by dividing the FY2024 adjusted EBITDA by the GAV. With an average occupancy rate of 96.2% during FY2024 and an average rent of AED 46.8 per square foot annually, the Affordable segment continues to be a key driver of Dubai Residential's growth.

GAV of Affordable Segment assets stood at AED 5.4 Bn as of December 2024

Al Khail Gate comprises 9,741 units and generated AED 417 Mn in revenue during FY2024, with an average occupancy rate of 95%. The development is strategically located, just a 20-minute drive from Dubai International Airport and 15 minutes from key business districts. The GAV of Al Khail Gate stood at AED 3.7 Bn as of December 2024. With 6,515 units, International City generated AED 210 Mn in revenue and achieved an average occupancy rate of 97% during FY2024. The GAV of International City was AED 1.7 Bn in December 2024, according to JLL.

Figure 06: Affordable Segment at a Glance



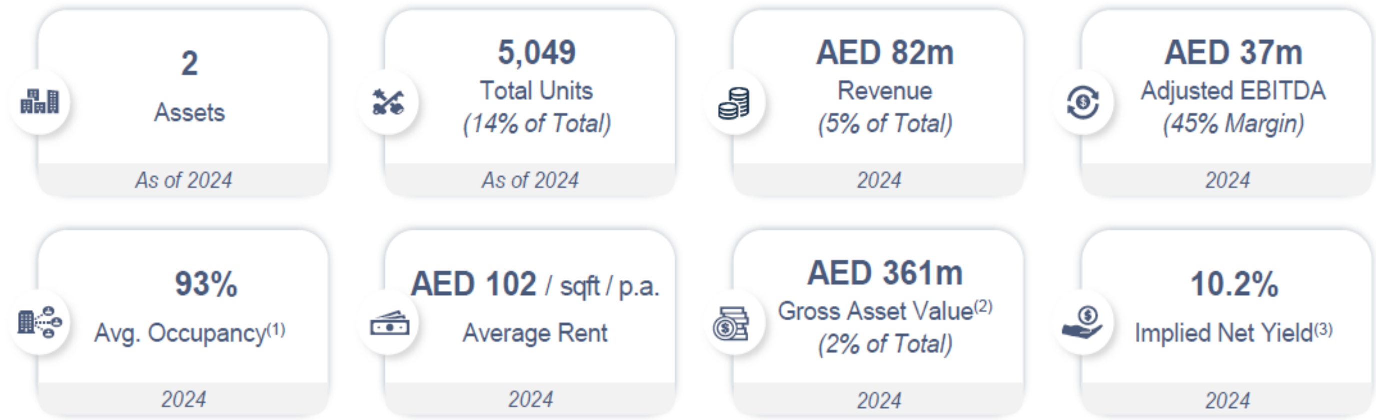
Source: Company Information, Notes: (1) Defined as leased units during the period divided by available units during the period. (2) GAV values are based on estimates of the residential component only. (3) Defined as Adjusted EBITDA divided by GAV.

The Corporate Housing Segment has been strategically developed to address the demands of corporate and industrial staff

Corporate Housing Segment: The Corporate Housing Segment of Dubai Residential has been strategically developed to address the demands of corporate and industrial staff. The developments within this segment are designed to include essential amenities, such as local retail centers featuring supermarkets, well-maintained landscape areas, prayer halls, Wi-Fi, outdoor gyms, and sports courts. The portfolio within the Corporate Housing Segment offers tailored properties to fulfill the specific needs of corporate and industrial employees. It comprises diverse apartment configurations, with annual rents commencing at AED 10K, making these properties attractive for corporate organizations and their staff. Units generally house 2-8 employees. Residents benefit from a comprehensive array of amenities, including gyms, sports courts, convenient access to supermarkets for daily necessities, Wi-Fi and dedicated prayer facilities. These features collectively enhance the living experience, ensuring that corporate employees have access to all essential services within their residential environment. As of December 2024, Dubai Residential owns two significant assets in the Corporate Housing Segment: Al Quoz and Nuzul. These properties collectively encompass 5,049 rental units, representing 14.1% of the Company's total residential portfolio.

In FY2024, the Corporate Housing Segment generated AED 82 Mn in revenue, accounting for 4.7% of the Company's total revenue. The segment further achieved an adjusted EBITDA of AED 37 Mn, reflecting an EBITDA margin of 45%. According to reports from JLL, the GAV of the two properties amounted to AED 361 Mn as of December 2024. This figure corresponds to an implied net yield of 10.2%, derived from the FY2024 adjusted EBITDA divided by the GAV. With an average occupancy rate of 93.1% during FY2024 and an average rent of AED 101.6 per square foot annually, the Corporate Housing Segment remains a pivotal contributor to the ongoing growth of Dubai Residential.

Figure 07: Corporate Housing Segment at a Glance



Source: Company Information, Notes: [1] Defined as leased units during the period divided by available units during the period. [2] GAV values are based on estimates of the residential component only. [3] Defined as Adjusted EBITDA divided by GAV.

The majority of the communities developed and offered by Dubai Residential are comprehensively managed by the Company. These include The Gardens, Garden View Villas, Garden Apartments, Nad Al Sheba, Meydan Residences, Al Khail Gate, Shorooq, Ghoroob, Layan, Ghoroob Square, Al Khail Gate Tower, Al Barsha, Bluewaters, Al Quoz, and Nuzul, collectively accounting for 75% of the total units held by the Company. These are standalone master-planned communities. The developments primarily consist of fully controlled master developments, with plots either retained by Dubai Residential or sold to third-party owners. The remaining 25% of the units are integrated within master-planned communities that are co-owned by multiple stakeholders, governed by applicable joint property governance structures. These communities include International City, Remraam, Dubai Wharf, and City Walk.

Operational Expertise through Value Chain Enhancement by Four Pillars of Operations

Four-Pillar Approach to Operational Success & Marketing

Marketing, Leasing, Tenant Experience, and Asset Management are the four pillars of operations

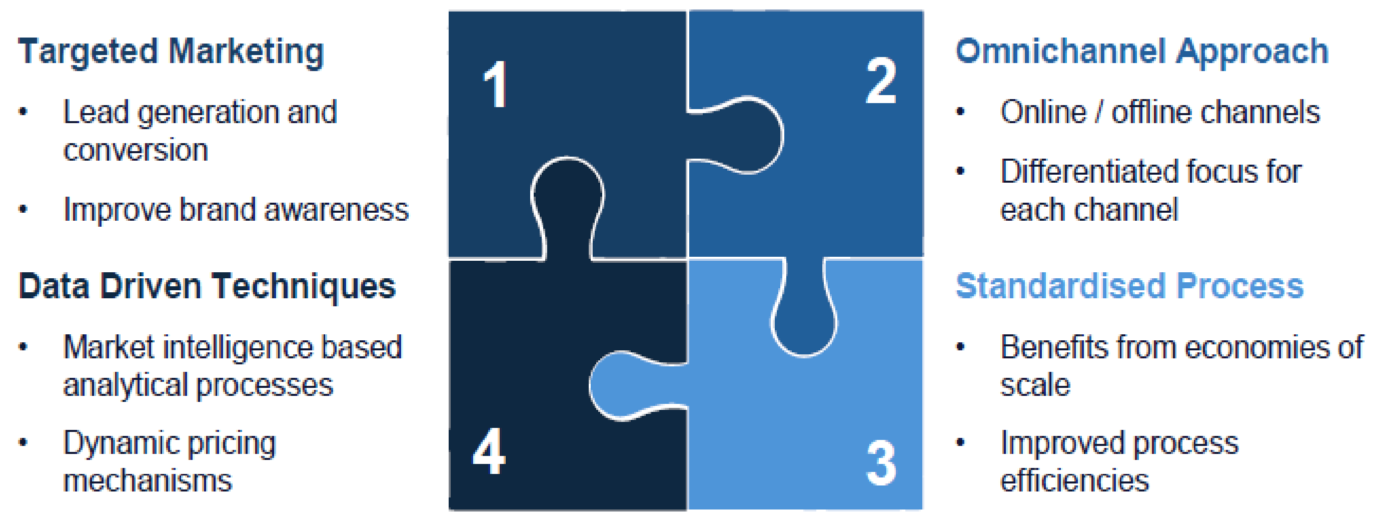
Dubai Residential's value chain is built around four key operational pillars: Marketing, Leasing, Tenant Experience, and Asset Management. By leveraging these pillars, the Company has achieved outstanding results, including an above-market occupancy rate of c. 96.8% in the FY2024, an impressive customer satisfaction rate of c. 80%, and a Contact Centre Customer Satisfaction rate exceeding 90%. These metrics reflect the Company's strong focus on operational excellence and customer-centric strategies. At the core of Dubai Residential's success is a comprehensive, four-pronged marketing strategy designed to optimize both demographic reach and investment scale. This approach includes Targeted Marketing, Omnichannel Strategy, Standardized Processes, and Data-Driven Techniques.

Targeted Marketing focuses on lead generation, conversion, and efforts to enhance brand awareness. By concentrating on specific market segments, Dubai Residential is able to attract the right tenants while optimizing marketing expenditures. The Omnichannel Approach blends online and offline channels, with each channel receiving a differentiated focus to maximize reach and impact. Standardized Processes streamline operations, ensuring economies of scale and improving process efficiencies across Dubai Residential's portfolio. Additionally, Data-Driven Techniques, such as market intelligence-based analytics and dynamic pricing mechanisms, help the Company adjust to market fluctuations and enhance profitability. These strategic efforts have yielded impressive outcomes, including better demographic reach, reduced customer acquisition costs, and consistent platform brand messaging. Dubai Residential's omnichannel presence has significantly boosted online and offline brand visibility.

The Company utilizes its proprietary website, agent platforms, advertising portals and social media platforms to enhance customer reach

On the online front, the Company focuses on property listings through its website, agent platforms, and popular advertising portals such as Property Finder, Dubizzle, and Bayut. These online channels generated c. 33,037 leads by FY2024. Dubai Residential also operates four physical leasing offices, supported by a network of agents, for lead conversions. The Company has an active presence on social media, running geo-targeted campaigns and leveraging platforms like YouTube, Facebook, X (formerly Twitter), and Instagram to reach a wider audience. With c. 95,411 followers across these social media platforms, Dubai Residential effectively engages with potential tenants and strengthens its market position.

Figure 08: Customer Reach Using Four-Pronged Marketing Strategy



Source: Company Information

Streamlined Customer Engagement and Tenant Acquisition

The steps of the leasing process include Marketing, Lead Nurturing, Leasing, Screening, Contracting, Registration, and Survey

The customer leasing journey at Dubai Residential is a meticulously structured process that begins with the marketing phase, typically starting 30-60 days before a vacancy. During this phase, the Company employs a data-driven approach to determine the most effective marketing strategies. Using a dynamic pricing model, which considers vacancy volumes and timing estimates, the marketing team is given targeted goals to ensure that properties are positioned attractively in the market. This strategy helps optimize property exposure and align rent prices with market demand.

Following the marketing phase is lead nurturing, where the call center plays a crucial role in registering customer interests and collecting lead information. The focus here is on understanding the customer's interest level and potential, and follow-up calls are made to present similar properties that might align with their preferences. This ensures a continuous engagement with prospective tenants.

The next stage involves the leasing process, where Dubai Residential arranges property viewings and confirms the customer's interest in moving forward. A critical component of this phase is prospect screening, which involves a thorough KYC (Know Your Customer) procedure, customer verification, and a credit check to ensure that only qualified tenants proceed to the next steps.

Once customer verification is complete, Dubai Residential moves forward with the contracting process, which includes Ejari registration, an official procedure that registers rental contracts with the Dubai Land Department. This registration serves as a valuable data source for market intelligence platforms, such as ReidIn, helping the Company stay informed about market trends. Finally, customer surveys are conducted to measure satisfaction levels, gather insights, and continuously improve the leasing process.

Property Management Excellence and High-Quality Facilities to Elevate Community Living

Dubai Residential streamlined operations with two specialized teams, including the Property Management team and the Facilities Management team

Dubai Residential has streamlined its operations to ensure a seamless move-in process and provide a delightful living experience for tenants. Central to this effort are two specialized teams: Property Management and Facilities Management teams. The Property Management team handles all tenant-related matters, including managing relationships, lease renewals, move-out inspections, and coordinating with third-party service providers. The team also resolves rental disputes, oversees renovation planning during vacancy periods, and engages with the community to maintain a positive and harmonious living environment.

Complementing this, the Facilities Management team focuses on maintaining high standards of service and upkeep across individual units and communal areas. Their responsibilities include security, housekeeping, infrastructure maintenance, landscaping, and managing a team of technicians and lift engineers. Both teams conduct regular inspections to ensure the property remains in top condition.

To further enhance the tenant experience, Dubai Residential offers real-time access through its mobile app. The app is a comprehensive platform, bringing everything tenants need to their fingertips. With a user-friendly interface, tenants can easily manage their tenancy, make online payments, and renew their contracts. Additionally, the app allows tenants to discover and book community amenities, raise and track maintenance requests, and stay connected to the community lifestyle. This range of functionalities ensures a convenient, efficient, and customer-centric experience, empowering tenants to manage their daily needs and interact with Dubai Residential’s services at their convenience.

Strategic Capex Investments to Enhancing Property Value and Tenant Satisfaction

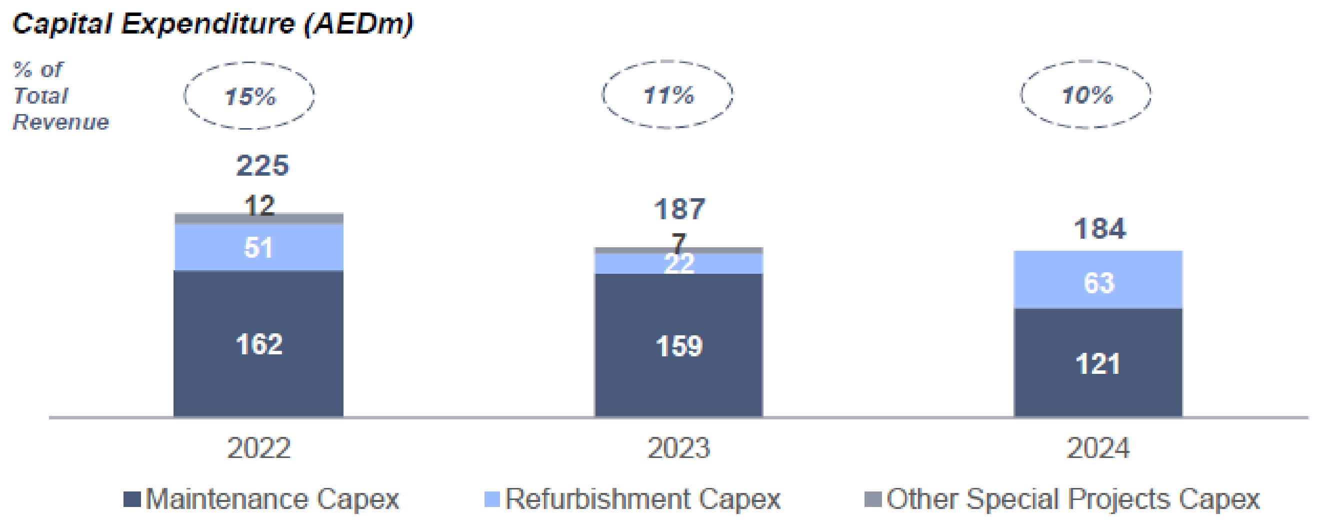
Dubai Residential has prioritized refurbishment projects, spending AED 51 Mn in FY2022, AED 22 Mn in FY2023, and AED 63 Mn in FY2024

Dubai Residential has demonstrated a strong commitment to proactive asset management, investing significantly in capital expenditure (Capex) over the past few years. This focus on capital investment is a key element in enhancing property value and tenant satisfaction. In FY2022, the Company allocated AED 225 Mn to Capex, representing 15% of its revenue, followed by AED 187 Mn in FY2023 (11% of revenue) and AED 184 Mn in the FY2024 (10% of revenue). A substantial portion of this expenditure has been directed towards maintenance, which amounted to AED 162 Mn in FY2022, AED 159 Mn in FY2023, and AED 121 Mn in FY2024.

In addition to maintenance, Dubai Residential has prioritized refurbishment projects, spending AED 51 Mn in FY2022, AED 22 Mn in FY2023, and AED 63 Mn in FY2024. The remainder of the Capex has been allocated to various special projects aimed at enhancing the overall property portfolio.

The Company's Capex strategy focuses on several key areas: refurbishing ageing assets, introducing new amenities, optimizing HVAC (Heating, Ventilation, and Air Conditioning) and chiller systems, improving communal areas, implementing energy-saving retrofits, and establishing grey water recycling systems. These initiatives have contributed to improved property standards, higher tenant satisfaction, and, consequently, increased occupancy rates and higher average annual rental yields. The strategic investments in asset enhancement demonstrate Dubai Residential's dedication to maintaining a high-quality living environment while optimizing operational efficiency and long-term value.

Figure 09: Ongoing Efforts to Improve Offering Through Capex



Source: Company Information

Robust Financial Performance Driven by Strong Margins and Occupancy

The Company reported revenue of AED 1.8 Bn in FY2024 with an adjusted EBITDA (carve-out basis) of AED 1,296 Mn and an EBITDA margin of 72.3%

Dubai Residential demonstrated strong financial growth in FY2024, achieving a revenue of AED 1.8 Bn, a 8.9% increase compared to AED 1.6 Bn in FY2023. This growth reflects the Company's diversified revenue streams across multiple segments, including Premium, Community, Affordable, and Corporate Housing. The revenue growth was driven by strong performance in the Community and Affordable segments, alongside growth from Corporate Housing, Premium, and other segments such as retail rentals. The Company has achieved an impressive occupancy of 96.8% during FY2024 with operational excellence.

The Community segment remains the largest revenue contributor, generating AED 855 Mn in FY2024, representing 47.7% of the Company's total revenue. This highlights the strong demand for residential properties in well-established communities managed by Dubai Residential. Following closely is the Affordable segment, which generated AED 627 Mn during the same period, contributing 35.0% to the total revenue. The steady performance across these segments reflects Dubai Residential's strategic focus on providing diverse housing options to cater to different market segments. The Premium segment generated revenue of AED 145 Mn in FY2024 compared to AED 121 Mn during FY2022, contributing 8.1% of total revenue generated during FY2024. Corporate housing and other segment including retail space generated revenue of AED 82 Mn and AED 85 Mn, respectively during FY2024.

In terms of profitability, the Company's adjusted EBITDA saw significant growth, increasing at a CAGR of 16.4%, from AED 957 Mn in FY2022 to AED 1,296 Mn in FY2024. This growth was driven by higher revenue, improved gross margins, and cost efficiencies in General & Administrative (G&A) expenses. The Company's adjusted EBITDA margin also expanded, reaching 72.3% of revenue in FY2024, up from 65.7% in FY2022, signaling improved operational efficiency. Proforma EBITDA also increased from AED 956 Mn in FY2022 to AED 1,303 Mn in FY2024, with proforma margins expanding from 65.7% in FY2022 to 72.7% in FY2024.

The FFO of the Company stood at AED 1,094 Mn in FY2024, equivalent to 61.0% of the revenue

Dubai Residential's Funds from Operations (FFO) also increased during FY2024 to AED 1,094 Mn from AED 815 Mn during FY2022. FFO, as a percentage of revenue, also expanded from 56.0% during FY2022 to 61.0% during FY2024. Dubai Residential also boasts a healthy balance sheet with AED 21.6 Bn in investment properties as of FY2024 and a cash balance of AED 1.3 Bn. The Company also has an Unsecured Corporate Facility of AED 3.7 Bn with an undrawn amount of AED 1.1 Bn to fund growth. Pro-forma free cash flow also increased from AED 703 Mn during FY2022 to AED 1,061 Mn during FY2024, with a CAGR of 22.9%. Free cash flow conversion also improved to 89.8% during FY2024 from 81.2% in FY2022.

Figure 10: Revenue (AED Mn)

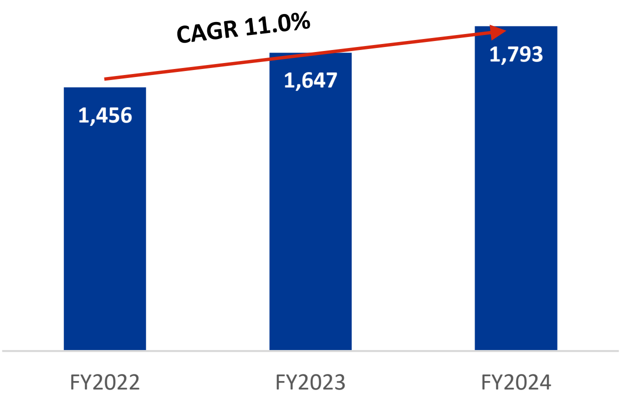
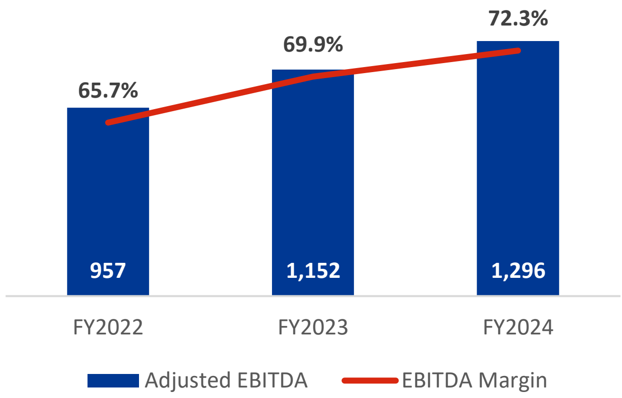


Figure 11: Adjusted EBITDA[1] (AED Mn)



Source: Company Information, [1]Historical figures are on a carve-out basis

Figure 12: Funds from Operation[1] (FFO) (AED Mn)

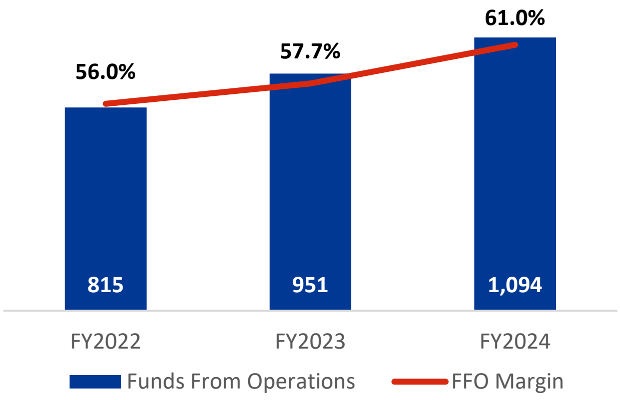
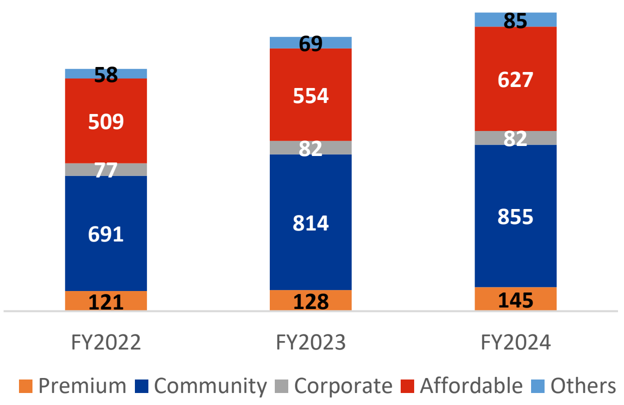


Figure 13: Revenue by Segment (AED Mn)



Source: Company Information, [1]Historical figures are on a Proforma basis. FY2024 figures are forecasted by FAB Securities and are on a proforma basis

Environmental, Social, and Corporate Governance (ESG)

Dubai Residential's ESG framework enables sustainability across its business operations

Dubai Residential's sustainability strategy, built on four key pillars, underpinned by robust governance and transparent reporting, position the Company as a leader in sustainable practices and driving positive social impact

Dubai Residential's sustainability strategy is primarily driven by four strategic pillars that integrate sustainability across its operations: Planet, People and Culture, Responsible Supply Chain, and Philanthropy. The Company's first pillar, Planet, focuses on environmental responsibility and long-term decarbonization efforts. The second pillar, People and Culture, fosters a culture of inclusivity, safety, and well-being for employees and residents. The third pillar, the Responsible Supply Chain, ensures sustainable and ethical business practices are upheld throughout the entire value chain. In addition, the fourth pillar, Philanthropy, emphasizes supporting sustainable local communities through Dubai Holding's philanthropic initiatives.

The Company also focuses on the key enablers, which further reinforce its commitment to Environmental, Social, and Governance (ESG) principles. Governance ensures a robust framework for oversight and accountability while Monitoring and Reporting creates long-term value by maintaining transparency and comprehensive reporting practices. These pillars and enablers collectively position Dubai Residential as a leader in sustainable operations, committed to driving positive environmental and social impact.

Dubai Residential's ESG strategy is also based on the United Nations's ten Sustainable Development Goals (SDGs) out of 17. The Company's ESG strategy includes employees' Good Health and Well-being, Quality Education, Gender Equality, Affordable and Clean Energy, Decent Work and Economic Growth, Reduced Inequality, Sustainable Cities and Communities, Responsible Consumption and Production, Climate Action, and Partnerships for the Goals.

Figure 14: Sustainability Strategy Pillars and ESG Enablers of Dubai Residential

Source: Company Information

Strategic Investments in Water Conservation and Waste Management to Improve Operational Efficiency

Dubai Residential's water management initiatives are anticipated to reduce energy consumption by 48,500 MWh annually, generate renewable energy by 17,400 MWh annually, and save AED c.18-20M from ECMs and 92.6 Mn IG water annually by FY2027

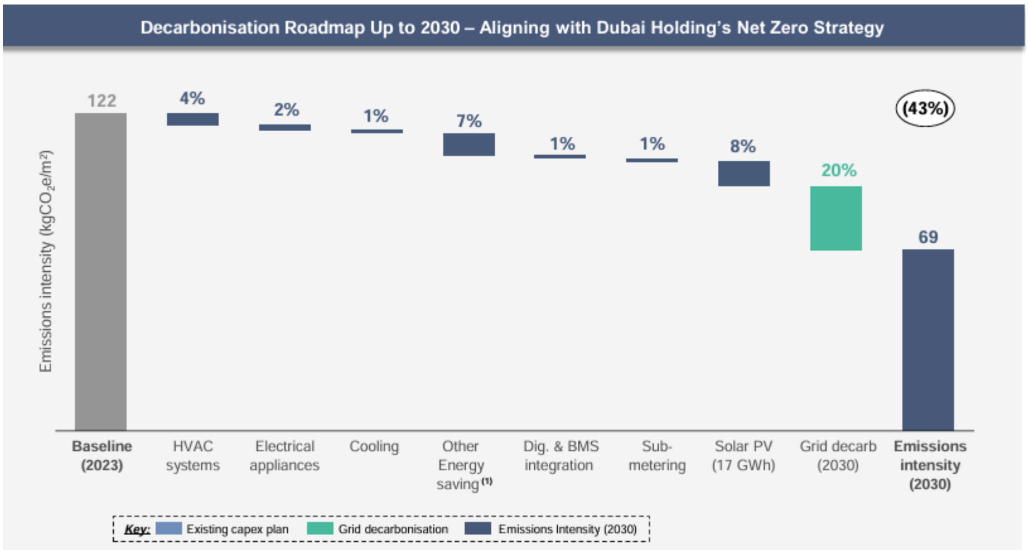
Dubai Residential plans to reduce carbon emissions through grid decarbonisation. The Company aims to reduce the intensity of emissions by 43% by FY2030. The Company also follows a decarbonisation roadmap that aligns with the net zero strategy of its parent company, Dubai Holding. Dubai Residential plans to reduce the emissions from a baseline of 122 $KgCO_2e/m^2$ in FY2023 to 69 $KgCO_2e/m^2$ in FY2030 through its planned measures, such as the responsible use of HVAC systems, electrical appliances, solar PV and other energy-saving projects etc. Dubai Residential believes in delivering value with profits to its stakeholders. Thus, the Company takes initiatives that provide measurable benefits while improving its portfolio sustainability and financial results. Furthermore, the Company is on a clear pathway to net zero, by implementing measures that support emissions reductions and provide strong value with favorable payback periods, reinforcing its commitment to long-term environmental responsibility.

Dubai Residential is committed to enhancing operational efficiency while prioritizing energy and water conservation. The Company implements 100 budgeted energy conservation measures, such as undertaking renewable energy projects like solar PV, energy-saving retrofit projects like HVAC optimisation and LED lighting, and integrating digitalisation with the building management system. Additionally, the Company undertakes water and waste management processes, such as improving infrastructure for recycling grey water, actively monitoring water usage, regularly auditing and submetering, and technology integration. These initiatives underscore the Company's commitment to sustainability, operational efficiency, and environmental management. The Company's strong initiatives are expected to reduce energy consumption by 48,500 MWh annually, generate renewable energy by 17,400 MWh annually, and save AED c.18-20M from ECMs and 92.6 Mn IG water annually by FY2027.

The Company's waste management initiatives successfully diverted 45% of waste from landfills between January 2024 and September 2024

The Company strongly emphasizes waste management, leveraging key operational strategies such as community engagement and education, infrastructure enhancements, monitoring and evaluation, and technology integration. This comprehensive approach enabled the Company to achieve significant progress and successfully divert 45% of waste from landfills between January 2024 and September 2024.

Figure 15: Net Zero Strategy of Dubai Holding



Source: Company Information, [1]Other Energy saving' includes the savings associated with the 'Energy saving project' category from the Dubai Residential Capex plan

Driving ESG Excellence: Empowerment, Sustainability, and Ethical Practices

Dubai Residential is dedicated to fostering diversity, equity, and inclusion, with a target of >30% women in management by FY2025 and a focus on local talent through Emiratisation

Dubai Residential is committed to fostering a culture of empowerment and inclusivity, which is demonstrated through its robust Diversity, Equity, and Inclusion (DEI) initiatives. The Company focuses on achieving >30% women in management by FY2025. Dubai Residential's DEI performance comprises 39% of the women's workforce, with 35% holding middle management or higher roles. Furthermore, the Emiratisation workforce stands at 29%, reinforcing its dedication to nurturing local talent.

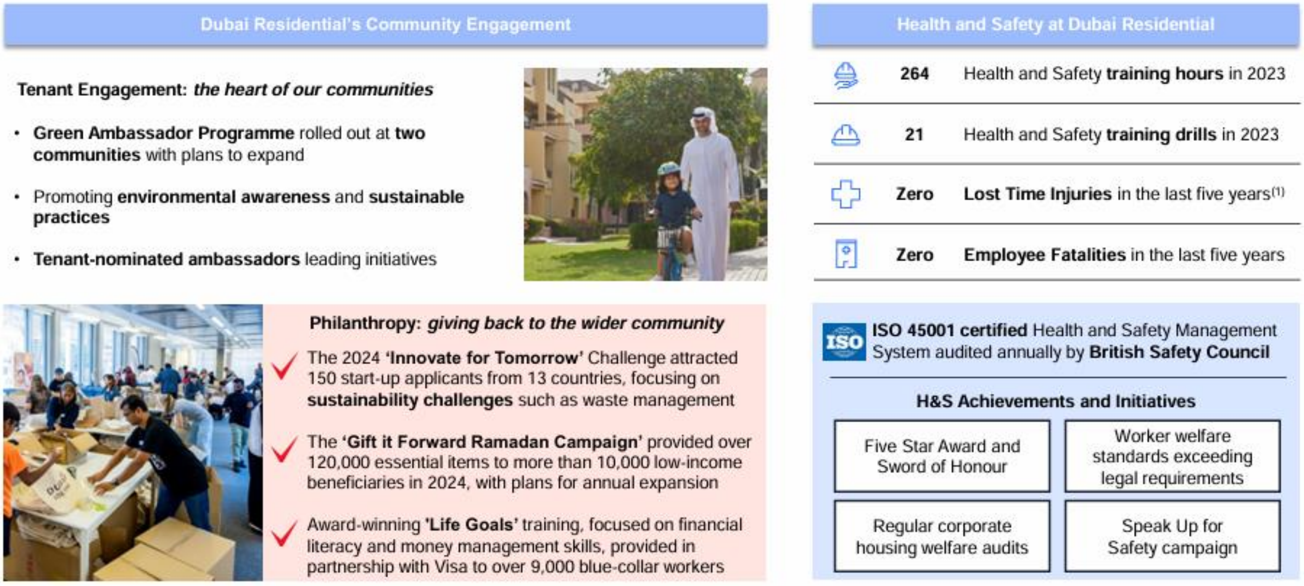
Dubai Residential also promotes employee engagement and well-being by organizing diverse wellness programs, fitness classes, health screenings, mental health initiatives and celebrating milestones like Emirati Women's Day. The Company organizes flexible working policies, such as those introduced for back-to-school periods, which underscore its commitment to work-life balance. The Company successfully conducted 20 wellness sessions and achieved a 96% completion rate for its employee satisfaction survey, reflecting strong engagement and support for its workforce. Dubai Residential also provided its employees core training and development opportunities in FY2024. The Company demonstrates its commitment to employee growth and sustainability through a comprehensive talent development framework. The Company's employees have access to more than 3,000 courses that empower to enhance the skills and expertise of employees. Additionally, the Company introduced executive-level courses to advance leadership capabilities in collaboration with the University of Cambridge's Institute for Sustainability Leadership. Additionally, it supported employees in achieving certifications such as CEM, CAP, GRI, and LEED in FY2024, reinforcing its dedication to fostering a knowledgeable and sustainability-focused workforce.

The Company promotes sustainability through tenant engagement initiatives, such as the Green Ambassador Programme, and upholds responsible sourcing with a new supplier code of conduct

The Company also promotes community engagement and undertakes initiatives that create a positive impact in society, such as the 2024 'Innovate for Tomorrow' challenge, which focused on sustainability; the 'Gift it Forward Ramadan Campaign', which provided essential items to low-income groups; and the 'Life Goals' training, which focused on financial literacy and money management skills for blue-collar workers. The Company actively promotes environmental awareness and sustainable practices through tenant engagement initiatives. A key component of this initiative is the Green Ambassador Programme, currently active in two communities, with plans underway for further expansion to additional locations. This program empowers tenant-nominated ambassadors to lead sustainability initiatives, fostering collaboration and promoting eco-friendly practices within the community.

Dubai Residential prioritises a responsible supply chain while sourcing locally. The Company continues to embed the ESG framework in its ethical and sustainable sourcing. It assesses its suppliers and has implemented procurement controls across Dubai Residential's value chain. In FY2024, the Company also released a code of conduct for its suppliers. This approach underscores Dubai Residential's commitment to fostering responsible business practices and ensuring sustainability throughout its supply chain.

Figure 16: Tenant engagement and other social initiatives conducted by Dubai Residential



Source: Company Information, Gift it Forward Cap, Energy Study – BMS Report, Q2 2024 ESG Data Report, AQSA 1/2/3/NUZUL WW OVERVIEW OCT 2024, Sustainability Report 2023. [1]For DHAM employees only

Key Investment Highlights

High-Quality Diverse Portfolio Enabling Long Term Sustainable Growth

Well-Diversified Portfolio Across All Price Points and Key Areas in Dubai

Dubai Residential is the largest REIT in the GCC region and a wholly-owned subsidiary of Dubai Holding, one of Dubai's leading private real estate developers

Dubai Residential is the GCC region's largest Real Estate Investment Trust (REIT). The Company is a wholly-owned subsidiary of Dubai Holding, one of Dubai's most prominent private real estate developers. Dubai Residential leverages Dubai Holding's extensive and diversified portfolio, which spans sectors including real estate, media, tourism, retail, design, manufacturing, logistics, education, ICT, hospitality, and entertainment. With a total book value of AED 265 Bn, Dubai Holding's strategic investments enhance Dubai Residential's ability to cater to various housing requirements. This alignment gives Dubai Residential a competitive edge and an attractive value proposition in the market.

Dubai Residential's portfolio caters to a broad range of tenants, offering premium housing for High-Net-Worth Individuals (HNWI), family-friendly communities, and affordable options for cost-effective residents. The Company's portfolio is further diversified with purpose-built properties tailored for corporate and industrial staff, addressing varying housing demands across Dubai's micro-markets and price points. Dubai Residential's fully integrated communities provide high-quality living environments, combining superior amenities with strategic locations. The Company focuses on large-scale Built-to-Lease (BTL) developments, which optimizes rental yields by leveraging economies of scale. Dubai Residential also manages customized residential complexes for industrial and corporate staff in key areas like the Jebel Ali Free Zone and Al Quoz Industrial Area. In addition, the Company also serves premium housing offerings in prime locations featuring superior amenities and access to major attractions. Dubai Residential rapidly expanded its residential portfolio to 35,700 units as of December 2024, spanning 21 communities with a Gross Leasable Area (GLA) of 35.7 Mn square feet. The Company's portfolio is diversified across Premium, Community, Affordable, and Corporate Housing segments. This strategic diversification enables Dubai Residential to effectively address the various housing needs of individuals and corporates, delivering a balanced mix of affordability and luxury while maintaining a strong presence in Dubai's real estate market.

The Company's Premium segment's GAV stood at AED 3.2 Bn and generated AED 145 Mn in revenue, representing 8.1% of the Company's total revenue during FY2024

The Company's Premium segment is strategically designed to cater to high-income individuals, offering superior amenities in prime locations that provide a luxurious lifestyle. This portfolio includes a mix of one- to three-bedroom apartments and four- to five-bedroom villas or townhouses, catering to diverse renter profiles, including families of various sizes. The residents of the Premium segment enjoy access to world-class amenities, including landscaped walkways, infinity pools, waterfront access, water play areas, BBQ zones, and fully equipped fitness centres. The annual rents in the Premium segment are towards the high end, starting at AED 150K for a one-bedroom apartment and AED 265K for a four-bedroom villa.

The Gross Asset Value (GAV) of these three assets stood at AED 3.2 Bn at the end of December 2024, according to JLL report. As of FY2024, out of the total GAV, Nad Al Sheba accounts for the majority, 39%, followed by Citywalk 36% and Bluewaters accounts for 25%. The portfolio units comprise 65% apartments and 35% villas, offering a range of 1-bed, 2-bed, 3-bed, 4-bed and 5-bed residences. These properties represent 2% of the Company's total residential portfolio but significantly impact overall performance as of FY2024. The Premium segment generated AED 145 Mn in revenue, representing 8.1% of Dubai Residential's total revenue, with an adjusted EBITDA of AED 107 Mn and a robust EBITDA margin of 74% in FY2024. The segment's implied net yield stood at 3.3%, supported by an average occupancy rate of 95% and an annual rental rate of AED 71 per sq ft per annum in FY2024. The strong demand and attractive returns from the Premium segment underscore its role as a key growth driver and an essential contributor to Dubai Residential's financial performance.

The Community segment is strategically tailored to serve the mid-tier to high-end demographic, with annual rental options starting at AED 40K for studio apartments and AED 90K for two-bedroom townhouses

Dubai Residential's Community segment is designed to cater to the mid-tier to high-end population, offering family-friendly living environments that meet the growing demand for gated communities. This segment features a variety of unit configurations, including studio apartments, one- to two-bedroom units, and villas or townhouses with two to three bedrooms. These properties provide access to specialized amenities such as local supermarkets, nurseries, indoor gyms, swimming pools, BBQ zones, and children's play areas, ensuring a holistic and family-oriented lifestyle. The annual rentals in this segment start at AED 40K for a studio apartment and AED 90K for a two-bedroom townhouse, offering a cost-effective alternative to premium properties.

As of December 2024, Dubai Residential's Community portfolio comprises 14 key assets with a Gross Asset Value (GAV) of AED 11.4 Bn, according to JLL report. The segment's 13,649 rental units represent 38% of Dubai Residential's total residential portfolio during FY2024. The segment generated a robust revenue of AED 855 Mn, contributing 47.7% of Dubai Residential's total revenue, the highest among all the other segments in FY2024. In addition, the segment recorded an adjusted EBITDA of AED 636 Mn, with a robust EBITDA margin of 75% and an implied net yield of 5.6% in FY2024. The segment's average occupancy rate also stood strong at 99%, with an annual rental rate of AED 51 per sq ft annually during FY2024. The Community segment's robust performance, diverse offerings, and strong market demand solidify its position as a key pillar in Dubai Residential's portfolio.

Figure 17: Premium Offerings & Price Points

Figure 18: Community Offerings & Price Points

Source: Company Information

Strategic Offerings to Meet Market Demand and Enhance Competitive Position

The Affordable segment accounted for 46% of the Company's total residential portfolio and generated AED 627 Mn in revenue during FY2024

The Company's Affordable segment is designed to address the increasing demand for budget to mid-tier housing, offering cost-effective living solutions that prioritize value and accessibility. This segment caters to a diverse demographic seeking affordable housing without compromising quality of life. Dubai Residential's Affordable segment's developments are equipped with essential amenities, including local retail centers, supermarkets, and family-friendly facilities such as playgrounds, gyms, sports clubs, and jogging tracks. The portfolio in the Affordable segment includes studio apartments and one- to two-bedroom units catering to small families and medium-sized households. The annual rentals in the segment also start low, with AED 21K for a studio apartment, presenting an attractive alternative to higher-end offerings in the Community and Premium segments.

As of December 2024, Dubai Residential owns two major assets in the Affordable segment, which includes International City and Al Khail Gate. These two assets comprise 16,256 rental units, representing 46% of the Company's total residential portfolio. The total GAV of these two properties stood at AED 5.4 Bn, according to JLL report, with Al Khail Gate contributing 68% of the GAV and International City accounting for 32% in FY2024. The Affordable segment generated AED 627 Mn in revenue during FY2024, making it the second-largest contributor, representing 35.0% of Dubai Residential's total revenue. The segment also achieved an adjusted EBITDA of AED 455 Mn, with a strong EBITDA margin of 73% and an implied net yield of 8.4%. The segment's average occupancy rate also stood robust at 96%, with an annual average rent of AED 47 per sq ft annually during FY2024. The Affordable segment's strong occupancy rates, attractive rental yields, and significant revenue contribution underpin Dubai Residential's portfolio strength.

The Corporate Housing Segment, with 5,049 rental units, recorded a net yield of 10.2%, and AED 82 Mn in revenue during FY2024

The Corporate Housing segment of Dubai Residential plays a critical role in meeting the needs of corporate and industrial staff by offering well-designed developments equipped with essential amenities. These include local retail centers with supermarkets, landscaped areas, prayer halls, Wi-Fi, outdoor gyms, and sports courts. The segment features diverse apartment configurations with annual rents starting from AED 10K, presenting an attractive solution for corporate organizations and the workforce.

As of December 2024, Dubai Residential included two key assets within this segment: Al Quoz and Nuzul. These two properties provide 5,049 rental units, constituting 14% of the Company's total residential portfolio as of FY2024. According to JLL report, the GAV of the segment reached AED 361 Mn, with Al Quoz contributing 63% and Nuzul 37% to this valuation. The Corporate Housing Segment generated AED 82 Mn in revenue during FY2024, accounting for 4.6% of the Company's total revenue, and achieved an adjusted EBITDA of AED 37 Mn, with a margin of 45% during FY2024. The implied net yield also stood at 10.2% during the same period. The segment's average occupancy level remained high at 93%, with an average annual rent of AED 102 per sq ft annually as of FY2024. The Company's solid and diverse presence across all segments, higher occupancy rates, robust rental yields, and strong financial performance position it for sustained growth. This comprehensive portfolio enables Dubai Residential to effectively meet varying market demands, ensuring its ability to maintain a competitive edge and solidify its market leadership going forward.

Figure 19: Affordable Offerings & Price Points

Figure 20: Corporate Housing Offerings & Price Points

Source: Company Information

Strategic Asset Management Resulting in Stable and Robust Operating Performance

Comprehensive Marketing Strategy Driving Market Leadership and Growth

As of FY2024, Dubai Residential achieved an average occupancy rate of c. 96.8%, a customer satisfaction rate exceeding c. 80%, and a Contact Centre Customer Satisfaction rate of higher than 90% through its four key operational pillars

Dubai Residential's value chain is mainly driven by four key operational pillars, which include Marketing, Leasing, Tenant Experience, and Asset Management, which together drive its robust performance and market leadership. By leveraging these pillars, the Company achieved an average occupancy rate of c. 96.8% as of FY2024, a Residential Customer Satisfaction rate exceeding c. 80%, and a Contact Centre Customer Satisfaction rate of higher than 90%. These metrics underscore the Company's commitment to operational excellence and customer-centric strategies.

The Company's first pillar of operations excellence is its high-impact, customer-focused marketing strategy, built on a robust four-pronged approach. Through its first approach, Targeted Marketing, Dubai Residential enhances lead generation, conversion, and brand awareness by aligning campaigns with customer preferences and market trends. The Company's second approach, Omnichannel Strategy, integrates online and offline channels, tailoring each focus to provide a consistent and engaging customer experience. By adopting its third approach, Standardized Processes, the Company benefits from economies of scale and operational efficiencies, improving resource utilization and delivering consistent service quality. Additionally, it employs its fourth approach, Data-Driven Techniques, by utilizing market intelligence and dynamic pricing mechanisms to optimize revenue streams and proactively adapt to tenant preferences and market conditions. This comprehensive marketing strategy enables the Company to broaden its demographic reach, reduce customer acquisition costs, and strengthen its brand consistency. The Company's emphasis on tenant experience and proactive asset management, coupled with these initiatives, is expected to improve its market leadership, driving continuous growth and long-term value creation while enhancing its competitive edge.

The Company's websites/portals generated c. 33,037 leads as of FY2024

Dubai Residential also adopts a comprehensive approach to marketing by leveraging both its online and offline channels. Through its online platforms, the Company utilizes websites/ portals, including property listing websites like Property Finder, Dubizzle, and Bayut, as well as its own websites and agent portals. These platforms primarily focus on property listings and successfully generated c. 33,037 leads as of FY2024. Dubai Residential also leverages its growing social media presence, with a follower base of c. 95,411 as of FY2024. The Company ensures effective demographic reach and enhances brand engagement by employing targeted marketing through geo-targeted campaigns. In the offline space, Dubai Residential emphasizes brand awareness and leads conversion through its Out-of-Home (OOH) displays and physical offices. OOH campaigns, including TV, radio, and magazine advertisements, are focused on broadening brand visibility across diverse audiences. Dubai Residential also operates four leasing offices supported by a strong agent network, which is crucial in lead conversion and customer engagement. By integrating online and offline channels, Dubai Residential ensures a balanced and effective marketing strategy that strengthens its market position and drives continued growth.

Figure 21: High-Impact Marketing Strategy with Customer-Centric Approach

Source: Company Information

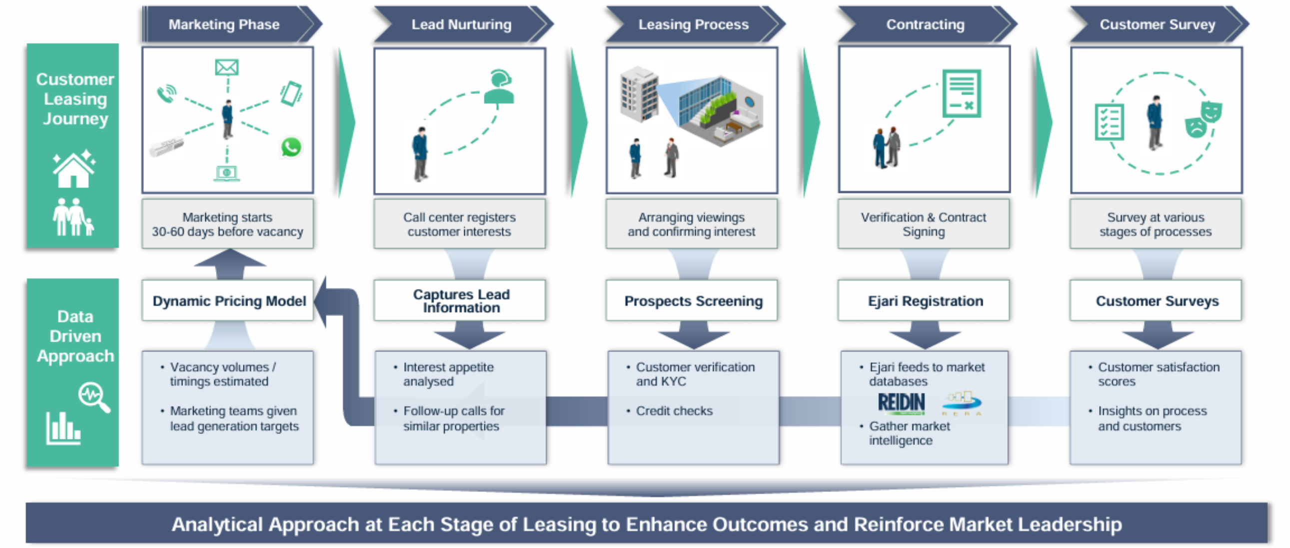
Data-Driven Leasing Process Enhancing Efficiency and Customer Experience

Dubai Residential's five-step customer leasing process underscores its commitment to operational excellence, customer satisfaction, and market leadership

Dubai Residential's second pillar of operational excellence is its leasing process, which is supported by a robust data and market intelligence framework. The Company employs a structured five-step customer leasing process to maximize operational efficiency, enhance customer experience, and deliver superior outcomes. The process begins with a Dynamic Pricing Model that leverages vacancy volume and timing estimates, enabling marketing teams to set precise lead generation targets. To ensure an effective leasing journey, the marketing phase is initiated 30-60 days before anticipated vacancies, allowing for proactive customer outreach and establishing a solid foundation for lead generation. The next phase is lead nurturing, where the Company's call center plays a pivotal role in registering customer interests, capturing detailed lead information, and analyzing appetite for properties. This phase includes personalized follow-up calls to promote similar properties, ensuring higher engagement and conversion rates. During the leasing phase, the Company focuses on arranging property viewings, confirming interest, and conducting a thorough screening process that includes customer verification, KYC compliance, and credit checks to maintain the quality of the tenant base. The contracting phase encompasses document verification, contract finalization, and Ejari registration while integrating key data into market platforms like REIDIN and RERA to generate actionable market insights. The final stage is centered on customer engagement, with surveys conducted at various stages to measure customer satisfaction, collect actionable feedback, and refine leasing processes. These surveys provide essential insights into customer preferences and enhance the overall experience. This comprehensive and analytical leasing approach underscores Dubai

Residential's commitment to operational excellence, customer satisfaction, and sustained market leadership.

Figure 22: Five-steps Leasing Process Driven by Data and Market Intelligence Framework



Source: Company Information

Enhancing Tenant Experience through Operational Excellence and Digital Innovation

The Company's focus on operational excellence, backed by specialized teams and advanced digital platforms, ensures a seamless living experience for tenants, reinforcing its leadership in high-quality residential services

Dubai Residential's third pillar of operational excellence focuses on elevating the tenant living experience through high-quality services delivered by specialized teams and supported by digital platforms. The Company's each property is managed by a dedicated Property Management Team. The Property Management Team ensures strong tenant relationships, handles lease renewals, conducts move-out inspections, and coordinates with third-party community service providers. The team also manages rental disputes, oversees renovation planning during vacancy periods, and drives community engagement initiatives to enhance tenant satisfaction and retention. In addition, Dubai Residential's Facilities Management Team ensures the maintenance of both individual units and communal areas to the highest standards. This team covers essential services, including security, housekeeping, infrastructure maintenance, landscaping, and technical support, such as lift engineers, to create a safe and comfortable tenant environment.

The Company strongly emphasises seamless move-in processes, with well-defined inspections and efficient handovers of keys and access cards, ensuring a smooth transition for new residents. Additionally, to streamline and enhance tenant interactions, it leverages digitized platforms such as its mobile app, Dubai Residential and other apps such as Planyo and Yardi, enabling tenants to efficiently manage the living experience, access services, and stay connected to the community. Furthermore, Dubai Residential strongly emphasizes community engagement by organizing sports events, religious gatherings, and other initiatives to foster a sense of belonging and connection among residents. The Company also undertakes living experience surveys and implements quarterly feedback mechanisms to gather insights and continuously refine operations, ensuring that tenants needs and expectations are consistently met. Through a customer-centric approach and ongoing investment in advanced systems, Dubai Residential delivers a seamless and satisfying living experience for its tenants. This commitment to operational excellence underpins the Company's leadership in providing high-quality residential services and helps maintain its market leadership.

Figure 23: Dubai Residential's High-Quality Services for Tenants

Source: Company Information

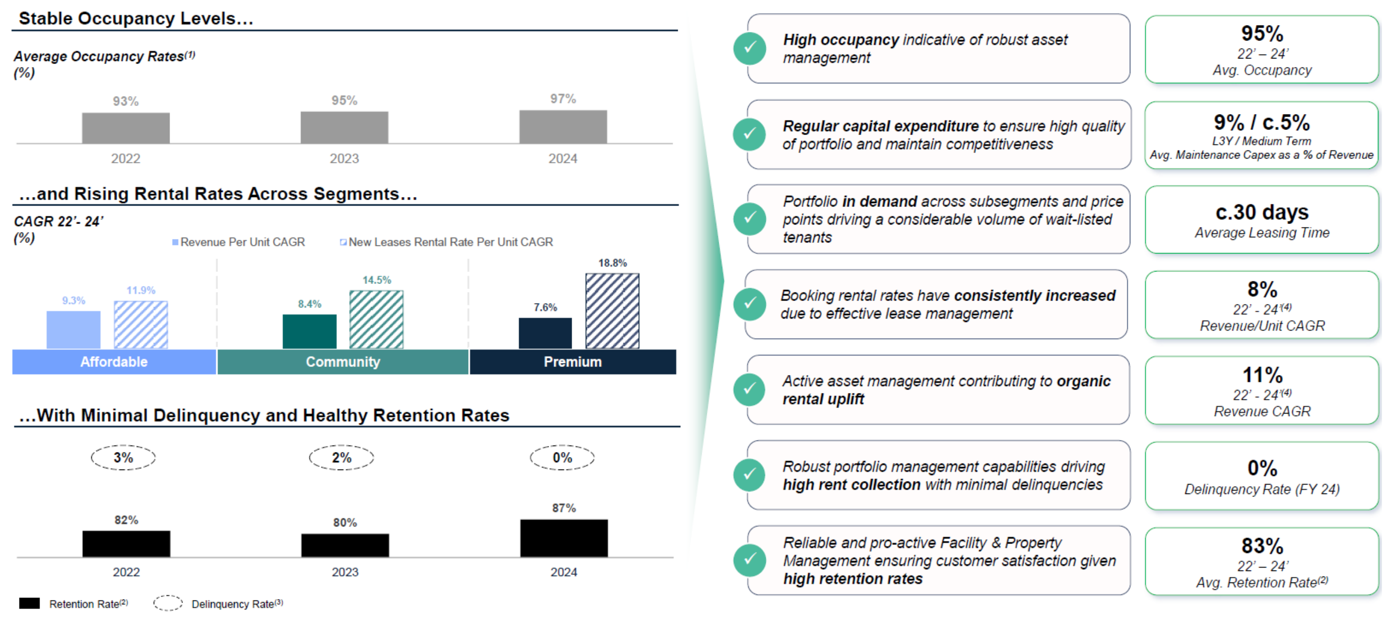
Strong Operational Performance and Strategic Investments Driving Growth

Dubai Residential's asset management and disciplined Capex strategy resulted in robust occupancy growth, consistent rental increases, and improved tenant retention, underscoring its operational efficiency and commitment to enhancing portfolio quality

Dubai Residential's strong focus on operational excellence through proactive asset management has driven stable and resilient performance across its portfolio. The Company's active asset management strategies have consistently improved its key metrics. The occupancy rates grew from 93% in FY2022 to 95% in FY2023 and to 97% as of FY2024, supported by high demand across all subsegments and price points. The portfolio also remained highly in demand, with significant wait-listed tenant volumes and an average leasing turnaround time of c. 30 days, reflecting its strong market positioning. Additionally, the Company achieved consistent rental growth across all its segments, reflecting effective lease management and asset optimization. The Company recorded a CAGR of 9.3%, 8.4%, and 7.6% in revenue per unit for the Affordable, Community, and Premium segments, respectively, during FY2022- FY2024. New lease rental rates also surpassed existing lease rates, growing at a CAGR of 11.9%, 14.5%, and 18.8%, respectively, across the same segments during the same period. The Company's strong focus on efficient portfolio management enabled strong rent collection with minimal delinquency, as delinquency rates declined from 3% in FY2022 to 0.4% as of FY2024. Tenant retention rates increased from 82% in FY2022 to 87% as of FY2024, underscoring Dubai Residential's commitment to proactive property management, tenant satisfaction, and operational stability.

Dubai Residential also focuses on improving its property offerings through a well-structured capital expenditure (Capex) strategy. The Company's disciplined approach resulted in a decline in Capex from AED 225 Mn in FY2022 to AED 187 Mn in FY2023 and further to AED 184 Mn as of FY2024. A significant portion of this investment has been allocated to maintenance, totalling AED 162 Mn in FY2022, AED 159 Mn in FY2023, and AED 121 Mn in FY2024, ensuring sustained quality across the portfolio. Refurbishment-related capex amounted to AED 51 Mn in FY2022, AED 22 Mn in FY2023, and AED 63 Mn in FY2024, reflecting a focus on targeted upgrades. The Company's remaining Capex has been strategically directed towards special projects to enhance the property portfolio. The capex as a percentage of revenue also declined from 15.4% in FY2022 to 11.4% in FY2023 and further to 10.3% as of FY2024, demonstrating operational efficiency and prudent financial management. Dubai Residential further focuses on key areas under its Capex strategy, including refurbishing aging assets, introducing modern amenities, optimizing HVAC and chiller systems, improving communal spaces, implementing energy-saving retrofits, and establishing greywater recycling systems. The Company's strong emphasis on asset management significantly elevated its property standards, leading to higher tenant retention, increased occupancy rates, and improved annual rental yields.

Figure 24: Dubai Residential's Stable and Resilient Operating Performance



Source: Company Information, (1) Defined as leased units during the period divided by available units during the period. (2) Defined as percentage of total tenants that renew their leases during the period. (3) Defined as charge for loss allowance on trade and other receivables divided by revenue, expressed as a percentage. (4) Calculated as annual revenue divided by average leased units during the period.

Favourable Macroeconomic Outlook to Drive Economic Growth in the UAE and Dubai

Robust Macroeconomic Trends Supporting Growth in the UAE

Dubai Residential is well-positioned to capitalize on the UAE's strong GDP growth, rising FDI inflows, demographic expansion, and increasing disposable incomes, providing a robust foundation for sustained growth and market leadership

Dubai Residential is strategically positioned to benefit from the UAE's strong macroeconomic fundamentals, which provide a favourable environment for sustained growth. The UAE economy is expected to outperform the rest of the GCC region and Western Europe, driven by healthy macro tailwinds. According to the Economic Intelligence Unit (EIU), the UAE's GDP is projected to grow at a CAGR of 3.6% from FY2023-2028, surpassing the growth rates of 1.4% in Western Europe and 3.1% in the rest of the GCC during the same period. Additionally, the UAE's nominal GDP per capita grew faster at a CAGR of 3.4% over the past five years to USD 53K, compared to 2.7% in the rest of the GCC of USD 34K and 2.2% in Western Europe of USD 49K. Additionally, FDI inflows in the UAE also demonstrated remarkable growth, increasing at a CAGR of 17.3% from USD 10 Bn in FY2018 to USD 23 Bn in FY2023. The FDI inflows are further anticipated to grow at a CAGR of 3.3% to USD 27 Bn by FY2028. Similarly, the region is expected to experience robust demographic growth, with the population growing at a projected CAGR of 2.8% during FY2023-2028, compared to 2.0% of the Rest of the GCC and 0.1% of Western Europe during the same period. Additionally, increasing private consumption and growing personal disposable income in the UAE is further expected to strengthen the market potential for Dubai Residential. The UAE's personal disposable income is also anticipated to outpace the rest of the GCC and Western Europe. The personal disposable income in the UAE is expected to grow at a CAGR of 4.0% compared to the Rest of the GCC of 1.2% and Western Europe of 1.3% during FY2023-2028. The UAE's strong GDP growth and rising FDI inflows underscore its position as a resilient and attractive market, offering significant opportunities for Dubai Residential's growth and expansion. The region's transformation agendas, such as We the UAE 2031, are also set to drive further economic and real estate sector growth, providing the Company with additional opportunities to scale its operations and position it as a market leader.

Figure 25: Favourable UAE Macro Fundamentals and Robust Demographics

Strong Macro Outperformance…

CAGR %	Real GDP 2018 – 2023	Real GDP 2023 – 2028E	Personal Disposable Income[2] 2018 – 2023	Personal Disposable Income[2] 2023 – 2028E	Population Growth 2018 – 2023	Population Growth 2023 – 2028E
UAE	2.3%	3.6%	6.4%	4.0%	Dubai 2.7%	Dubai 2.8%[3]
Rest of GCC	1.4%	3.1%	2.3%	1.2%	1.7%	2.0%
Western Europe[1]	1.0%	1.4%	0.7%	1.3%	0.3%	0.1%

… Robust Demographic Dynamics …

Large Young Population[4]	76%	2023
Highly Urbanised Population[5]	88%	2023
GDP per Capita vs. Global Average	3.8x	2023
Low Unemployment Rate	2.0%	2023

Source: Economic Intelligence Unit (EIU), Dubai Statistics Center, [1]Includes Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom., [2]Data for the rest of GCC excludes Oman and Bahrain due to data unavailability, [3]Implied CAGR based on Dubai population of 3.7m as of 2023 18 and Dubai 2040 population target of 5.8m as per Dubai Master Plan 2040, [4]Percentage of the population under 45, [5]Percentage of the population living in urban areas in UAE

Favourable Macroeconomic and Demographic Trends Underpin Growth in Dubai

Dubai's strong economic growth, expanding young population, and government initiatives provide a solid market opportunity for the Company to strengthen its market position

Dubai Residential is also poised to benefit from Dubai's fast-growing and vibrant economy, underpinned by compelling macroeconomic fundamentals that provide a robust foundation for sustained growth. According to the data from Dubai Statistics Center, JLL, and S&P Global, Dubai's Real GDP growth is projected to maintain steady expansion from 3.3% in FY2023 to 3.9% in FY2028, driven by favourable reforms and strategic initiatives. The city's demographic growth further supports this momentum, with the population expected to rise from 3.7 Mn in FY2023 to 5.8 Mn by FY2040. As of FY2023, 91% of Dubai's population is under the age of 50, highlighting a young, dynamic workforce that drives consumption and economic activity. Employment growth is also forecasted to increase from 3.0% in FY2023 to 3.1% in FY2028, boosting disposable incomes and fueling demand for residential and commercial spaces. Dubai also holds its status as one of the fastest growing metropolis, as its population grew at a CAGR of 2.7% from FY2018 to FY2023, surpassing global metropolitan Centres such as Sydney, Singapore, Tokyo, and Amsterdam, etc, positioning it as one of the fastest-growing cities worldwide. The growing disposable incomes, rising young population, and expanding workforce are anticipated to drive increased rental demand, positioning Dubai Residential for growth and reinforcing its position as a market leader.

Government initiatives such as "We the UAE 2031" and the "Dubai 2040 Urban Master Plan" also play a pivotal role in shaping Dubai's future. These programs focus on doubling the economy, enhancing foreign trade and FDI, and optimizing urban development to promote sustainability and efficient resource utilization. These macroeconomic tailwinds, supported by strategic urban planning and reforms, reinforce Dubai's position as a dynamic growth hub and are expected to provide Dubai Residential with a favorable environment for expansion, driving long-term growth and strengthening its market position.

Figure 26: Dubai Real GDP & Employment Growth (%)

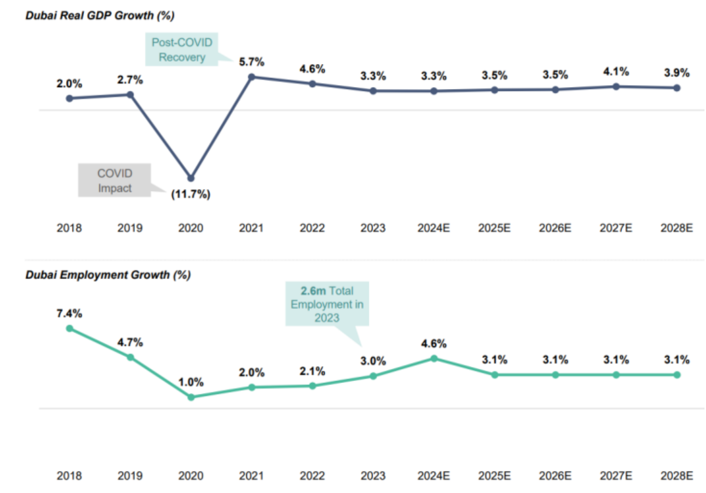
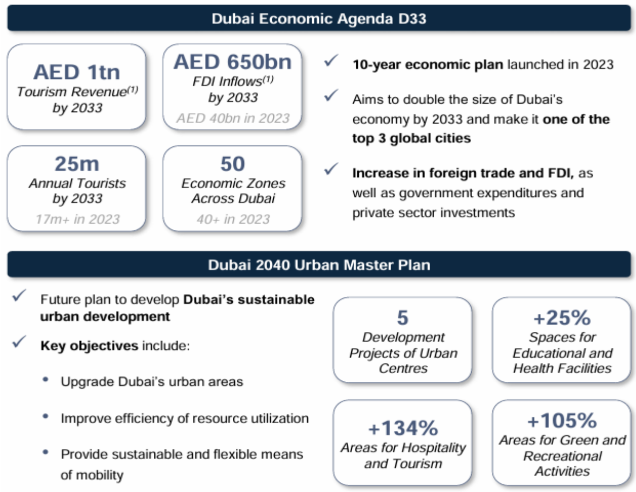


Figure 27: Dubai's Government Initiatives



Source: Company Information, JLL, Dubai Statistics Center, Oxford Economics, World Shipping Council, Dubai Customs

Scalable Organic Growth with Strategic Inorganic Upside to Strengthen Market Position

Rental Uplift and Asset Optimization to Support Medium-Term Growth

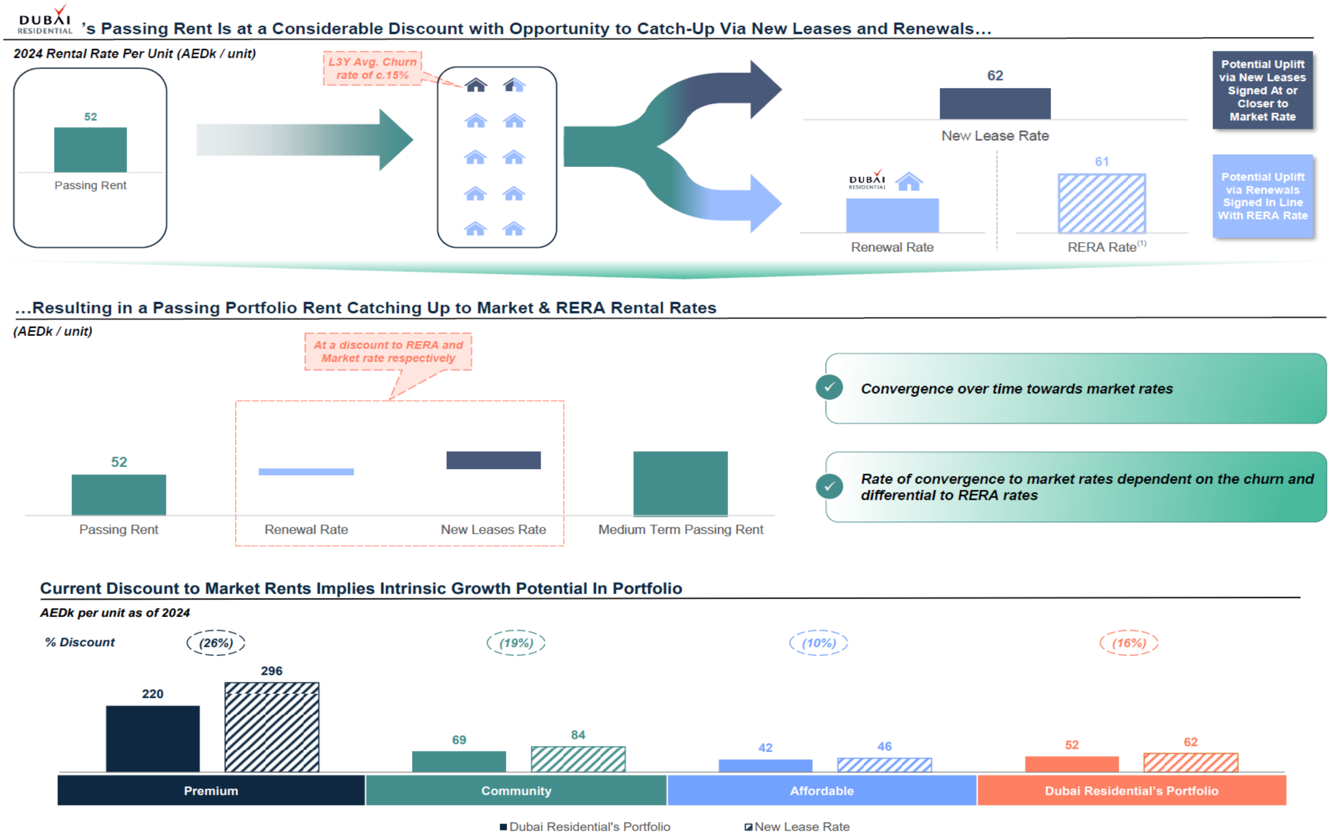
Dubai Residential's significant gap between its current passing rents and prevailing market rates is anticipated to boost its top-line growth

Dubai Residential is strategically leveraging key growth levers to unlock organic and inorganic upside potential. In the medium term, the Company's organic growth strategy focuses on two key components: Rental Uplift and Performance Optimization of Existing Assets. Through its rental uplift initiatives, the Company aims to capitalize on the significant gap between its current passing rents and prevailing market rates, estimated at an average discount of c. 16% across the portfolio. As of FY2024, in the Premium segment, the Company's current leases are trading at a 26% discount, with an average passing rent of AED 220K per unit compared to the market rate of AED 296K per unit. Similarly, in the Community segment, the Company's rental rates of AED 69K per unit remain below the market average of AED 84K per unit. In the Affordable segment, the Company's passing rent of AED 42K per unit reflects an 10% discount to the prevailing market rate. These favorable market dynamics position the Company to realize considerable revenue growth as new leases approach market-aligned pricing and renewals adhere to RERA guidelines. The Company's plans to optimize its rental performance are significantly expected to drive top-line growth, supported by the forecasted increases in new lease rates.

The Company's energy efficiency initiatives and facility management integration are expected to deliver AED 18–20 Mn in medium term savings and AED 5 Mn in estimated annual savings, reinforcing its commitment to operational sustainability and competitiveness

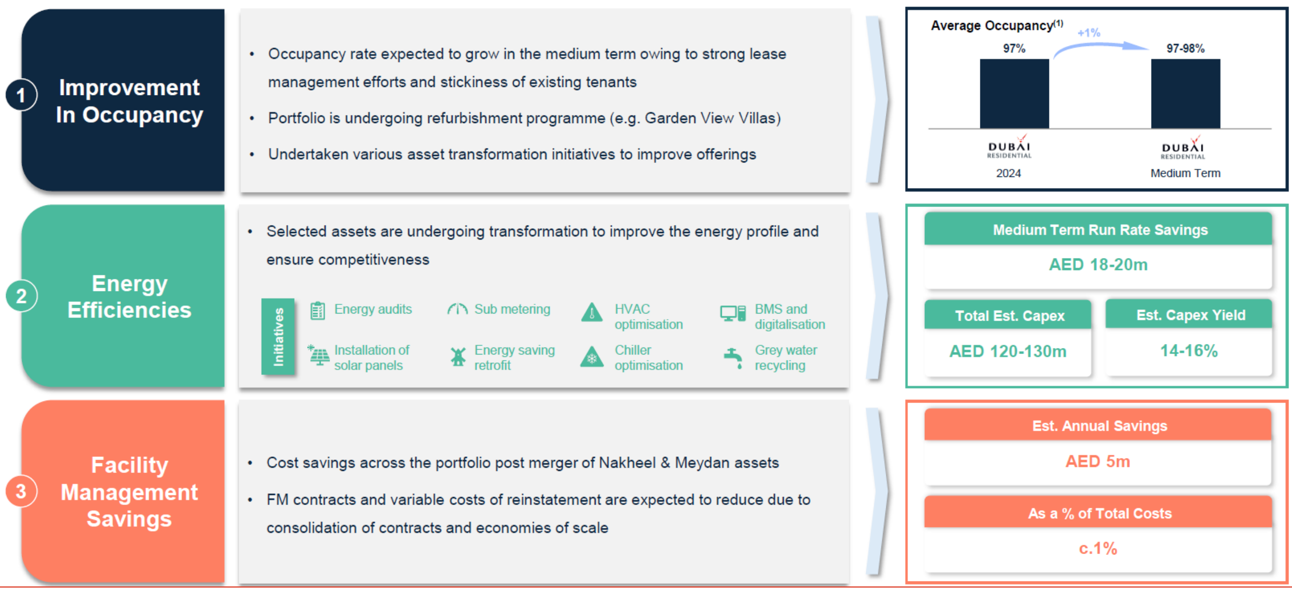
Dubai Residential is advancing its organic growth strategy through effective asset management and cost-saving measures, underpinned by value-accretive investments in asset enhancement and repositioning initiatives. The Company's first pillar of this strategy is improving the portfolio's occupancy level. By leveraging targeted asset management strategies, the Company aims to elevate occupancy rates from 96.8% in FY2024 to 97–98% in the medium term, driven by targeted lease management strategies and tenant retention initiatives. Additionally, to support its higher occupancy goal, the Company is executing refurbishment programs, such as the ongoing upgrades in the Garden View Villas, to enhance offerings and attract tenants. These efforts, coupled with strong lease management and tenant retention strategies, are expected to support higher occupancy, boost renewal rates, and maintain low delinquency levels. The Company's second pillar of the growth framework focuses on improving energy efficiency across the asset portfolio. The Company is transforming selected assets to improve their energy profile and ensure competitiveness to support this growth. The Company is also undertaking key initiatives, including energy audits, submetering, HVAC optimization, and solar panel installations, with an estimated capital expenditure of AED 120–130 Mn over the medium term. These energy efficiency measures are expected to generate savings of AED 18–20 Mn, aligning with the Company's sustainability goals while maintaining competitiveness. Additionally, the third pillar of the Company's focus is facility management (FM) savings. Following the integration of Nakheel and Meydan assets, Dubai Residential anticipates annual savings of AED 5 Mn over the medium term. The Company also expects the FM contracts and variable reinstatement costs to be c. 1% as a % of total costs due to consolidation of contracts and economies of scale. These initiatives collectively underpin Dubai Residential’s commitment to maximizing portfolio performance, driving sustainable growth, and maintaining its market leadership.

Figure 28: Significant Potential for Signing New Leases and Renewals



Source: Company Information, [1]Average RERA rate calculated from RERA provided maximum and minimum numbers

Figure 29: Organic Growth Initiatives to Boost Medium-Term Rate Savings



Source: Company Information, [1]Defined as leased units during the period divided by available units during the period.

Strategic Expansion of Premium Offerings to Drive Top-line Growth

The Company's strategic acquisitions and developments demonstrate its commitment to growing its premium offerings and are projected to drive future revenue growth

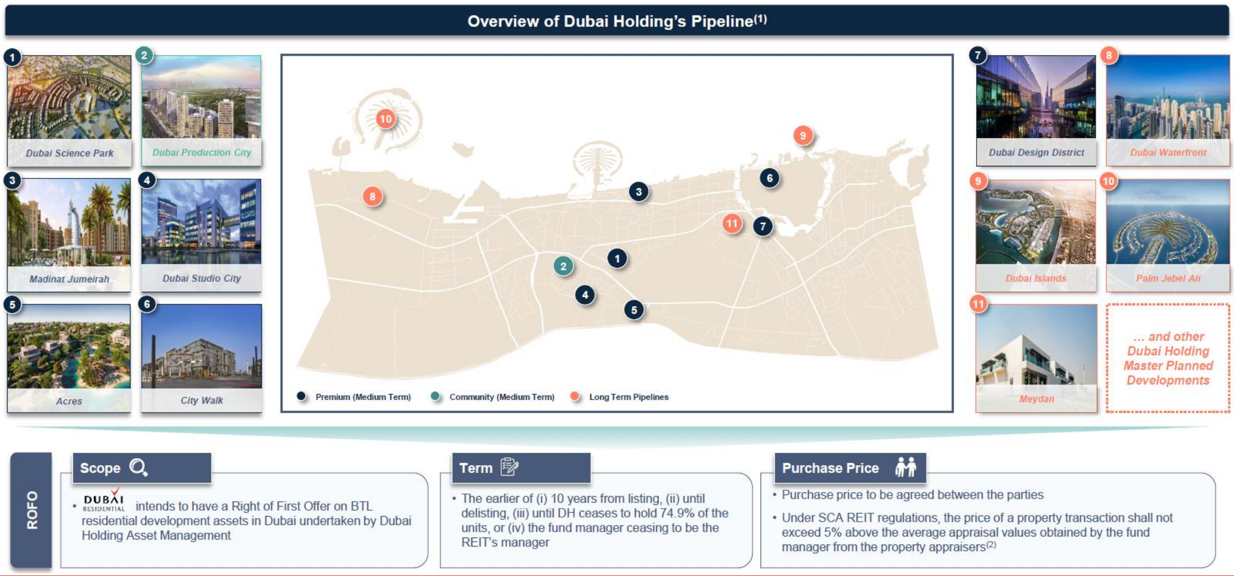
Dubai Residential is actively pursuing inorganic growth opportunities through targeted acquisitions within the DH ecosystem, focusing on premium projects to strengthen its portfolio. In the near term, the Company will acquire two key projects: Garden View Villas and Jebel Ali Village. The Garden View Villas is strategically situated near Ibn Battuta Mall, with direct access to Sheikh Zayed Road E11 and near educational and healthcare facilities. The project is anticipated to deliver 56 premium townhouses featuring 4-bedroom configurations and is expected to be completed by 4Q25. Similarly, the Company's Jebel Ali Village Project is a premium Built-to-Lease townhouse community designed with lush landscaping and extensive green spaces. The project is located near Sheikh Zayed Road, offering seamless connectivity to major hubs, including Dubai Production City and Jebel Ali Industrial Village. The project is expected to add 220 premium townhouses featuring 3–4-bedroom configurations, with completion anticipated by 2Q26. The Company's combined developments, secured under forward purchase agreements, are expected to contribute 276 units to the portfolio and are projected to generate AED 70–80 Mn in revenue, further solidifying the Company's position in the premium segment.

In the medium-term pipeline, Dubai Residential submitted Expression of Interest (EoI) for Dubai Science Park, Dubai Wharf, and Acres, three Built-to-Lease (BTL) projects designed to meet the growing demand for premium single-family homes. The Company's project in Dubai Science Park offers access to schools, retail, top-tier healthcare, and exceptional connectivity to major roads. The project is expected to add 390 gated community townhouses emphasizing walkability and family-oriented amenities. In addition, the project is expected to be completed by FY2027. Dubai Residential also plans to include an additional 107 units at Dubai Wharf in the the Community portfolio with 107 units consisting of one to three-bed apartments, which are expected to be completed by FY2027. The expansion of Dubai Wharf is a strategic asset optimization initiative for the conversion of the under-performing existing retail asset to BTL residential apartments. The Company plans to leverage the popularity and central location of Dubai Wharf and adding to Dubai Residential's existing inventory of 288 units. Dubai Residential's other project, Acres, is a premium villa community in Wadi Al Safa 7, strategically located along Sheikh Zayed Bin Hamdan Al Nahyan Street (D54) and Emirates Road (E611), near Global Village. This project allocates 28% of its master plan to green spaces and incorporates private pools, themed gardens, and water-inspired amenities. The project is anticipated to add 58 premium 3–5-bedroom villas and is projected to be completed by FY2028. Dubai Residential has already submitted the Expression of Interest (EOI) for these medium-term projects, representing an addition of 448 premium units to the portfolio upon contracting. These acquisitions and developments reflect Dubai Residential's commitment to expanding its premium offerings and maintaining its leadership in the regional residential market.

The Company is well-positioned to capitalize on the expanding Built-to-Lease (BTL) market, by leveraging its Right of First Offer (ROFO)

Dubai Residential also benefits from a Right of First Offer (ROFO) on BTL properties, providing the Company with the first opportunity to acquire BTL residential development assets in Dubai undertaken by Dubai Holding and its affiliates, further reinforcing its market leadership. The ROFO terms are valid for the earlier of: (i) 10 years from listing, (ii) until delisting, (iii) until DH no longer holds 74.9% of the units, or (iv) the fund manager ceases to manage the REIT. The purchase price is to be mutually agreed upon, and under SCA REIT regulations, it cannot exceed 5% above the average appraisal values provided by property appraisers. Additionally, Dubai Residential is executing a strategic consolidation and roll-up approach by acquiring third-party assets in Dubai. As part of its long-term strategy, the Company targets acquisitions in both the Premium and Community segments, focusing on apartments and villas. The Company aims to acquire assets that provide attractive risk-adjusted returns. Furthermore, the Company plans to acquire assets located in key catchment areas across the UAE, focusing on properties that align with the typology of its existing portfolio. Dubai Residential is strategically positioned to leverage the expanding BTL market, enhancing its residential portfolio and reinforcing its leadership in the market.

Figure 30: Strong Upside Potential through Strategic Acquisitions



Source: Company Information, (1) Some of the potential acquisitions listed may not fall within the DHAM Group or the ROFO arrangements under the Relationship Agreement. For these potential acquisitions, Dubai Residential potentially has the opportunity to negotiate the acquisition of these assets under development by the wider Dubai Holding Group. (2) The fund manager intends to use independent valuers from the following panel: JLL, CBRE, Knight Frank and Savills.

Strong Financial Performance, Robust Balance Sheet, and Growing Free Cash Flow to Support Higher Dividend Payouts

Rising Occupancy and Rental Income, Combined with Operational Leverage, to Drive Revenue and EBITDA Growth

Dubai Residential demonstrated strong growth, with revenue growing 8.9% YOY to AED 1,793 Mn in FY2024, driven by diversified revenue streams across multiple segments

Dubai Residential demonstrated strong growth, with revenue growing at a CAGR of 11.0% from AED 1,456 Mn in FY2022 to AED 1,793 Mn in FY2024. The strong revenue growth is mainly attributable to the Company's diversified revenue streams across multiple segments, including Premium, Community, Affordable, and Corporate Housing.

The Company's Community segment remained the largest revenue contributor, accounting for 47.7% of the total revenue in FY2024. The Community segment revenue grew 17.8% YOY to AED 814 Mn in FY2023, primarily due to increased occupancy and rental revenue per sqft. The Community's segment revenue stood at AED 855 Mn, representing 47.7% of the total revenue in FY2024. This highlights the strong demand for residential properties in well-established communities managed by Dubai Residential. The segment's average occupancy stood at c. 99% as of FY2024 and remained highest across the portfolio due to high demand and retention rates. The segment's rental revenue per sqft also grew at a CAGR of 8.5% from AED 43.2 in FY2022 to AED 50.9 in FY2024.

The Company's Affordable segment revenue grew 13.0% YOY to AED 627 Mn, accounting for the second-largest contribution at 35.0% in FY2024. Similar to the Community segment, the Affordable segment also benefits from high occupancy levels. The Affordable segment's occupancy level stood at c. 96.2% as of FY2024, representing an increase of c. 2% compared to FY2022. The segment's rental revenue per sqft grew 19.4% from AED 39.2 sqft in FY2022 to AED 46.8 sqft in FY2024.

We expect the Company's revenue to grow at a CAGR of 8.4% from AED 1,793 Mn in FY2024 to AED 2,682 Mn in FY2029

We expect the Company's EBITDA to grow at a CAGR of 9.8% from AED 1,303 Mn in FY2024 to AED 2,084 Mn in FY2029

The Premium segment's revenue grew at a CAGR of 8.4% from AED 121 Mn in FY2022 to AED 145 Mn in FY2024, accounting for 8.1% of the total revenue in FY2024. The Premium segment's occupancy level declined from 97.5% in FY2023 to 95.4% in FY2024. However, the rental rates grew 17.5% from AED 60.4 sqft in FY2022 to AED 71.0 sqft in FY2024.

The Corporate Housing segment revenue grew at a CAGR of 3.3% YOY to AED 82 Mn, accounting for 4.6% of the total revenue in FY2024. The Corporate Housing segment's occupancy level grew from 88.6% in FY2022 to 92.7% in FY2023 and further expanded to 93.1% in FY2024. The rental rates also recorded increased marginally from AED 100.3 sqft in FY2022 to AED 101.6 sqft in FY2024. The decline in occupancy level coupled with rental rates is primarily due to tenant churn driven by relocations among corporate tenants amid a gradual recovery.

Furthermore, the Company's other segment revenue stood at AED 69 Mn in FY2023 and AED 85 Mn in FY2024. Moreover, we expect the Company's revenue to grow at a CAGR of 8.4% from AED 1,793 Mn in FY2024 to AED 2,682 Mn in FY2029, driven by the Company's continued growth across its diverse housing portfolio and strategic focus on catering to various market segments.

The Company's Adjusted EBITDA grew 12.5% YOY from AED 1,152 Mn in FY2023 to AED 1,296 Mn in FY2024. Adjusted EBITDA margins also expanded from 65.7% in FY2022 to 69.9% in FY2023 and further rose to 72.3% in FY2024. The growth in Adjusted EBITDA is primarily driven by higher revenue, improved gross margins, and cost efficiencies in General & Administrative (G&A) expenses. Dubai Residential's strong EBITDA performance is mainly supported by its fixed cost structure, which drives efficient margin expansion. The Community segment's Adjusted EBITDA grew 7.8% YOY to AED 637 Mn in FY2024. The Affordable segment Adjusted EBITDA grew 19.4% YOY to AED 455 Mn in FY2024. The Premium segment Adjusted EBITDA rose 19.5% to AED 107 Mn in FY2024 and Corporate Housing segment EBITDA declined 10.2% YOY to AED 37 Mn during FY2024.

The Other segment's Adjusted EBITDA grew by 23.1% YOY to AED 61 Mn in FY2024. Furthermore, we project the Company's EBITDA to increase at a CAGR of 9.8% from AED 1,303 Mn in FY2024 to AED 2,084 Mn in FY2029, driven by strong revenue expansion and improved operational leverage.

Figure 31: Total Revenue (AED Mn)

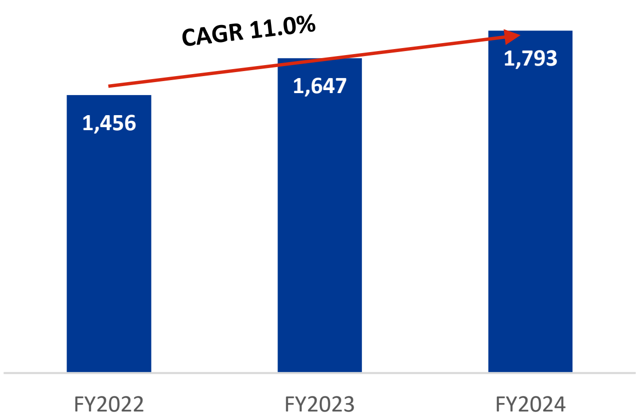
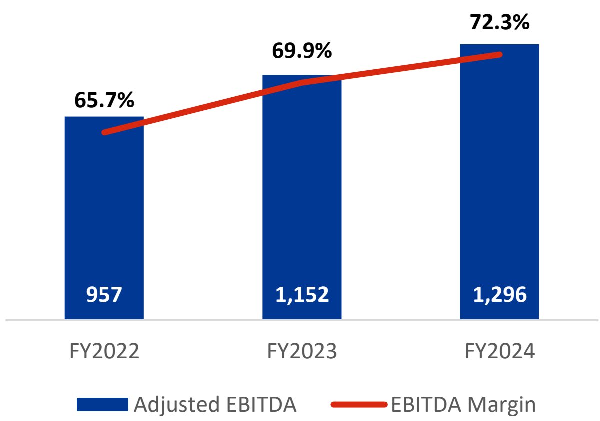
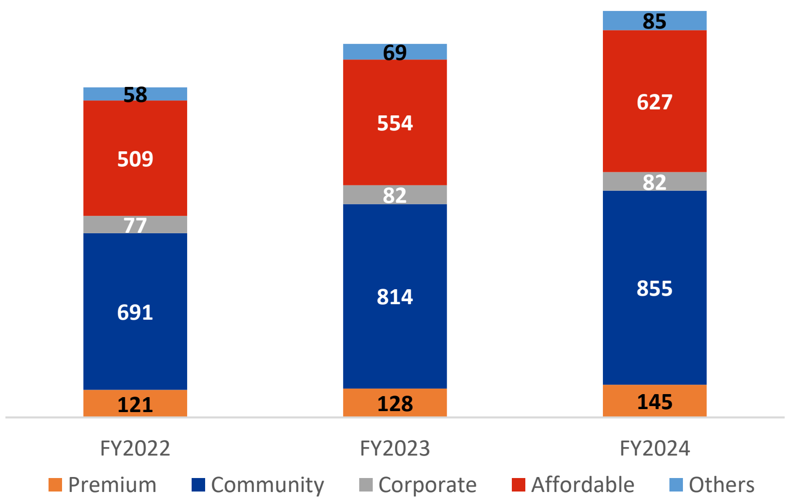


Figure 32: Adjusted EBITDA[1] (AED Mn) and Margin



Source: Company Information, [1]EBITDA pre-management fees and allocated corporate costs, excluding changes in fair value

Figure 33: Revenue By Segment (AED Mn)



Source: Company Information

Strong Balance Sheet and Disciplined Capex Strategy Underpins Growth

We project the Company's proforma FFO and proforma FCF to grow at a CAGR of 10.5% and 10.7%, respectively, during FY2024-2029

Dubai Residential also demonstrated solid growth in the Funds from Operation (FFO). The Company's Proforma FFO grew 15.1% from AED 951 Mn in FY2023 to AED 1,094 Mn in FY2024. The Company's strong growth in FFO is mainly driven by a solid growth in revenue and EBITDA. The Proforma FFO margins also expanded from 57.7% in FY2023 to 61.0% in FY2024. We expect the Company's proforma FFO to grow at a CAGR of 10.5% from AED 1,094 Mn in FY2024 to AED 1,805 Mn in FY2029. Furthermore, the Company's Proforma Free Cash Flow (FCF) also recorded strong growth of 26.9% to AED 892 Mn in FY2023 and further rose 18.9% YOY to AED 1,061 Mn in FY2024. The FCF conversion also increased from 81.2% in FY2022 to 84.9% in FY2023 and 89.8% in FY2024. We expect the Company's proforma FCF to grow at a CAGR of 10.7% from AED 1,061 Mn in FY2024 to AED 1,763 Mn in FY2029, driven by strong revenue and EBITDA growth along with an expected increase in FFO.

We expect the Company's cumulative capex excluding acquisitions on investment properties of AED 979 Mn between FY2025-2029

Dubai Residential also focuses on improving its property offerings through a well-structured capital expenditure (Capex) strategy. The Company's capex declined from AED 225 Mn in FY2022 to AED 187 Mn in FY2023 and to AED 184 Mn as of FY2024. The capex as a percentage of total revenue also declined from 15.4% in FY2022 to 11.4% in FY2023 and 10.3% in FY2024. The decline in Capex is mainly due to catch-up spending post-COVID and active asset management initiatives. The Company's maintenance capex declined from AED 162 Mn in FY023 to AED 159 Mn in FY2023 and AED 121 Mn in FY2024. Additionally, the refurbishment capex declined from AED 51 Mn in FY2022 to AED 22 Mn in FY2023. However, rose to AED 63 Mn in FY2024. The other special projects capex, which includes capex spent in Manazel Al Khor for conversion of retail to residential, declined from AED 12 Mn in FY2022 to AED 7 Mn in FY2023. We expect the Company's cumulative capex, excluding acquisitions on investment properties, of AED 979 Mn from FY2025-2029. Dubai Residential also boasts a healthy balance sheet with AED 21.6 Bn in investment properties and a cash balance of AED 1.3 Bn as of FY2024. The Company also has an Unsecured Corporate Facility of AED 3.7 Bn with a drawn amount of AED 2.6 Bn. The strong cash position and Unsecured Corporate Facility are expected to support the Company's organic and inorganic growth initiatives moving forward.

Figure 34: Fund from Operation[1] (AED Mn) and Margin

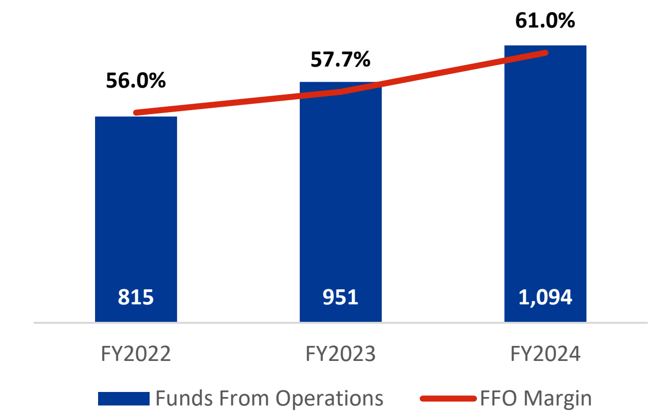
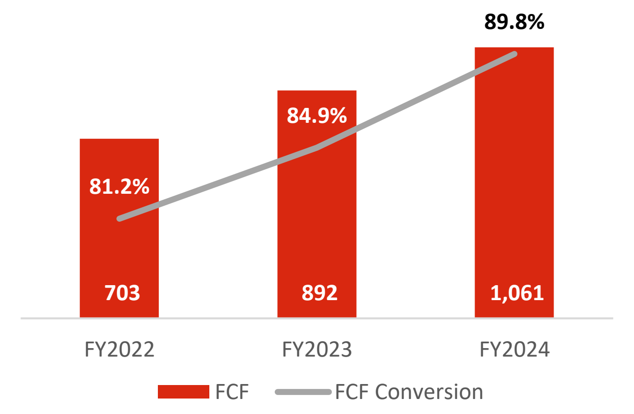
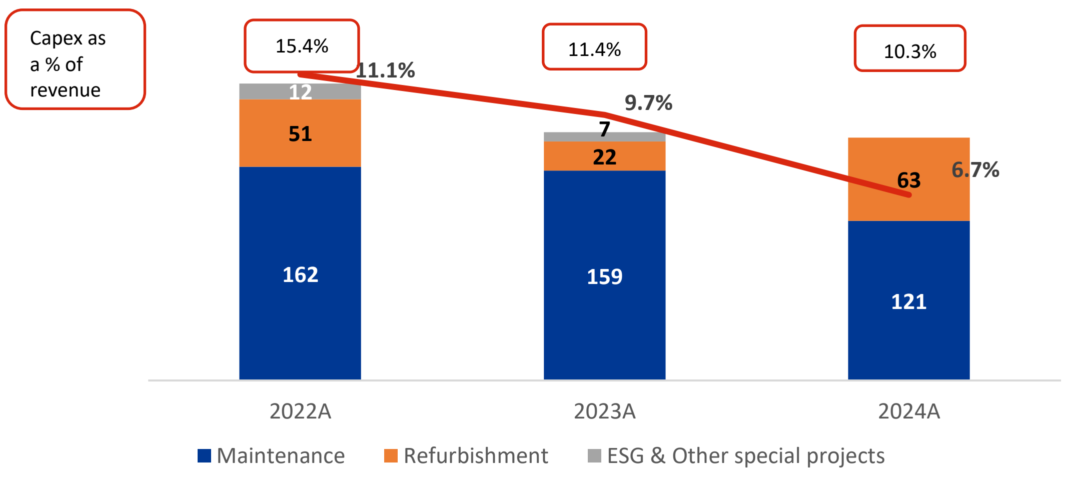


Figure 35: Free Cash Flow[2] (AED Mn) and Margin



Source: Company Information, [1]FFO: Funds from Operations (Net Income Pre-Revaluation Movements); Recurring FFO: FFO – Maintenance Capex; Free Cashflow: EBITDA (post management fees) – Maintenance Capex (Additions to investment property); [2]Free Cashflow conversion: Free Cashflow / EBITDA (post management fees), All figures are on proforma basis

Figure 36: Capex (AED Mn)



Source: Company Information

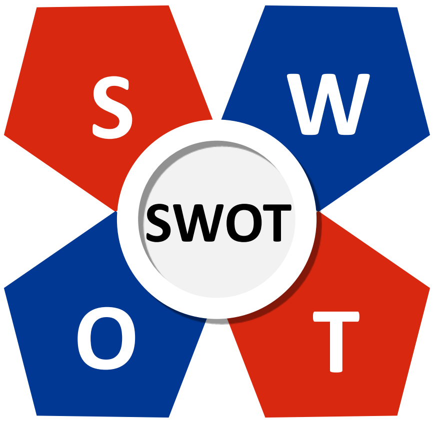
SWOT Analysis

STRENGTHS

- **Robust Residential Portfolio:** The Company boasts a large-scale, diversified residential portfolio of 35.7K units, covering premium, community, affordable, and Corporate Housing Segments across prime Dubai locations like City Walk, Meydan, and Bluewaters, ensuring stability and investment security.
- **Market Leadership:** One of the largest residential real estate owners in Dubai, the Company is the market leader with high occupancy rates (around 96%) across all segments, demonstrating strong tenant retention and consistent demand.
- **Support from Dubai Holding:** Aligned with Dubai Holding as a strategic investor and developer, the Company gains access to Dubai's large private land bank, supported by integrated development and asset management capabilities for enhanced growth and efficiency.
- **Financial Stability:** Dubai Residential generates robust cash flow with EBITDA margins over 70%, driven by consistent revenue growth through effective asset management and rising rental rates.

WEAKNESSES

- **Dependence on Dubai Region:** Dubai Residential’s operations are concentrated in the Dubai, making it exposed to economic and political changes in the City.
- **Lack of Diversification:** By concentrating solely on the residential segment, the Company may miss opportunities in the commercial, industrial, or mixed-use property markets, potentially limiting revenue diversification.



OPPORTUNITIES

- **Market Growth Potential:** Dubai’s population continues to grow, driven by a strong inflow of expatriates and the expansion of the UAE’s job market. The city’s growing middle class and young workforce create an opportunity for demand in residential properties.
- **Expansion into GCC Countries:** The Company has immense growth potential in Middle-Eastern markets like Abu Dhabi, KSA, and the GCC region.
- **Discount to Market Rates (RERA Index):** Dubai Residential's portfolio is rented at an 16% discount compared to the market rates as indicated by the RERA index. This represents a significant opportunity to increase rental rates over time.
- **Inorganic Growth:** The Company has opportunities for acquisitions and consolidation of third-party residential assets, along with Right of First Offer (ROFO) agreements to acquire built-to-lease assets from Dubai Holding.

THREATS

- **Competitive Pressure:** Dubai's real estate market is becoming increasingly saturated, which could lead to price wars, reduced rental yields, and excess supply in some areas.
- **Economic Volatility:** Global economic downturns, such as recessions or financial crises, could lead to a reduction in foreign investment in Dubai’s residential market. Global events like COVID-19 or geopolitical instability could also impact demand and property prices.
- **Regulatory Challenges:** Any sudden changes in government policies, taxes, or rental laws & regulations could impact profitability and operations. Examples include increases in property taxes, new rental cap regulations.
- **Tenant Affordability:** Rising rents could limit accessibility for certain tenant demographics, particularly in premium and community segments.

FAB أبوظبي الأول للأوراق المالية SECURITIES

Industry Overview

Dubai’s Evolving Ecosystem Solidify Its Position as a Global Leader in the Real Estate Market

Dubai’s Dynamic Ecosystem Driven by Diverse Stakeholders Underpins its Strength in Upscale Living

Dubai’s residential real estate market is driven by leading developers, strong regulatory oversight, and world-class luxury projects, solidifying its position as a global leader in upscale living

Dubai's residential real estate market is a dynamic and multifaceted ecosystem driven by diverse stakeholders, including developers, owners and operators, service providers, and regulators. Dubai’s development sector is led by key players like Emaar, Dubai Properties, with Dubai Holding subsidiaries, including Dubai Properties, Nakheel, Meraas, and Meydan, significantly influencing the industry's landscape. The key players in real estate ownership and operations include Ithra Dubai, Al Ghurair Properties, Wasl, and Tiger Group. The sector is also supported by various service providers, such as Ejadah, Imdaad, Blue Diamond, and Emrill, which offer essential operational and management services.

The industry operates within a well-defined regulatory framework, overseen by entities such as the Dubai Land Department (DLD), the Real Estate Regulatory Agency (RERA), Dubai Municipality, and Dubai Courts. These regulatory bodies are instrumental in maintaining transparency, enforcing compliance, and fostering investor confidence in the market. Dubai’s real estate landscape is further characterized by iconic developments representing luxury and innovation. Landmark projects such as Dubai Marina, Palm Jumeirah, Jumeirah Beach Residence (JBR), City Walk, Bluewaters Island, DAMAC Hills, Jumeirah Village Circle (JVC), and Downtown Dubai have solidified Dubai’s global reputation as a premier destination for upscale residential living. The sector's growth is underpinned by Dubai's strategic urban planning, ongoing infrastructure advancements, and commitment to sustainability, which collectively enhance the appeal of the residential real estate market to both domestic and international investors. This holistic ecosystem continues to drive Dubai's position as a global leader in luxury and modern residential real estate.

Figure 37: Dynamic Residential Real Estate Market Ecosystem in Dubai

Source: Company Information

Favorable Leasing Prices and Optimistic Demand Outlook Drive Dubai's Real Estate Growth

Increasing Household Count to Significantly Support the Rising Demand

Dubai's residential real estate market is witnessing robust demand, driven by increasing household demand, which is projected to grow at a CAGR of 3% to 898K by FY2030

Dubai's residential real estate market is experiencing a favourable leasing price environment supported by a robust demand outlook. The country's focus on large-scale mega-projects, driven by strategic urban planning and continuous infrastructure development, positioned Dubai as an attractive destination for domestic and international investors. This is further supported by a growing population with rising disposable incomes and a favourable demographic profile, underscoring the sector's positive outlook. The increasing income of households is a critical driver of residential demand in Dubai. According to data from JLL and the Dubai Land Department, Dubai's total number of households grew significantly, from 579K in FY2019 to 712K in FY2023, reflecting substantial urban expansion. This growth trajectory is expected to continue, with households projected to increase at a CAGR of 3% to 898K by FY2030. This growth is expected to drive increased demand for residential housing, with single-family units positioned for significant price appreciation.

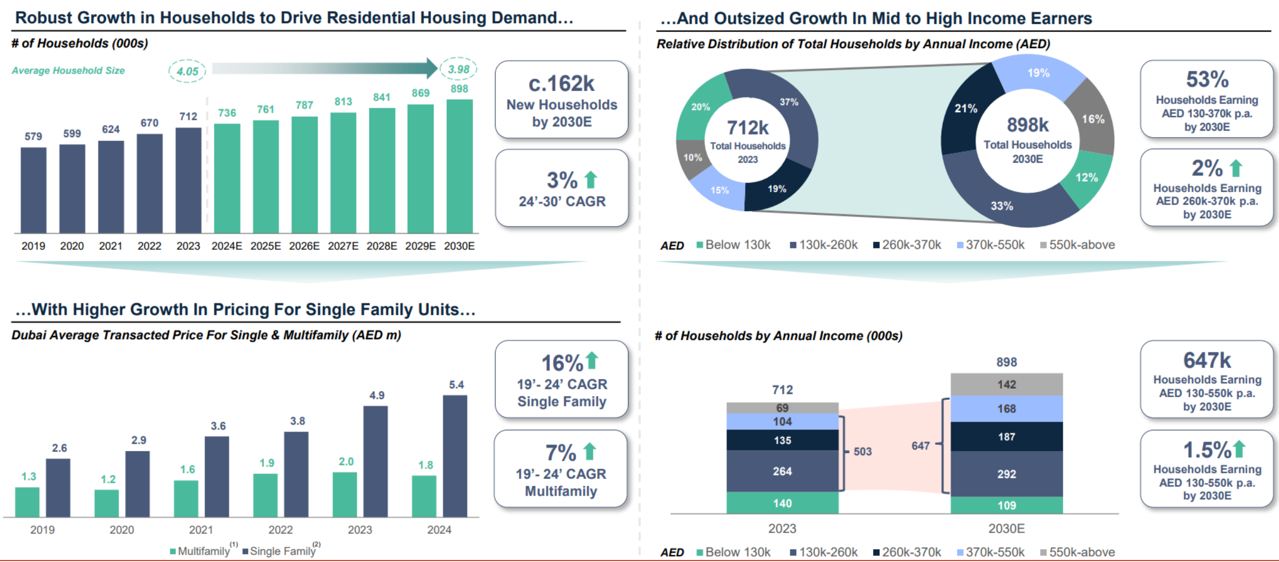
Dubai experienced consistent growth in the average transaction prices for single-family and multifamily units. The average transacted price for multifamily properties grew at a CAGR of 7%, from AED 1.3 Mn in FY2019 to AED 1.8 Mn in FY2024. Similarly, the average prices for single-family units experienced robust growth, increasing at a CAGR of 16%, from AED 2.6 Mn in FY2019 to AED 5.4 Mn in FY2024. This rising trend highlights Dubai as a premier real estate market, offering lucrative opportunities for investors and reaffirming its status as a global hub for residential property investment. The sector's growth is also supported by an increase in mid-to-high-income earners, driven by favorable demographics and rising disposable incomes.

The growing household demand, escalating property prices for single-family units, and rising household incomes offer substantial opportunities for Dubai Residential to leverage the growing residential real estate market

The total number of households was recorded at 712K in FY2023. Among these households, c. 20%, equating to around 140K households, had an annual income of less than AED 130K during the same period. By FY2030, the number of households earning below AED 130K is projected to decline to 109K, representing c. 12% of the total households. In the income bracket of AED 130K-260K, there were 264K households, accounting for c. 37% of all households during FY2023. This segment is anticipated to grow to 292K households in FY2030, forming c. 33% of the total population. For households with earnings between AED 260K-370K, the count stood at 135K, or c. 19% of total households in FY2023. This number is expected to rise to 187K by FY2030, constituting c. 21% of the population during that period. The income tier of AED 370K-550K had 104K households, representing c. 15% of total households in FY2023. Projections indicate an increase to 168K households in FY2030, making up c. 19% of the population. Lastly, the households earning more than AED 550K numbered 69K, or c. 10% of total households during FY2023. This segment is expected to expand to 142K households in FY2030, representing c. 16% of the population. The anticipated growth in the number of households, coupled with increasing income levels, is likely to exert upward pressure on demand for residential properties. As more households transition into higher income brackets, their purchasing power will enhance, leading to a greater demand for diverse residential options. This trend suggests a potential for increased spending on housing requirements, catering to the changing income dynamics within the population.

The growing household demand, escalating property prices for single-family units, and increasing household incomes offer substantial opportunities for Dubai Residential to leverage the country's growing residential real estate market. This positive growth trajectory, driven by strong economic fundamentals and a favorable demographic profile, will enable the Company to tap into the expanding mid-to-high-income segment, strengthening its market position and reinforcing its role in Dubai's dynamic real estate investment landscape.

Figure 38: Growing Household Income and Demand Outlook



Source: Company Information, JLL, Dubai Statistics Centre (DSC) and Oxford Economies (OE), 1Defined as apartments, [2]Defined as villas and townhouses

Robust Demand-Supply Dynamics and Growing Renewal Preferences to Support Market Growth

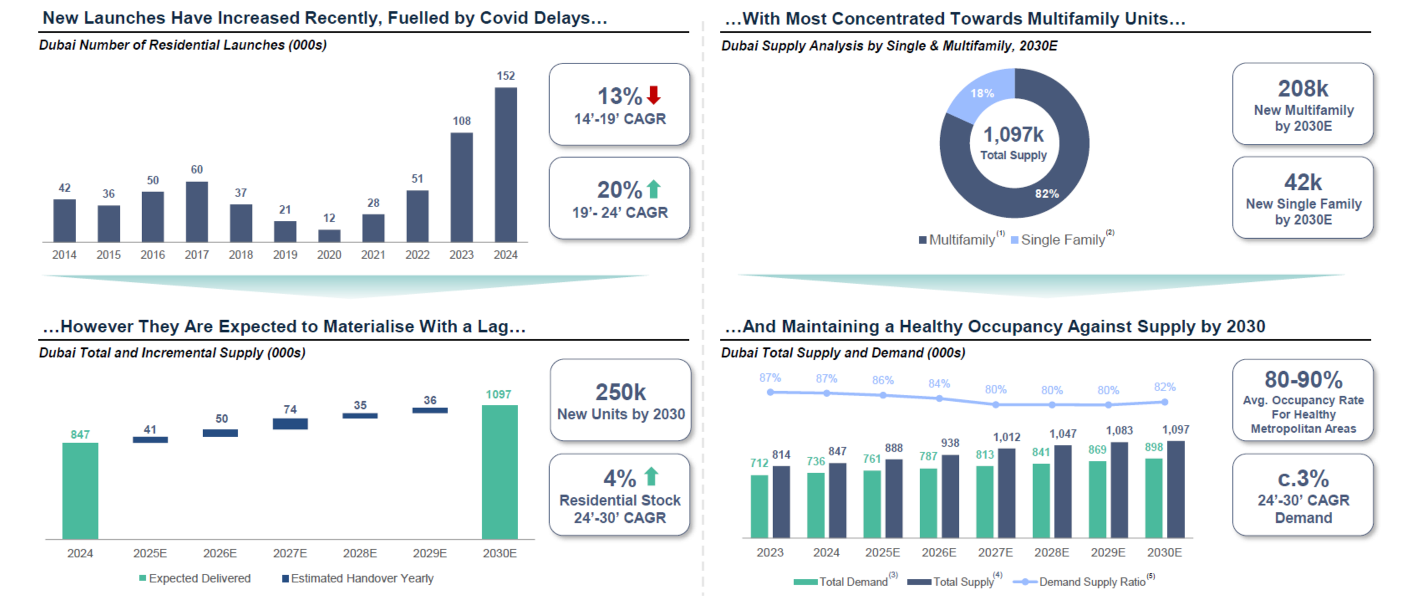
Dubai's residential market is experiencing strong demand-supply dynamics, with a growing preference for lease renewals, which is expected to support sustained market growth

Dubai's residential real estate market continues to demonstrate robust demand dynamics, supported by a steady supply pipeline. The country witnessed a strong resurgence in new residential launches over the years. According to data from JLL and Reidin, residential launches in Dubai initially declined at a CAGR of 13%, from 42K units in FY2014 to 21K units in FY2019. However, this trend reversed, with launches rebounding significantly at a CAGR of 20%, from 21K units in FY2019 to 152K units by FY2024, primarily driven by delays and pent-up demand from the COVID-19 pandemic.

According to the data from JLL and Reidin, Dubai's residential supply is projected to grow at a CAGR of 3%, from 847K units in FY2024 to 1,097K units by FY2030. This growth is primarily driven by healthy occupancy rates, which are expected to average 80–90% in key metropolitan areas. The demand-supply dynamics are also set to improve, with the ratio projected to decline from 86% in FY2024 to 82% by FY2030, reflecting a balanced market favourable to sustainable growth. On the demand side, the total residential demand is forecasted to expand at a CAGR of 3%, growing from 736K units in FY2024 to 898K units by FY2030. This alignment of demand and supply underscores Dubai's stable market environment with opportunities for strategic development. Furthermore, multifamily units, such as apartments, are anticipated to dominate the incremental supply, accounting for 81% of total residential units by FY2030. In contrast, single-family units, including villas and townhouses, are expected to comprise 19% during the same period. The growth in multifamily supply is anticipated to support key segments of Dubai Residential, like Affordable and Community housing, enabling the Company to address shifting consumer demands effectively and capture a larger share of the growing market.

Dubai's residential market is experiencing notable structural shifts amidst a rising rental environment, with a growing emphasis on renewals over new rentals. According to data from JLL, new rental rates in Dubai grew at a CAGR of 17% from 1Q21 to 4Q24. Additionally, new rental rates surged 23% YOY from AED 103K in 3Q23 to AED 129K in 4Q24. This strong performance is primarily driven by significant apartment and villa rental growth. The new apartment rentals recorded a CAGR of 17% during 1Q21-4Q24, although the renewal rates across apartment typologies remain particularly lower. For instance, new rental rates for one-bedroom apartments are 27% higher than renewal rates, while for two-bedroom units, the new rental rates are higher 38% compared to the renewal rates. Similarly, villa rentals demonstrated robust growth, with new villa rentals growing at a CAGR of 17% from 1Q21-4Q24. The difference between new and renewal rental rates is also significant, with new rentals for three-bedroom villas exceeding renewal rates by 14% and four-bedroom villas at a 36% premium. Moreover, Dubai's residential market renewal transactions also surpass the new rentals in both volume and value. New rental transaction values increased from AED 17.1 Bn in FY2021 to AED 21.6 Bn in FY2024. Renewal transaction values in Dubai grew substantially from AED 15.5 Bn in FY2021 to AED 27.4 Bn in FY2024. Additionally, given the tenant's preference to renew, the number of transactions also shifted towards renewals compared to the new rentals. New rental transactions declined from 262K in FY2021 to 235K in FY2024. The renewals transactions also accounted for over 60% of total real estate transactions as of FY2024. The growing focus towards renewals and rising transaction value across the renewals are expected to significantly benefit Dubai Residential, as the Company's current lease value is currently trading at c. 16% discount, offering significant potential to boost the revenue going forward.

Figure 39: Favourable Supply and Demand Outlook



Source: Company Information, JLL and REIDIN

Macroeconomic Environment

World Economic Growth Supports Dubai Residential's Growth

As per the IMF estimates, the global economy grew 3.3% in FY2023 and is expected to grow at 3.2% in FY2024 and 2.8% in FY2025

The IMF's April 2025 World Economic Outlook highlights a weak global economic environment, shaped by mounting policy uncertainty and escalating trade tensions. While the global economy showed signs of stabilization in 2024, helped by declining inflation and labor market normalization, momentum has weakened sharply in early 2025 following a new wave of tariffs imposed by the United States and retaliatory actions by trading partners. These developments have significantly increased trade policy uncertainty and led to a downward revision in global growth forecasts. Global GDP grew by 3.3% in 2023 and is estimated to have risen by 3.2% in 2024, marking a relatively stable but moderate recovery from past crises. However, global growth is now projected to slow to 2.8% in 2025 and 3.0% in 2026, down from 3.3% for both years as forecast in January 2025. This downgrade reflects weaker economic activity across both advanced and emerging market economies. Advanced economies are expected to grow by just 1.4% in 2025, while emerging markets and developing economies are forecast to expand by 3.7%, maintaining a growth differential but still below historical trends. While advanced economies have broadly returned to pre-pandemic output levels, emerging economies continue to face output gaps due to persistent inflation, higher debt burdens, and constrained fiscal space. Global headline inflation is projected to decline to 4.3% in 2025 and 3.6% in 2026, though this disinflation is progressing more slowly than expected, especially in advanced economies where services inflation remains elevated. The IMF warns that downside risks dominate the outlook, including further trade escalations, weak productivity growth, aging demographics, and tightening financial conditions, which could heighten debt vulnerabilities, particularly in low-income economies.

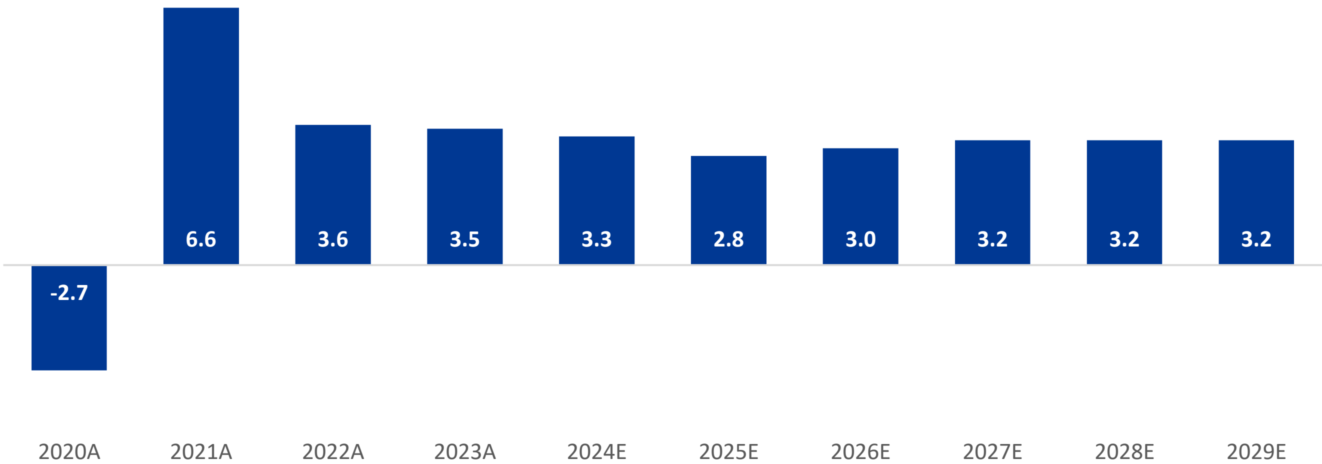
In its April 2025 World Economic Outlook, the IMF published a more cautious and downgraded global economic outlook, largely due to rising trade tensions and geopolitical uncertainties. Fuel commodity prices are now projected to decline by 7.9% in 2025, a steeper fall than previously anticipated. This is primarily driven by a 15.5% drop in oil prices, a result of weaker demand, particularly from China, and strong supply growth from non-OPEC+ producers. Additionally, coal prices are expected to decline by 15.8%. These declines are partially offset by a sharp 22.8% increase in natural gas prices, driven by colder-than-expected weather and significant supply disruptions, including the halt of Russian gas flows to Europe via Ukraine. Meanwhile, nonfuel commodity prices are projected to rise by 4.4% in 2025, an upward revision from previous estimates.

IMF expects global headline inflation to decline from 6.7% in FY2023 to 5.8% in FY2024 and further fall to 4.3% in FY2025

Monetary policy rates of major central banks are projected to continue to fall, though at different paces, indicating variations in growth and inflation outlooks. In established countries like the US and, to a lesser extent, emerging markets and developing economies, the fiscal policy stance is anticipated to tighten in 2025–2026. According to the IMF, global headline inflation is expected to decline from 6.7% in 2023 and 5.7% in 2024 to 4.3% in 2025, and further to 3.6% in 2026. However, this represents a slightly higher path than previously projected in the January 2025 WEO Update, reflecting persistent price pressures in some economies.

Labour markets continue to gradually normalize, and nominal wage growth is showing signs of moderation, though real wage gains still exceed inflation in several advanced economies. Despite these improvements, central banks remain cautious, as inflation persistence, especially in services, and recent supply shocks (e.g., tariffs, weather-related disruptions) have created additional uncertainty.

Figure 40: Annual change in World Real GDP Growth Rate – FY2020-29 (%)



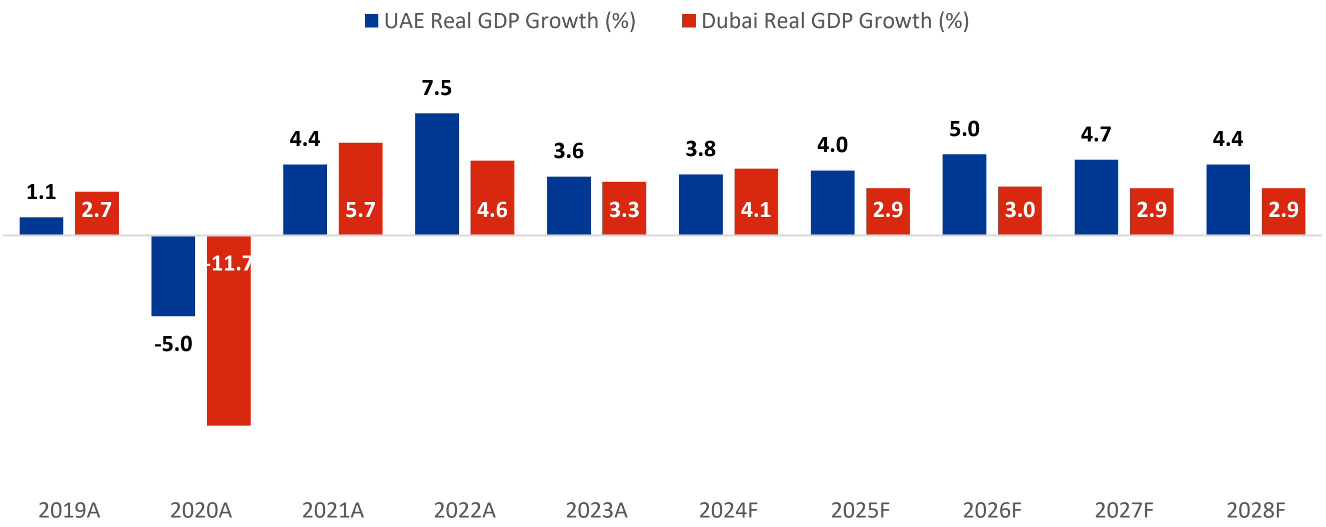
Source: IMF, World Economic Outlook, April 2025

Strong Macroeconomic Outlook across UAE & Dubai Underpins Dubai Residential's Growth

Robust real GDP growth across UAE is projected to support the Dubai Residential's sustainable growth and boost profitability

According to the IMF WEO April 2025, the UAE market is expected to record steady growth in the coming years. UAE's real GDP recorded growth during FY2021-2023, and is further projected to record stronger growth over FY2023-2028. As per IMF, the UAE's economy recorded real GDP growth of 2.5% CAGR from FY2019-2023 and is expected to accelerate further at a CAGR of 4.3% during FY2023-2028. This growth forecast is mainly driven by strong financial and insurance services, tourism, transportation, communication, construction, and real estate activity. Additionally, as per CBUAE, UAE's non-hydrocarbon GDP grew 6.2% in FY2023 and is further projected to grow 4.6% in FY2024 and 5.1% in FY2025. This rise is mainly attributable to strong growth in manufacturing, trade, transportation and storage, and real estate activities, coupled with the government's strategic plans and policies to attract foreign investments and promote economic diversification. Dubai's real GDP rose 2.9% YOY in 3Q24, mainly driven by strong manufacturing, mining, transportation & storage, financial & insurance, wholesale & retail, food & accommodation, information & communication, and real estate activities. Furthermore, Dubai's real GDP is expected to grow 4.1% in FY2024 and 2.9% in FY2025, with growth expected to remain steady at 2.9% annually through FY2028. These factors are anticipated to strengthen the Company's business operations and drive sustainable growth. As a result, Dubai Residential is well-positioned to capitalize on robust macroeconomic trends, enabling it to take advantage of the expanding market, rising consumer demand, and favorable business conditions.

Figure 41: Annual change in UAE and Dubai Real GDP Growth Rate – FY2019-28 (%)



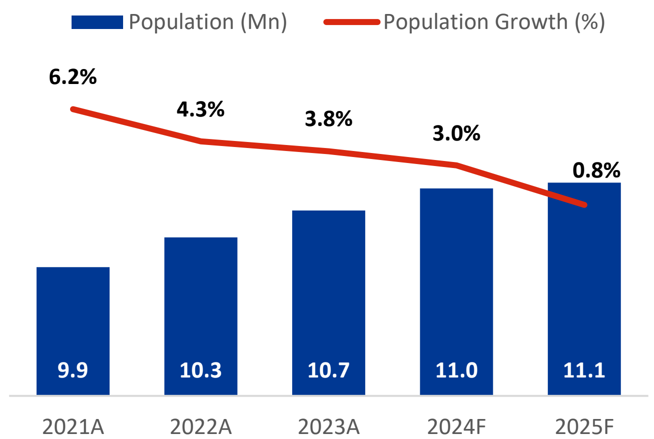
Source: IMF, World Economic Outlook, April 2025 (UAE Real GDP Growth), Company Information (Dubai Real GDP Growth)

Growing Population in the UAE Presents Significant Opportunities for Dubai Residential

The expanding population provides Dubai Residential the opportunity to scale its operations and diversify its offerings, positioning it for strong growth

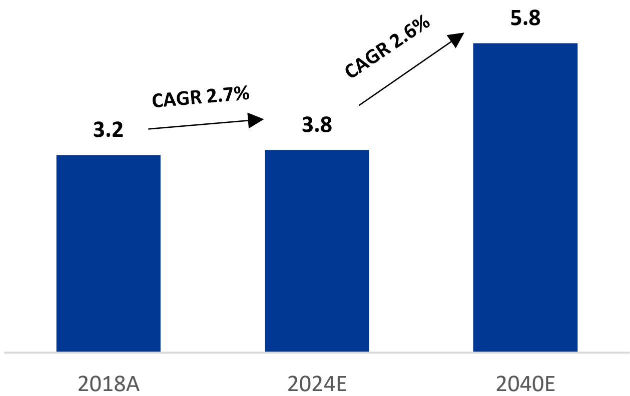
According, to the IMF WEO, April 2025, the total population in UAE is expected to experience strong growth. The total population in the UAE grew 3.8% YOY in FY2023 and is further anticipated to rise 3.0% in FY2024, before normalizing at a 0.7% growth rate till FY2029. Additionally, Dubai's population expanded at a CAGR of 2.7% from FY2018-23 and is further projected to rise at a CAGR of 2.6% from FY2024-40. This expectation is primarily driven by the government's progressive initiatives, including the Golden Visa program, which offers ten-year residency for skilled professionals and investors, and the Dubai Economic Agenda D33, which aims to double the size of Dubai's economy by 2033 through increased foreign trade and investment, fostering long-term residency and inclusivity. Additionally, the government's Dubai 2040 Urban Master Plan aims to upgrade urban areas, enhance resource utilization efficiency, and encourage sustainable and flexible mobility solutions. These initiatives contribute to the emirate's economic development and stimulate business growth and job creation, resultantly attracting global talent and families to settle in Dubai permanently. This growing population across the UAE is anticipated to benefit Dubai Residential to scale its operations and enhance its profitability.

Figure 42: UAE Total Population and Growth Rate



Source: IMF, World Economic Outlook, April 2025

Figure 43: Dubai Total Population (in Mn)



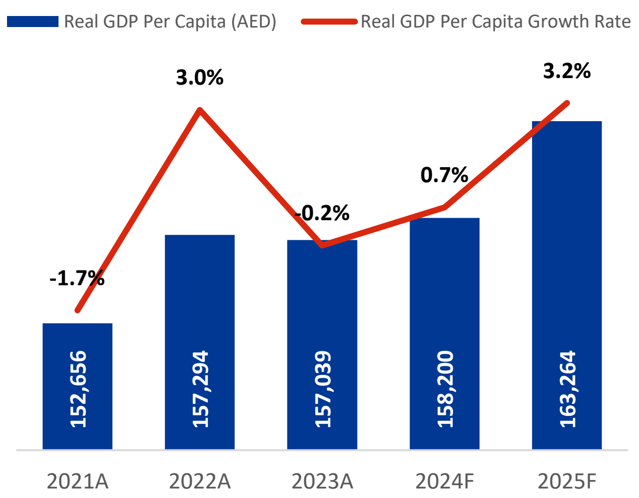
Source: Company Information

Rising Personal Disposal Income to Boost Dubai Residential's Business Operations

Rising real GDP per capita, urbanization rates, and personal disposable income in the UAE are expected to create opportunities for the Company to expand its business activities

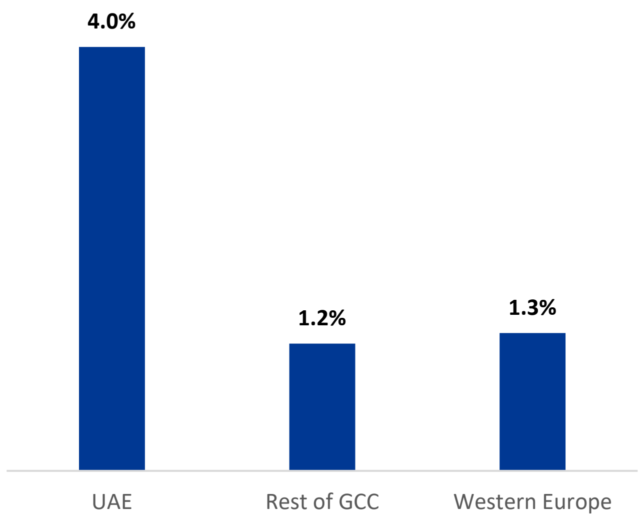
According to the IMF WEO, April 2025, the UAE region is expected to record a real GDP per capita growth during FY2023-2028. The UAE region's real GDP per capita expanded from AED 152.7K in FY2021 to AED 157.0K in FY2023 and is further expected to reach AED 189.8K by FY2029, growing at a CAGR of 3.2% from FY2023-29. Additionally, the personal disposable income in the UAE grew at a CAGR of 1.4% from FY2021-23 and is further expected to rise at a CAGR of 3.1% from FY2023-28. The rising real GDP per capita growth and disposable income are anticipated to significantly benefit Dubai Residential as rising individual incomes will result in higher rental demand. Furthermore, with higher disposable incomes, there will be an increase in demand for premium and community housing, ultimately presenting opportunities for Dubai Residential to further enhance its business activities. Additionally, UAE's urbanization rate stood at 88% in FY2023, further providing macroeconomic tailwinds for Dubai Residential as demand for residential and commercial housing is expected to surge, driving long-term growth and profitability.

Figure 44: UAE Real GDP per capita and Growth rate



Source: IMF, World Economic Outlook, April 2025

Figure 45: Forecasted Personal Disposable Income growth rate FY2023-28 (% CAGR)



Source: Company Information

Valuation Methodology

Target Fair Value Analysis

We arrive at Dubai Residential's fair value of AED 1.51 per share using a mix of valuation methods

DCF, DDM, AND RELATIVE VALUATION

We have used a mix of Discounted Cash Flow (DCF), Comparable Company Method (CCM), and Dividend Discount Model (DDM) valuation methods to arrive at the fair value of Dubai Residential. Dubai Residential REIT, the GCC region's largest Real Estate Investment Trust (REIT), is a wholly-owned subsidiary of Dubai Holding, a leading private real estate developer in Dubai. With a Gross Asset Value (GAV) of AED 21.6 Bn, the Company manages a diversified portfolio that includes 21 residential communities comprising 35,700 residential units across various segments such as Premium, Community, Affordable, and Corporate Housing. Dubai residential boasts an impressive average occupancy rate of 96.8% for FY2024 and a robust rent collection rate of 99.6%, with delinquencies accounting for only 0.4% of total revenue. This financial stability is further evidenced by an average annual rent of AED 52 per square foot in FY2024, showcasing Dubai Residential's successful strategy of attracting reliable tenants and generating sustainable income. Dubai Residential caters to a wide range of tenants, from High-Net-Worth Individuals (HNWI) seeking Premium residences, to families seeking community-based housing, and budget-conscious renters looking for Affordable options. Additionally, the Company provides purpose-built housing for corporate and industrial staff, expanding its offerings to meet diverse housing needs. Through this comprehensive portfolio, Dubai Residential effectively serves all market segments across various price points and micro-markets within Dubai, maintaining a strong presence in Dubai's real estate landscape. This strategic diversification ensures that the Company remains resilient and adaptable to the evolving demands of the Dubai housing market.

We have assigned a higher weight to DCF valuation based on its reliability in capturing future cash flow projections over multiple periods as opposed to other valuation methods. In CCM valuation, the price/FFO multiple is used to value the Company as it reflects cash flow generation, offering a clearer measure of profitability by excluding non-cash gains like fair value gain on the investment properties. We expect Dubai Residential to distribute AED 1.1 Bn or 80% of net profit excluding FV gains on investment properties, whichever is higher, in dividends for the period of FY2025. After that, we expect, the Company to declare 80% of its net profit, excluding FV gain on investment properties, as dividends, according to the dividend policy. The Company intends to pay semi-annual dividends. Thus, we have valued the Company using the DDM valuation method. In DDM valuation, the dividend paid to shareholders is used to value the Company.

CONSOLIDATED VALUATION DUBAI RESIDENTIAL REIT

Name of Entity	Valuation (AED, Mn)	Weight (%)	Total Valuation (AED, Mn)
Valuation of the Dubai Residential based on -			
Discounted Cash Flow (DCF)	20,267	70.0%	14,187
Dividend Discount Model (DDM)	19,057	15.0%	2,859
Relative Valuation (Price/FFO)	19,780	15.0%	2,967
Total Valuation (AED, Mn)			**19,694**
Total Valuation (USD, Mn)			**5,363**
Equity Value per Share (AED)			**1.51**

The performance of Dubai Residential is analyzed in detail to arrive at fair value estimates. We took a fair estimate across the income statements and financial positions to arrive at the valuation. The valuation brought a fair value of AED 1.51 per share.

The weightage assigned to the DCF, DDM, and CCM valuation methods stood at 70%, 15%, and 15%, respectively.

We arrived at a Dubai Residential's value of AED 1.56 per share using DCF valuation

1) Discounted Cash Flow Valuation

We have used free cash available to firm to value the Company using the DCF methodology. The financials are forecasted in line with the estimates provided by the management on aspects of the business operation. We have also deducted the capex plans to incur to acquire the properties including Jebel Ali Village and Garden View Villas. The weighted average exit yield is used to compute the terminal value of the assets. We arrived at the weighted average cap rate using the weight of the combined portfolio using the exit yield of specific asset provided by JLL in its valuation report. To arrive at Ke (Cost of Equity), we have used the 10-year government bond yield of 5.7%, Country risk premium of 5.0%, and the sector Beta of 0.67. After applying all these, we arrived at the cost of equity of 9.1%. We have used a 10-year US Government Yield and further added a 10-year Dubai Government CDS spread to arrive at an appropriate risk-free rate. We have used after tax cost of debt of 5.9% for computing valuation. The Company will not incur the corporate tax, as exemption is available at the REIT level on meeting prescribed conditions. To calculate the weighted average cost of capital (WACC), we have used the debt-to-equity ratio. Dubai Residential has unsecured revolving credit facility of AED 3.7 Bn with borrowing cost at 3-month EIBOR in addition to a margin of 80 basis points.

I. DCF Valuation of Dubai Residential

	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
All figures in AED Mn, unless stated					
NOPAT	1,289	1,436	1,590	1,735	1,882
(+/-) Depreciation & amortization	2	2	2	2	2
(+/-) Net CAPEX	-470	-1,111	-226	-154	-163
(+/-) Working Capital	85	60	63	72	67
Free Cash Flow to Firm	**906**	**387**	**1,429**	**1,655**	**1,788**
Discount factor	*0.96*	*0.88*	*0.81*	*0.75*	*0.69*
Present Value of FCFF	**871**	**342**	**1,163**	**1,240**	**1,233**
Total Present value of FCFF (Excluding exit value)					**4,849**
Exit Value					16,667
Exit Yield					7.4%
Weighted Average Cost of Capital (WACC)					8.6%
Enterprise Value					**21,516**
Net Debt					1,250
Equity Value					**20,267**
Equity Value per Share (AED)					**1.56**

Source: FAB Securities Research

a) Sensitivity of DCF to Key Assumptions

Sensitivity analysis generates the highest valuation of AED 23.8 Bn (AED1.83) and the lowest valuation of AED 17.6 Bn (AED1.35)

Our DCF valuation is based on a weighted average cost of capital (WACC) of 8.6% and exit yield of 7.4%. A sensitivity analysis shows that a change of +/- 0.5% in the weighted average cost of capital and exit yield will provide a valuation range of AED 23.8 Bn to AED 17.6 Bn. The table below shows the sensitivity between the change in exit yield and the weighted average cost of capital.

1. DCF Sensitivity to Exit Yield and WACC

		WACC				
		7.6%	8.1%	8.6%	9.1%	9.6%
Exit Yield	6.4%	23,815	23,337	22,871	22,416	21,972
	6.9%	22,360	21,912	21,474	21,048	20,632
	7.4%	21,101	20,679	**20,267**	19,865	19,473
	7.9%	20,001	19,602	19,212	18,832	18,460
	8.4%	19,033	18,653	18,283	17,921	17,569

		WACC				
		7.6%	8.1%	8.6%	9.1%	9.6%
Exit Yield	6.4%	1.83	1.80	1.76	1.72	1.69
	6.9%	1.72	1.69	1.65	1.62	1.59
	7.4%	1.62	1.59	**1.56**	1.53	1.50
	7.9%	1.54	1.51	1.48	1.45	1.42
	8.4%	1.46	1.43	1.41	1.38	1.35

2) Relative Valuation

We are using Price/FFO multiple in CCM valuation to value the firm

In the CCM valuation, we have used the Price/FFO multiple to value Dubai Residential. We have used the valuation of *international Residential REIT players*. The price/FFO multiple is used to value REITs as it reflects cash flow generation, offering a more transparent measure of profitability and operational performance by excluding non-cash items such as fair value gains on the investment properties.

II. Relative Valuation of Dubai Residential

(All Figures in Million AED, unless stated)	
Based on Price/FFO Multiple	
FFO (FY2025)	1,234
Applicable Multiple	16.0x
Premium/(Discount to Median Multiple)	0.0%
Peer Median Valuation	16.0x
Equity Value	**19,780**
Equity Value per Share (AED)	**1.52**

Source: Company Information, FAB Securities Research

III. Peers Valuation

Company Name	Market Cap (USD, Mn)	Price/FFO	EV/EBITDA	PE
International Peers				
Veris Residential Inc	1,489	28.7	42.8	NA
Equity Lifestyle Properties	12,697	21.8	19.6	31.4
Ingenia Communities Group	2,168	20.4	22.0	149.9
Nippon Accommodations Fund	289,496	19.1	27.8	25.5
Advance Residence Investment	412,131	19.0	27.2	25.8
Avalonbay Communities Inc	31,028	19.1	22.4	42.5
American Homes 4 Rent- A	13,003	19.3	21.4	64.5
Unite Group Plc/The	4,062	18.5	31.9	13.5
UMH Properties Inc	1,442	18.4	19.3	102.0
Essex Property Trust Inc	18,214	17.9	20.1	67.3
Equity Residential	26,473	17.5	19.7	48.8
Mid-America Apartment Comm	17,593	17.0	18.2	34.3
Empiric Student Property Plc	540	16.6	11.8	9.2
Camden Property Trust	12,012	16.7	17.5	71.6
Udr Inc	13,594	16.4	20.2	150.2
Invitation Homes Inc	19,187	16.4	19.4	42.8
Independence Realty Trust IN	4,277	16.0	19.2	89.2
Can Apartment Prop Real Esta	6,790	15.5	NA	15.4
Elme Communities	1,304	15.9	16.6	NA
Interrent Real Estate Invest	1,472	15.5	21.1	NA
European Residential Real Es	566	15.7	NA	NA
Altarea	2,139	16.1	NA	NA
Nexpoint Residential	997	14.4	27.9	280.0
BRT Apartments Corp	330	14.3	20.8	NA
Boardwalk Real Estate Invest	3,326	13.8	20.3	14.7
Killam Apartment Real Estate	1,936	13.6	19.0	24.8
Minto Apartment Real Estate	856	12.8	NA	NA
Centerspace	1,011	12.5	17.4	NA
BSR Real Estate Investment T	691	12.6	18.1	NA
Flagship Communities Reit Ut	357	10.8	51.0	15.3
Care Property Invest	399	10.5	22.9	24.2
Morguard North American Resi	659	9.8	NA	13.7
Dream Residential Real Estate	64	8.8	NA	NA
Northview Residential REIT	115	8.6	12.1	3.9
Average		**15.9x**	**22.4x**	**56.7x**
Median		**16.0x**	**20.1x**	**32.8x**
Max[1] (Quartile 3)		**18.3x**	**22.5x**	**68.4x**
Min[2] (Quartile 1)		**13.6x**	**18.8x**	**15.4x**

Source: Bloomberg, [1] Values correspond to Quartile 3, [2] Values correspond to Quartile 1

3) Dividend Discount Valuation (DDM)

Using the DDM approach, we arrive at a fair value of AED 1.47 per share

Dubai Residential announced a policy to declare regular dividends to shareholders in the forecasted period. The Company intends to distribute dividends semiannually, with the initial payment occurring in the September 2025 and April 2026 for the period of FY2025. The dividends are expected to be paid in cash. Dubai Residential is expected to announce the dividend of AED 1,100 Mn or an amount equal to 80% of profit for the period before changes in fair value of investment property in respect of its financial results for FY2025, whichever is higher, subject at all times to Board approval. From FY2026 onwards, the Company intends to maintain 80% dividend payout ratio (Based on profit for the period before changes in fair value of investment property). All forecasted dividends are discounted to present value using the cost of equity and details related to the cost of equity calculation are provided above.

IV. Dividend Discount Valuation

	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
All figures in AED million, unless stated					
Dividend Paid in-					
H1	550	540	599	660	722
H2	550	540	599	660	722
Total Dividend	**1,100**	**1,080**	**1,199**	**1,320**	**1,444**
Discount factor	*0.96*	*0.88*	*0.81*	*0.74*	*0.68*
Present value of Dividend	**1,055**	**950**	**966**	**976**	**979**
Total Present Value of Dividend					**4,925**
Terminal Value					14,132
Terminal growth rate					2.0%
Cost of Equity					9.1%
Equity Value					**19,057**
Equity Value per Share (AED)					**1.47**

Source: Company Information, FAB Securities Research

Key Financial Metrics

Financial Performance at a Glance

Growth Dynamics

Dubai Residential is the GCC's largest REIT with a GAV of AED 21.6 Bn (as of 31 Dec 2024)

Dubai Residential a wholly owned subsidiary of Dubai Holding, is the largest Real Estate Investment Trust (REIT) in the GCC region. Dubai Holding, one of Dubai's leading real estate developers, owns the city's large private land bank and boasts a diversified portfolio spanning real estate, media, tourism, retail, design, manufacturing, logistics, education, ICT, hospitality, and entertainment. Dubai Holdings, with assets totalling AED 265 Bn, stands at the forefront of Dubai's real estate sector, known for its iconic developments and landmark projects.

Founded in 2004, Dubai Holding expanded its footprint significantly over the years. The Company's initial growth was marked by the creation of Dubai Properties in 2005, which played a pivotal role in major projects such as Al Khail Gate and International City. Over time, Dubai Holding acquired several key developments, including the integration of Nakheel's International City and The Garden in 2024. Other landmark projects include Layan Residential (2008), Shorooq (2009), Ghoroob (2010), City Walk (2014), Remraam (2016), Bluewaters (2018), and Nad Al Sheba Villas (2019). The integration of Meraas in 2020 and Nakheel & Maydan in 2024 has further expanded the Company's reach and influence in Dubai's real estate landscape.

The Company operates 35,700 residential units under its portfolio, located across 21 residential communities

Dubai Holding plans to list Dubai Residential on the Dubai Financial Market (DFM) as a REIT in early FY2025. This move will allow the Company to raise capital while offering investors a stake in its extensive residential portfolio. The portfolio, with a Gross Asset Value (GAV) of AED 21.6 Bn, consists of 21 residential communities comprising 35,700 residential units across various segments, including Premium, Community, Affordable, and Corporate Housing. This diverse range of residential properties is designed to meet the needs of various customer segments, from high-net-worth individuals (HNWI) to budget-conscious tenants and corporate employees. The growth of Dubai Residential is strongly supported by a favourable macroeconomic and demographic landscape, which is driving robust population expansion in the city. Dubai benefits from a dynamic, well-developed, and diverse ecosystem, with numerous key players across sectors contributing to its economic activity. As the number of households continues to grow and disposable incomes rise, demand for residential properties is accelerating. Additionally, due to affordability challenges, a sustained preference for renting over buying ensures steady demand across various housing segments. This consistent demand, along with ongoing development and future supply, helps maintain healthy occupancy levels, positioning Dubai Residential as a leading player in the market.

Dubai Residential's portfolio includes segments across Premium, Community, Affordable, and Corporate Housing

Dubai Residential's strategy focuses on catering to different market segments, providing premium residences for affluent residents, family-friendly communities, affordable housing options, and purpose-built properties for corporate staff. The Company's ability to serve a wide range of housing needs ensures its strong presence across multiple micro-markets in Dubai. The Company has demonstrated impressive operational performance, achieving an average occupancy rate of c. 97% across its residential portfolio during FY2024. Additionally, its rent collection rate stands at 99.6%, with only 0.4% delinquencies, reflecting effective asset management with an average annual rent of AED 52 per square foot during FY2024 (excluding retail portfolio), Dubai Residential attracts reliable tenants and generates sustainable income, reinforcing its position as a leader in Dubai's real estate market.

Dubai Residential primarily generates revenue through its renting operations and asset management. These operations can be further classified based on their price points and target audience. These operations include offering Premium, Community, Affordable, and Corporate Housing. The Premium segment of Dubai Residential is strategically developed to cater to the high-income population, addressing their need for superior amenities, located at prime locations offering a luxurious lifestyle. The segment comprises 746 premium rental units consisting of 65% apartments and 35% villas. These properties represent 2.1% of the Company's total residential portfolio and generated AED 145 Mn in revenue, contributing 8.1% of Dubai Residential's total revenue during FY2024. The Community segment is strategically developed to cater to the mid-tier to high-end population, focusing on family-friendly living environments. As of December 2024, Dubai Residential owns 14 key assets in the Community segment, comprising 13,649 rental units, which contributed AED 855 Mn in revenue during FY2024, representing 47.7% of total revenue and was the largest contributor. The Affordable segment of Dubai Residential is developed to meet the growing demand for budget to mid-tier housing, providing cost-effective living options that prioritize value and accessibility. As of December 2024, the Company owns two major assets in the Affordable segment, consisting of 16,256 rental units, making up 46% of the total residential portfolio and contributing AED 627 Mn in revenue, representing 35.0% of the Company's total revenue during FY2024. The Corporate Housing Segment has been developed to address the demands of corporate and industrial staff. As of December 2024, Dubai Residential has acquired two significant assets in the Corporate Housing Segment, collectively encompassing 5,049 rental units, representing 14% of the Company's total residential portfolio. In FY2024, the Corporate Housing Segment generated AED 82 Mn in revenue, accounting for 4.6% of the Company's total revenue.

Dubai Residential owns 14 key assets in the Community segment, comprising 13,649 rental units, which contributed AED 855 Mn in revenue during FY2024

The Company generated revenue of AED 1.8 Bn during FY2024, utilizing 35,700 apartments across 21 residential communities. Dubai Residential also achieved an impressive average occupancy of c. 97% during the period, with a collection rate of c. 99.6%. The GAV of these assets was AED 21.6 Bn as of December 2024, with an implied net yield of 6.0%. The Company earned an annual average rent of AED 52 per square foot during FY2024, excluding the retail units. Dubai Residential also reported revenue of AED 1.8 Bn during FY2024, registering a healthy growth of 8.9%, compared to AED 1.6 Bn during FY2023. We expect the Company to record revenue of AED 1.9 Bn during FY2025 and grow at a CAGR of 8.6% from FY2025 to AED 2.7 Bn in FY2029 due to projected higher occupancy, growth in average rentals, and acquisition of new properties during the forecasted period. LfL (Like-for-Like) revenue of Dubai Residential is expected to grow at a CAGR of 7.8% from AED 1.9 Bn in FY2024 to AED 2.6 Bn in FY2029.

Dubai Residential achieved an impressive average occupancy of c. 97% during FY2024 and a collection rate of c. 99.6%

The gross profit of the Company increased 9.9% YOY to AED 1.4 Bn in FY2024, and the gross margin also grew from 74.8% in FY2023 to 75.6% in FY2024 due to higher revenues and the fixed nature of the majority of the direct costs resulting in the direct transfer of revenue growth to the profit margins. We project a gross profit of AED 1.5 Bn during FY2025 with a margin of 76.7%. Additionally, we expect the gross profit of Dubai Residential to grow at a CAGR of 9.7% from AED 1.5 Bn in FY2025 to AED 2.1 Bn in FY2029. Gross profit margin is also expected to grow from 76.7% in FY2025 to 79.9% in FY2029. The expected improvement in direct costs (as percentage of revenue) and higher occupancy additionally supports this margin expansion.

Dubai Residential's adjusted EBITDA (pre-management fees and allocated corporate costs, excluding gain in fair value) grew AED 957 Mn in FY2022 to AED 1,152 Mn in FY2023 with EBITDA margin of 65.7% in FY2022 and 69.9% in FY2023. Adjusted EBITDA further rose to AED 1,296 Mn in FY2024 with an improved EBITDA margin of 72.3%, due to expansion in gross margins, efficiencies G&A and marketing costs. The proforma adjusted EBITDA pre-management fee grew to AED 1,303 Mn with an EBITDA margin of 72.7% during FY2024 from AED 1,157 Mn during FY2023 and AED 956 Mn in FY2022. Looking ahead, we expect EBITDA to grow at a CAGR of 9.8% from AED 1,303 Mn in FY2024 to AED 2,084 Mn in FY2029. EBITDA margin is also anticipated to expand from 72.7% in FY2024 to 77.7% in FY2029. The pro-forma Net profit of the Company increased from AED 2.6 Bn in FY2022 to AED 3.4 Bn in FY2023 and AED 2.6 Bn in FY2024. Net profit margin also rose from 181.0% in FY2022 to 204.9% in FY2023 and declined to 147.2% in FY2024. We anticipate net profit will amount to AED 2.9 Bn during FY2025 with net profit margin of 152.0%. After that, we project net profit to grow at a CAGR of 9.9% from AED 2.9 Bn in FY2025 to AED 4.3 Bn in FY2029.

Proforma Funds from Operations (FFO) of the Company grew at a CAGR of 15.9% from AED 815 Mn during FY2022 to AED 1,094 Mn during FY2024 with FFO margin of 61.0% due to expansion in EBITDA. We project the FFO of AED 1,234 Mn during FY2025 with FFO margin of 64.0%. After that, proforma FFO of the Company is expected to rise at a CAGR of 10.0% from AED 1,234 Mn during FY2025 to AED 1,805 Mn during FY2029. The proforma FFO margin is also expected to expand from 64.0% in FY2025 to 67.3% during FY2029.

Dubai Residential incurred a cumulative capex of AED 596 Mn during FY2022 to FY2024

Dubai Residential's net cash flow from operating activities on carve-out basis increased from outflow AED 118 Mn in FY2022 to cash inflow of AED 551 Mn in FY2023 and AED 3,773 Mn in FY2024 due to higher profits supported by cash generation from working capital compared to investment in working capital during FY2022. Net cash flow from investing activities on carve-out basis stood negative at AED 469 Mn in FY2023 and AED 653 Mn in FY2024 compared to negative AED 68 Mn in FY2022. Furthermore, cash flow from financing activities on carve-out basis stood at negative AED 2,234 Mn in FY2024, AED 508 Mn in FY2023, and inflow of AED 152 Mn in FY2022 as a result of group reorganization effect in FY2023 and FY2024. All the cash flows of Dubai residential are based on the carve-out basis. Dubai Residential incurred a cumulative capex of AED 596 Mn between FY2022 and FY2024. We expect the Company to incur a cumulative capex of AED 979 Mn from FY2025-29 excluding acquisition capex, which includes the refurbishment capex of AED 260 Mn during FY2025-FY2027 and ESG capex of AED 200 Mn during FY2025-FY2029. The remaining amount is expected to spend on the maintenance capex of investment properties.

Figure 46: Summary financials (AED, Mn)

	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
Revenue	**1,456**	**1,647**	**1,793**	**1,930**	**2,114**	**2,315**	**2,500**	**2,682**
Gross Profit	**1,038**	**1,232**	**1,355**	**1,480**	**1,641**	**1,814**	**1,978**	**2,142**
EBITDA[12]	**956**	**1,157**	**1,303**	**1,429**	**1,588**	**1,758**	**1,920**	**2,084**
Net profit[2]	**2,635**	**3,374**	**2,640**	**2,933**	**3,219**	**3,601**	**3,936**	**4,283**
FFO[2]	**815**	**951**	**1,094**	**1,234**	**1,350**	**1,498**	**1,650**	**1,805**
Gross Profit Margin	*71.3%*	*74.8%*	*75.6%*	*76.7%*	*77.6%*	*78.4%*	*79.1%*	*79.9%*
EBITDA Margin	*65.7%*	*70.2%*	*72.7%*	*74.0%*	*75.1%*	*76.0%*	*76.8%*	*77.7%*
Net Profit Margin	*181.0%*	*204.9%*	*147.2%*	*152.0%*	*152.3%*	*155.6%*	*157.4%*	*159.7%*
FFO Margin	*56.0%*	*57.7%*	*61.0%*	*64.0%*	*63.9%*	*64.7%*	*66.0%*	*67.3%*
Net Debt/EBITDA	0.8	0.7	1.1	0.7	1.2	1.0	0.8	0.5

Source: Company Information, FAB Securities research FY2025-29, Notes [1]Pre-Management Fees EBITDA excluding FV Gains, [2]FY2022A, FY2023A, and FY2024A EBITDA, FFO and net profit are on the Proforma basis

Financials

Revenue

The Company is expected to generate revenue of AED 1.9 Bn during FY2025

The Company generates revenue through renting of the residential units. These offerings can be further classified on the basis of their price points and targeted audience. The revenue received from Premium segment accounted for 8.1% of the total revenue in FY2024, while Community segment accounted for 47.7% of the total revenue. Affordable and Corporate Housing segments accounted for 35.0% and 4.6% of total revenue during FY2024 while remaining 4.7% of the revenue was contributed by other segments which includes the retail offerings.

The Company's total revenue increased from AED 1,456 Mn in FY2022 to AED 1,647 Mn in FY2023 and further rose to AED 1,793 Mn in FY2024, mainly driven by higher occupancy and expansion in annual average rental rates per square foot. We expect the Company to generate the revenue of AED 1,930 Mn during FY2025. Premium, community and affordable segments, which account for c. 90.7% of the portfolio's total revenue, showed double-digit growth in rental rates per square foot between FY2022 and FY2024, mainly due to high demand and retention, translated into the observed high occupancy levels. The financial performance of the Company was also fuelled by rising rental rates, ERV (Estimated Rental Value) catch-up on renewals and re-rating on churn. We anticipate the revenue of Dubai Residential to grow at a CAGR of 8.4% from AED 1,793 Mn in FY2024 to AED 2,682 Mn in FY2029. The LfL (Like-for-Like) revenue of Dubai Residential is expected to grow at a CAGR of 7.7% during FY2024-29

Revenue of Dubai Residential is expected to grow at a CAGR of 8.4% from AED 1.8 Bn in FY2024 to AED 2.7 Bn in FY2029

Revenue from Premium segment grew 13.5% YOY to AED 145 Mn in FY2024. We expect Premium segment to generate revenue of AED 155 Mn during FY2025 with a growth of 7.0%. Revenue from Community segment rose 5.1% YOY to AED 855 Mn in FY2024. We expect Community segment to generate revenue of AED 918 Mn during FY2025 with growth of 7.4%. Revenue from Affordable segment rose 13.0% YOY to AED 627 Mn in FY2024. We expect Affordable segment to generate revenue of AED 675 Mn during FY2025 with growth of 7.7%. Revenue from Corporate Housing declined marginally 0.6% YOY to AED 82 Mn in FY2024. We expect Corporate Housing segment to generate revenue of AED 90 Mn during FY2025. Revenue from Other segment rose 22.9% YOY to AED 85 Mn in FY2024. We expect Others segment to generate revenue of AED 91 Mn during FY2025 with growth of 7.8%.

A. Premium Segment:

The Premium segment reported a revenue of AED 145 Mn for FY2024

The Premium segment recorded a commendable growth of 13.5% YOY, generating a revenue of AED 145 Mn in FY2024. This growth is primarily driven by higher occupancy rates, an increase in rental revenue per leased GLA, and an expansion of the gross leasable area (GLA) attributable to the addition of 30 units acquired for Nad Al Sheba Villas during FY2023. As of December 2024, the total unit count in the UAE stood at 746 units, with 65% categorized as apartments and 35% as villas, resulting in a combined GLA of 2.1 Mn square feet. During FY2024, the segment attained an impressive average annual occupancy rate of 95.4%. However, the occupancy at Bluewater experienced a decline during 9M24, which impacted the average occupancy of the segment compared to the 97.5% reported in FY2023. Nevertheless, the annual average rental revenue per leased GLA exhibited a notable increase, rising from AED 61.2 per square feet in FY2023 to AED 71.0 per square feet in FY2024. The segment reported a revenue of AED 145 Mn for FY2024. Looking ahead, we anticipate that the Premium segment will achieve an average annual occupancy of 96.6% projected for the period from FY2025 to FY2029.

Furthermore, we project that the annual average rental revenue per leased GLA per square feet will grow at a CAGR of 5.5% from AED 71.0 in FY2024 to AED 92.8 in FY2029. Consequently, the expected revenue from the Premium segment is forecasted to grow at a CAGR of 13.6% from

The expected revenue from the Premium segment is forecasted to grow at a CAGR of 13.6% from AED 145 Mn in FY2024 to AED 273 Mn in FY2029

AED 145 Mn in FY2024 to AED 273 Mn in FY2029. Revenue from Premium segment is also expected to boost due to planned acquisition of Garden View Villas and Jebel Ali Village. This outlook signifies a strong potential for continued growth in the coming years. Dubai Residential announced the acquisition of Garden View Villas and Jebel Ali Village for the compensation of AED 241 Mn and AED 894 Mn, respectively. The acquisition of Garden View Villas (GVV) is expected to be completed by 4Q25, which will add 56 townhouses (4-beds) in the Premium portfolio. Jebel Ali Village (JAV) is expected to be acquired during 2Q26, which will add 220 townhouses (3-4 bed) in the premium portfolio of the Company. These acquisitions are expected to generate AED 70-80 Mn in revenue after leasing. Dubai Residential has also submitted Expression of Interest (EoI) for two Medium-Term Projects including Dubai Science Park and Acres, which will combinedly add 448 premium Single-family Units, Once Contracted. Currently, we are not including the expansion of Dubai Science Park and Acres into the Dubai Residential portfolio.

Premium KPIs & Revenue	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Total Units	716	746	746	802	1,022	1,022	1,022	1,022
Total GLA at beginning ('000, SQFT)	**2,082**	**2,138**	**2,138**	**2,138**	**2,316**	**3,052**	**3,052**	**3,052**
GLA due to acquisition ('000, SQFT)	0	56	0	177	711	0	0	0
Occupancy of owned properties	96.5%	97.5%	95.4%	95.8%	96.2%	96.6%	97.0%	97.4%
Occupancy of properties acquired during the year	-	-	-	50%[1]	50%[2]	-	-	-
Rental Revenue per leased GLA (AED/SQFT)	60.4	61.2	71.0	74.9	79.0	83.4	88.0	92.8
Total Revenue (AED, Mn)	**121**	**128**	**145**	**155**	**189**	**244**	**258**	**273**

Source: Company Information, FAB Securities Estimates FY2025-29, [1]Garden View villa property is expected to be acquired during 4Q25 so we are expecting 50% occupancy for the GVV during 4Q25, [2] Jebel Ali Village is anticipated to be acquired during 2Q26 so we are projecting 50% occupancy for JAV for the rest of the year

The Community segment is the largest contributor to the revenue and contributed AED 855 Mn for FY2024

B. Community Segment:

The Community segment is the largest contributor to the revenue and recorded a healthy growth of 5.1% YOY, achieving a revenue of AED 855 Mn in FY2024. This growth is primarily driven by higher occupancy rates, an increase in rental revenue per leased GLA, and an expansion of the gross leasable area (GLA) attributable to the addition of 27 units acquired for Manazel al Khor during FY2023. As of December 2024, the total unit count in the UAE grew to 13,649 due to acquisition of 218 units of Meydan during FY2024, with 89% categorized as apartments and 11% as villas, resulting in a combined GLA of 17.6 Mn square feet.

During FY2024, the segment attained an impressive average annual occupancy rate of 99.0%. However, the due to ongoing refurbishment work at The Gardens and Garden View Villas resulted in the available GLA of 17.0 Mn square feet (based on FAB calculations). Nevertheless, the annual average rental revenue per leased GLA experienced increase, rising from AED 48.0 per square feet in FY2023 to AED 50.9 per square feet in FY2024.

The expected revenue from the Community segment is forecasted to grow at a CAGR of 8.4% from AED 855 Mn in FY2024 to AED 1,278 Mn in FY2029

The segment reported a revenue of AED 855 Mn for FY2024 with an annual average rental revenue per leased GLA of AED 50.9 per square feet. Looking ahead, we forecast that the Community segment will achieve an average annual occupancy of 99.1% projected for the period from FY2025 to FY2029. However, due to ongoing and planned refurbishment work, we expect the available GLA to remain below total GLA during FY2025 to FY2027. Furthermore, we project that the annual average rental revenue per leased GLA per square feet to rise at a CAGR of 7.5% from AED 50.9 in FY2024 to AED 73.2 in FY2029. Consequently, the expected revenue from the Community segment is forecasted to grow at a CAGR of 8.4% from AED 855 Mn in FY2024 to AED 1,278 Mn in FY2029. This outlook signifies a strong potential for continued growth in the coming years. Dubai Residential has also submitted Expression of Interest (EoI) for a Medium-Term Project, Dubai Wharf, which will add 107 units (1-3 beds) in Community segment, Once Contracted. Currently, we are not including the acquisition of Dubai Wharf into the Dubai Residential portfolio.

Community KPIs & Revenue	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Total Units	13,405	13,431	13,649	13,649	13,649	13,649	13,649	13,649
Total GLA ('000, SQFT)	17,132	17,174	17,592	17,592	17,592	17,592	17,592	17,592
Units under Refurbishment	403	155	810[1]	500	250	200	0	0
Available GLA ('000, SQFT)	16,755	17,022	16,941	17,043	17,107	17,171	17,426	17,426
Occupancy	94.6%	98.6%	99.0%	99.0%	99.1%	99.1%	99.1%	99.2%
Rental Revenue per leased GLA (AED/SQFT)	43.2	48.0	50.9	54.7	58.9	63.3	68.1	73.2
Total Revenue (AED, Mn)	**691**	**814**	**855**	**918**	**1,007**	**1,087**	**1,187**	**1,278**

Source: Company Information, FAB Securities Estimates FY2025-29, Occupancy is based on Available GLA, [1]As per FAB internal calculations

The Affordable segment is the second largest contributor to the revenue with contribution of AED 627 Mn for FY2024

C. Affordable Segment:

The Affordable segment is the second largest contributor to the revenue and witnessed a resilient growth of 13.0% YOY, achieving a revenue of AED 627 Mn in FY2024. This growth is primarily driven by an increase in rental revenue per leased GLA, and an expansion of the GLA attributable to the addition of 89 units acquired in Al Khail Gate in FY2023. As of December 2024, the total unit count in the segment expanded to 16,256, resulting in a combined GLA of 13.9 Mn square feet. During FY2024, the segment attained an impressive average annual occupancy rate of 96.2%. Additionally, the annual average rental revenue per leased GLA experienced increase, rising from AED 42.6 per square feet in FY2023 to AED 46.8 per square feet in FY2024.

The expected revenue from the Affordable segment is forecasted to grow at a CAGR of 7.6% from AED 627 Mn in FY2024 to AED 905 Mn in FY2029

The segment reported a revenue of AED 627 Mn for FY2024 with an annual average rental revenue per leased GLA of AED 46.8 per square feet. Looking ahead, we forecast that the Affordable segment will achieve an average annual occupancy of 96.4% projected for the period from FY2025 to FY2029. Furthermore, we project that the annual average rental revenue per leased GLA per square foot will rise at a CAGR of 7.5% from AED 46.8 in FY2024 to AED 67.3 in FY2029. Consequently, the expected revenue from the Affordable segment is forecasted to grow at a CAGR of 7.6% from AED 627 Mn in FY2024 to AED 905 Mn in FY2029.

Affordable KPIs & Revenue	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Total Units	16,170	16,259	16,256	16,256	16,256	16,256	16,256	16,256
Total GLA ('000, SQFT)	13,849	13,931	13,931	13,931	13,931	13,931	13,931	13,931
Occupancy	93.7%	93.3%	96.2%	96.3%	96.3%	96.4%	96.4%	96.5%
Rental Revenue per leased GLA (AED/SQFT)	39.2	42.6	46.8	50.3	54.1	58.2	62.6	67.3
Total Revenue (AED, Mn)	**509**	**554**	**627**	**675**	**726**	**781**	**841**	**905**

Source: Company Information, FAB Securities Estimates FY2025-29

The Corporate Housing Segment reported a revenue of AED 82 Mn for FY2024

The expected revenue from the Corporate Housing segment is forecasted to grow at a CAGR of 4.7% from AED 82 Mn in FY2024 to AED 103 Mn in FY2029

D. Corporate Housing Segment:

The Corporate Housing segment recorded a marginal decline of 0.6% YOY, achieving a revenue of AED 82 Mn in FY2024. This decline is primarily driven by an fall in rental revenue per leased GLA partially offset by higher occupancy. As of December 2024, the total unit count in the segment stood at 5,049, resulting in a combined GLA of 0.9 Mn square feet. During FY2024, the segment attained an average annual occupancy rate of 93.1%. The occupancy of the segment declined during 9M24 due to the vacating of one of the corporate clients in Al Quoz accommodations, affecting the occupancy levels during FY2024. However, the Company managed to lease all the vacated units by November 2024 (100% occupancy). As a result, the annual average rental revenue per leased GLA experienced decline from AED 102.9 per square feet in FY2023 to AED 101.6 per square feet in FY2024.

The segment reported a revenue of AED 82 Mn for FY2024, with an annual average rental revenue per leased GLA of AED 101.6 per square feet. Looking ahead, we forecast that the Corporate Housing segment will achieve an average annual occupancy of 99.4% projected for the period from FY2025 to FY2029. Furthermore, we project that the annual average rental revenue per leased GLA per square foot will rise at a CAGR of 3.3% from AED 101.6 in FY2024 to AED 119.5 in FY2029. Consequently, the expected revenue from the Corporate Housing segment is forecasted to grow at a CAGR of 4.7% from AED 82 Mn in FY2024 to AED 103 Mn in FY2029.

Corporate KPIs & Revenue	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Total Units	5,053	5,047	5,049	5,049	5,049	5,049	5,049	5,049
Total GLA ('000, SQFT)	865	865	865	865	865	865	865	865
Occupancy	88.6%	92.7%	93.1%	99.1%	99.3%	99.4%	99.5%	99.6%
Rental Revenue per leased GLA (AED/SQFT)	100.3	102.9	101.6	105.0	108.4	112.0	115.7	119.5
Total Revenue (AED, Mn)	**77**	**82**	**82**	**90**	**93**	**96**	**100**	**103**

Source: Company Information, FAB Securities Estimates FY2025-29

The Other includes the retail units of the Company and reported revenue of AED 85 Mn in FY2024

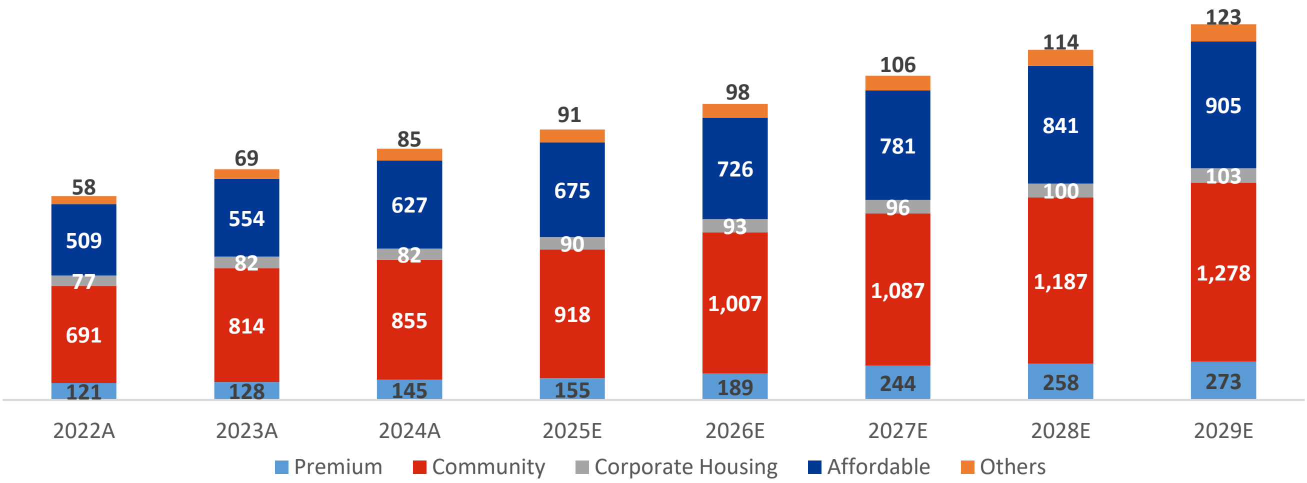
E. Other Segment:

The Other segment includes the retail units of the Company and showed a resilient growth of 22.9% YOY, achieving a revenue of AED 85 Mn in FY2024. As of December 2024, the total unit count in the segment has risen to 1,732, resulting in a combined GLA of 1.2 Mn square feet. During FY2024, the segment attained an average annual occupancy rate of 94.3%. The segment reported a revenue of AED 85 Mn for FY2024 with an annual average rental revenue per leased GLA of AED 77.8 per square feet. Looking ahead, we forecast that the Other segment will achieve an average annual occupancy of 95.9% projected for the period from FY2025 to FY2029. Furthermore, we project that the annual average rental revenue per leased GLA per square foot will rise at a CAGR of 7.1% from AED 77.8 per square feet in FY2024 to AED 109.5 per square feet in FY2029. Consequently, the expected revenue from the Others segment is forecasted to grow at a CAGR of 7.7% from AED 85 Mn in FY2024 to AED 123 Mn in FY2029.

Other KPIs & Revenue	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Total Units			1,732	1,732	1,732	1,732	1,732	1,732
Total GLA ('000, SQFT)			1,155	1,155	1,155	1,155	1,155	1,155
Occupancy			94.3%	94.8%	95.3%	95.9%	96.5%	97.1%
Rental Revenue per leased GLA (AED/SQFT)			77.8	83.4	89.4	95.6	102.3	109.5
Total Revenue (AED, Mn)	**58**	**69**	**85**	**91**	**98**	**106**	**114**	**123**

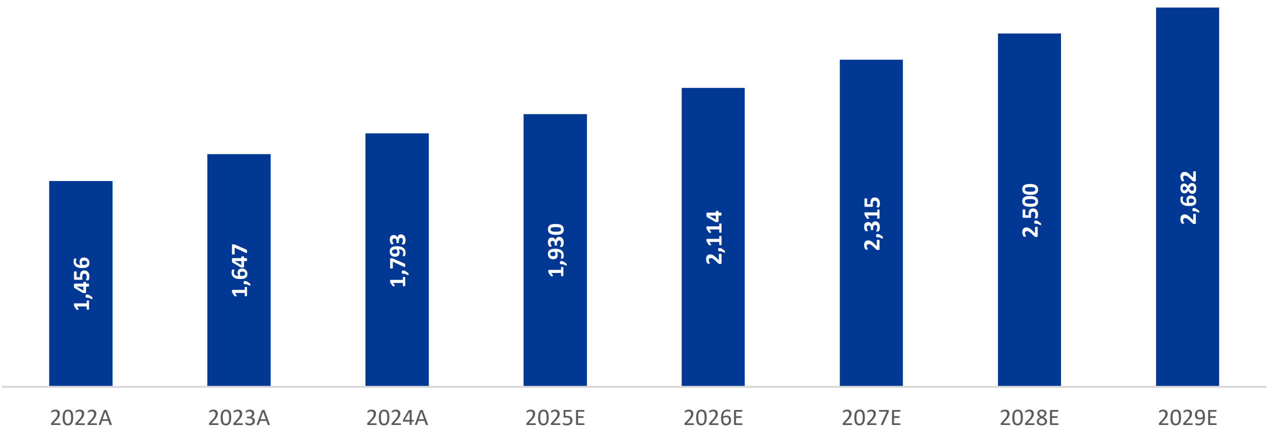
Source: Company Information, FAB Securities Estimates FY2025-29

Figure 47: Revenue by Segment (AED, Mn)



Source: Company Information, FAB Securities research FY2025-29

Figure 48: Total Revenue (AED, Mn)



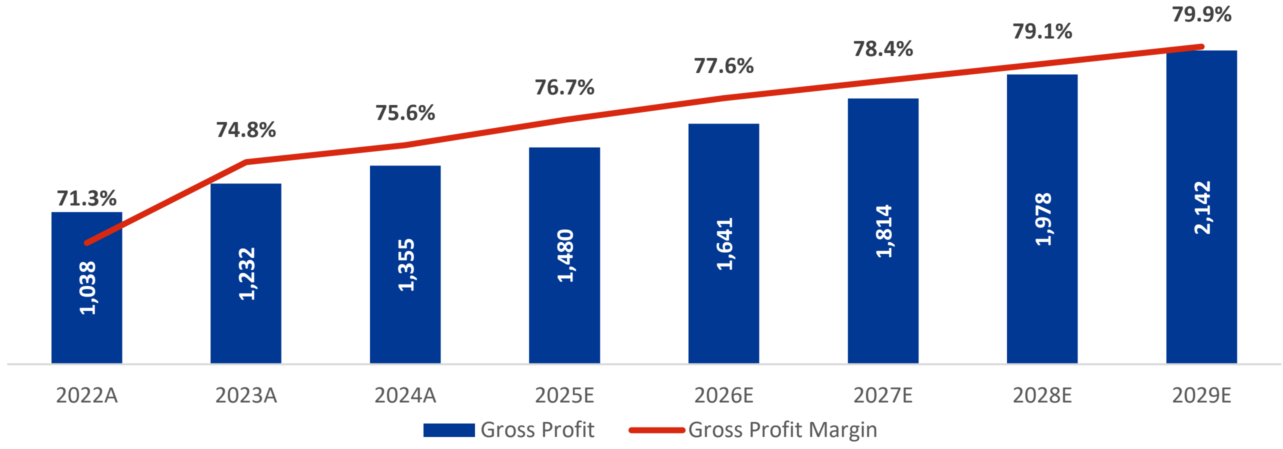
Source: Company Information, FAB Securities research FY2025-29

Gross Profit

We expect gross profit of the Company to grow at a CAGR of 9.6% from AED 1.4 Bn in FY2024 to AED 2.1 Bn in FY2029

Dubai Residential experienced a healthy growth in gross profit, which increased 9.9% YOY from AED 1,232 Mn in FY2023 to AED 1,355 Mn in FY2024, attributed to higher revenues, enhanced operating leverage, and improved cost efficiencies. The Company's gross profit margin also expanded from 71.3% in FY2022 to 74.8% in FY2023 and further to 75.6% in FY2024. The Company's direct costs encompass operational and maintenance expenses and various other direct costs. The operational and maintenance costs include expenditures related to facilities management, repairs, maintenance, security services, and cleaning. Community charges and utilities for shared areas also fall within these direct costs. Other expenditures consist of blocked VAT and insurance. Notably, a significant portion of Dubai Residential's costs are fixed, directly correlating revenue growth and gross profit increase. The Company is projected to report a gross profit of AED 1,480 Mn, with a margin of 76.7%, in FY2025. Furthermore, we anticipate that Dubai Residential's gross profit will continue to grow at a CAGR of 9.6%, increasing from AED 1,355 Mn in FY2024 to AED 2,142 Mn in FY2029. The gross profit margin is also expected to expand from 75.6% in FY2024 to 79.9% in FY2029.

Figure 49: Gross Profit (AED, Mn) and Gross Profit Margin



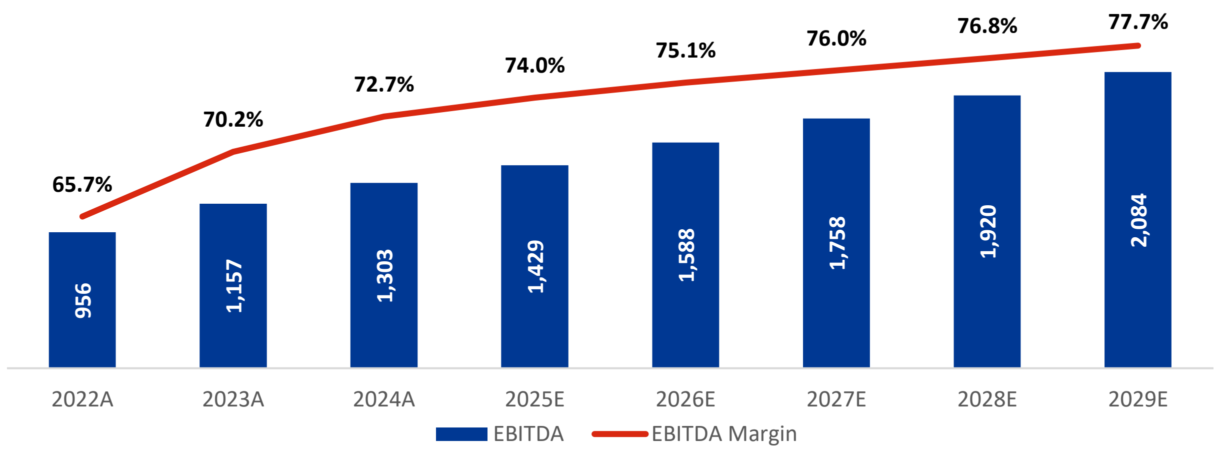
Source: Company Information, FAB Securities research 2025-29

EBITDA

We expect proforma EBITDA to grow at a CAGR of 9.8% from AED 1,303 Mn in FY2024 to AED 2,084 Mn in FY2029

Dubai Residential reported a significant growth in adjusted EBITDA (pre-management fees and allocated corporate costs, excluding changes in fair value), which increased from AED 957 Mn in FY2022 to AED 1,152 Mn and further rose to AED 1,296 Mn in FY2024. The EBITDA margin also expanded from 65.7% in FY2022 to 69.9% in FY2023 and 72.3% in FY2024. Proforma adjusted EBITDA also increased from AED 956 Mn in FY2022 to AED 1,157 Mn in FY2023 and further rose to AED 1,303 Mn in FY2024, with a margin of 65.7% in FY2022, 70.2% in FY2023, and 72.7% in FY2024. The expansion in EBITDA margin can be primarily attributed to an uptick in gross margin as well as enhanced operational efficiency in general and administrative expenses. The EBITDA growth is also supported by the operating leverage due to large scale operations. Dubai Residential's operating costs encompass various elements, including provisions for loss allowances on trade receivables, information technology expenditures, and other general and administrative costs. The IT expenses pertain to Dubai Residential's share of the DHAM licensing and costs associated with IT infrastructure and applications, which are currently governed by an IT service level agreement. Costs are mainly fixed in nature, with most of the revenue growth flowing directly into EBITDA. Furthermore, we anticipate a CAGR of 9.8% in EBITDA, escalating from AED 1,303 Mn in FY2024 to AED 2,084 Mn by FY2029.

Figure 50: Proforma EBITDA[1] (AED, Mn) (Pre Mgmt Fees) and EBITDA Margin



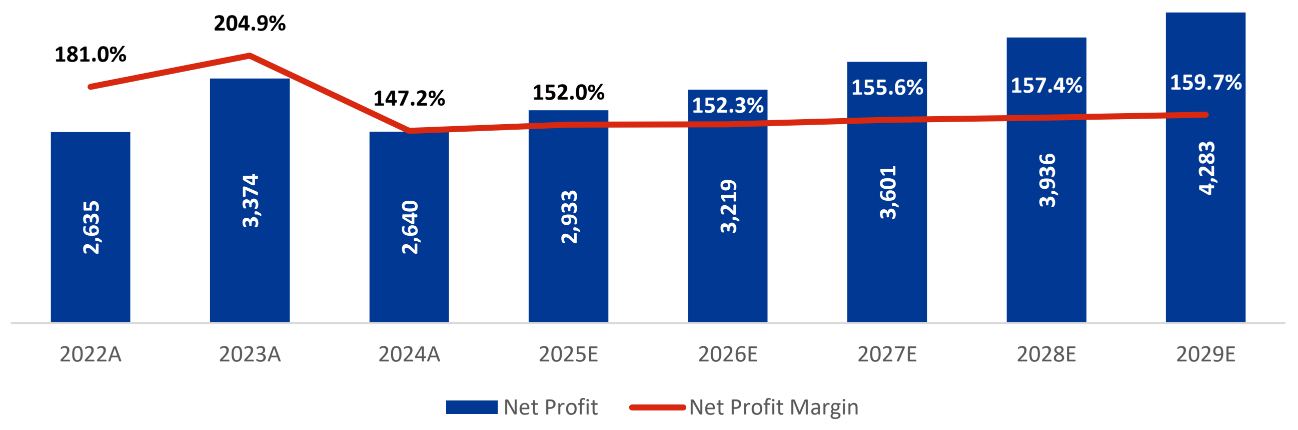
Source: Company Information, FAB Securities Research FY2025-29, [1]Proforma EBITDA = EBIT + D&A charges + Management fees – Fair value gain on investment properties. All figures are on Proforma Basis.

Net Profit

We expect proforma net profit to expand at a CAGR of 10.2% from AED 2,640 Mn in FY2024 to AED 4,283 Mn in FY2029

Dubai Residential reported a significant increase in pro-forma net profit, growing from AED 2,635 Mn in FY2022 to AED 3,374 Mn in FY2023 on a proforma basis. However, proforma net profit declined to AED 2,640 Mn in FY2024 due to lower fair value gain on investment properties recorded in FY2024 compared to FY2023, partially offset by a growth in operating profit. The Company's net profit margin, which escalated from 181.0% in FY2022 to 204.9% in FY2023 and declined to 147.2% in FY2024. The increase in net profit during FY2023 can be attributed to enhanced revenues, operational efficiencies, and a rise in fair value gains on investment properties. Looking ahead, we anticipate that Dubai Residential would report a net profit of AED 2,933 Mn on a proforma basis, with a margin of 152.0% during FY2025. The proforma basis net profit for FY2024 is calculated by taking into account the corporate facility utilized in November 2024, which has been considered for the entire year, thereby impacting the finance costs and net profit. Dubai Residential also incurs management fees of 10.0% of profit before tax excluding gains on fair valuation of investment property. Furthermore, we project that Dubai Residential's proforma net profit will grow at a CAGR of 10.2%, increasing from AED 2,640 Mn in FY2024 to AED 4,283 Mn in FY2029. The net profit margin is also expected to expand from 147.2% in FY2024 to 159.7% in FY2029.

Figure 51: Net Profit[1] (AED, Mn) and Net Profit Margin



Source: Company Information, FAB Securities Research FY2025-29, [1]Net Profit for FY2022, FY2023, & FY2024 are on Proforma Basis

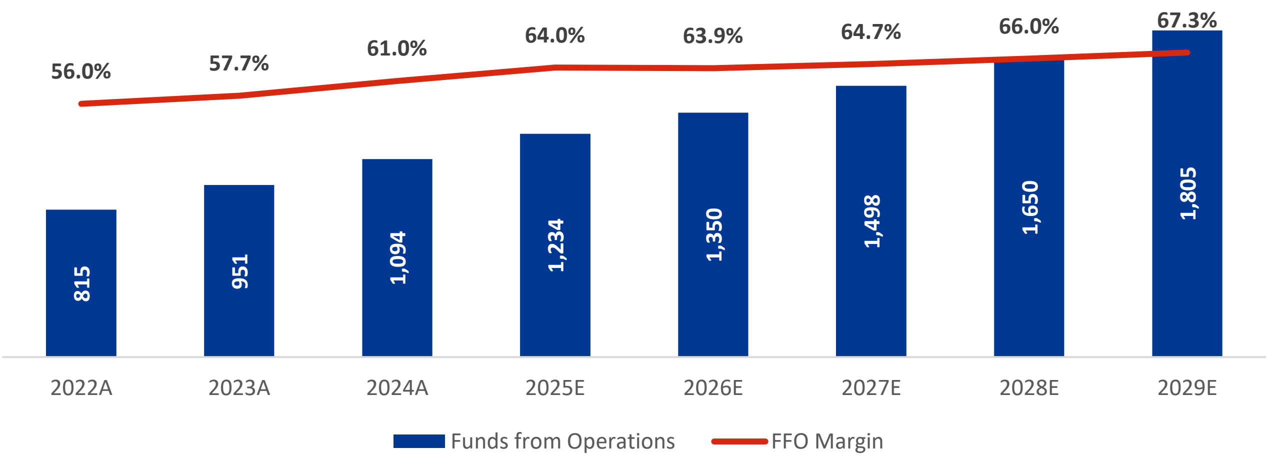
Funds from Operation (FFO)

We expect proforma FFO to rise at a CAGR of 10.5% from AED 1,094 Mn in FY2024 to AED 1,805 Mn in FY2029

Dubai Residential has announced a substantial increase in funds from operations (FFO), escalating from AED 815 Mn in FY2022 to AED 951 Mn in FY2023 on a proforma basis and further expanded to AED 1,094 Mn in FY2024. This notable growth is further complemented by an enhancement in the Company's FFO margins, which expanded from 56.0% in FY2022 to 57.7% in FY2023 and further improved to 61.0% in FY2024. The substantial rise in FFO is primarily attributed to revenue growth, improved operational efficiencies, and an expansion of operating profit margins. Looking ahead, we project that Dubai Residential will generate proforma FFO of AED 1,234 Mn on a proforma basis in FY2025, with an anticipated margin of 64.0%. The proforma basis FFO is calculated by taking into account the corporate facility utilized in November 2024, which has been considered for the entire year, thereby impacting the finance costs. We forecast that Dubai Residential's proforma FFO will continue to grow at a CAGR of 10.5%, increasing from AED 1,094 Mn in FY2024 to AED 1,805 Mn in FY2029. Additionally, the FFO margin is expected to expand from 61.0% in FY2024 to 67.3% in FY2029.

Funds from operations are calculated after subtracting net fair value gains on investment properties from net profit.

Figure 52: Proforma Funds from Operations[1] (AED, Mn) and FFO Margin



Source: Company Information, FAB Securities Research FY2025-29, [1]FFO for FY2022, FY2023 & FY2024 are on Proforma Basis

Capital Expenditure

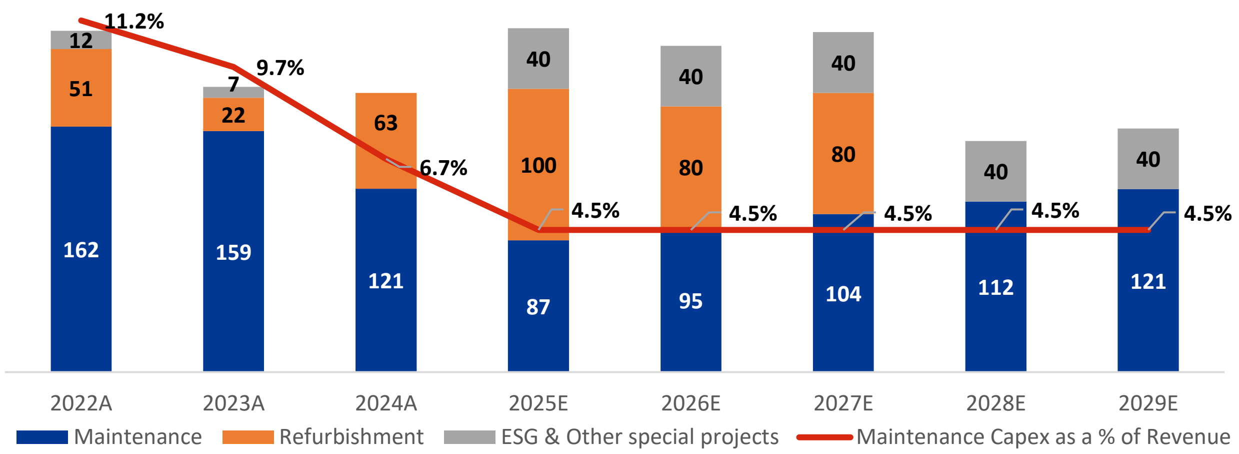
We expect the Company to spend AED 979 Mn on capex during FY2025-29 on investment properties excluding acquisition of new properties

Dubai Residential has reported a significant capital expenditure (capex) over recent periods, amounting to AED 225 Mn, AED 187 Mn, and AED 184 Mn for the respective periods of FY2022, FY2023, and FY2024. This investment represents 15.4%, 11.4%, and 10.3% of the revenue generated in these periods, highlighting the Company's commitment to strategic financial management and growth. A substantial portion of the capex has been allocated to maintenance expenditures, totalling AED 162 Mn, AED 159 Mn, and AED 121 Mn for the respective periods of FY2022, FY2023, and FY2024. These maintenance costs reflected 11.2%, 9.6%, and 6.7% of total revenue in FY2022, FY2023, and FY2024, respectively. The overall capital expenditure ratio has notably decreased from c. 15% to around c. 10% of revenues, a shift primarily attributed to the post-COVID-19 recovery phase and enhanced asset management strategies. Additionally, Dubai Residential has allocated AED 136 Mn for refurbishment capex spanning from FY2022 to FY2024, with a significant investment of c. AED 70 Mn was specifically directed towards the refurbishment of The Gardens.

Looking ahead, Dubai Residential plans to maintain a focus on refurbishment initiatives, projecting an expenditure of AED 260 Mn during the forecasted period from FY2025 to FY2027. Apart from the maintenance and refurbishment capex, the Company has invested in special projects, such as the conversion of retail spaces into residential units at Manazel Al Khor, further illustrating its innovative approach to maximizing property utilization. Furthermore, Dubai Residential is scheduled to incur an ESG (Environment, Social, and Governance) capex of AED 200 Mn between FY2025 and FY2029, reflecting its commitment to sustainable practices. For the forecasted period from FY2025 to FY2029, maintenance capex is forecasted to average 4.5% of revenue, leading to a total maintenance expenditure of AED 519 Mn. A total capex of AED 227 Mn is anticipated in FY2025, with cumulative investments projected to reach AED 979 Mn within the forecasted period of FY2025 to FY2029 in investment properties to ensure continued growth.

Apart from this, Dubai Residential will acquire 56 premium four bed townhouses in Garden View Villas for AED 241 Mn in 4Q25 and 220 premium townhouses in Jebel Ali Village for AED 894 Mn in 2Q26.

Figure 53: Capex (AED, Mn)



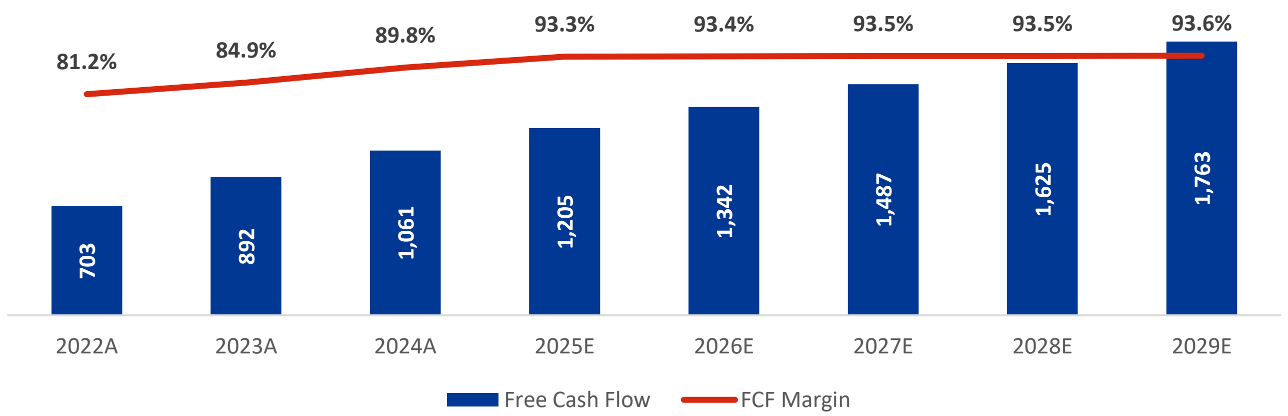
Source: Company Information, FAB Securities research FY2025-29, capex figures are excluding the acquisition cost for the new properties

Cash Flow Generation

We expect Dubai Residential to generate a cumulative free cash flow of AED 7.4 Bn during FY2025-29

Dubai Residential's net cash flow from operating activities on carve-out basis stood at AED 3,773 Mn in FY2024 compared to a cash inflow of AED 551 Mn in FY2023 due to cash generation from working capital coupled with higher profits. Net cash flow from investing activities on carve-out basis stood negative at AED 653 Mn in FY2024 compared to negative AED 469 Mn in FY2023. Furthermore, cash flow from financing activities on carve-out basis stood at negative AED 2,234 Mn in FY2024 compared to outflow of AED 508 Mn in FY2023 due to group reorganization. Free cash flow (FCF) is calculated by deducting maintenance capex from recurring FFO and adding the net finance cost and D&A charges. The Company generated a proforma free cash flow of AED 1,061 Mn in FY2024 compared to AED 892 Mn in FY2023 and AED 703 Mn in FY2022 on proforma basis. FCF conversion stood at 89.8% in FY2024 compared to 84.9% in FY2023 and 81.2% in FY2022. FCF conversion is defined as FCF/EBITDA (post management fees). We expect Dubai Residential to generate FCF of AED 1,205 Mn during FY2025 with an FCF conversion of 93.3%. We project a cumulative FCF of AED 7,422 Mn during FY2025-29 with an average FCF conversion of 93.4%.

Figure 54: Free cash flows (AED, Mn), FCF Conversion



Source: Company Information, FAB Securities research FY2025-29, FCF = FFO – maintenance capex + net finance cost + D&A charges, FCF Conversion = FCF / EBITDA (Post Management Fees), All figures are on Proforma Basis

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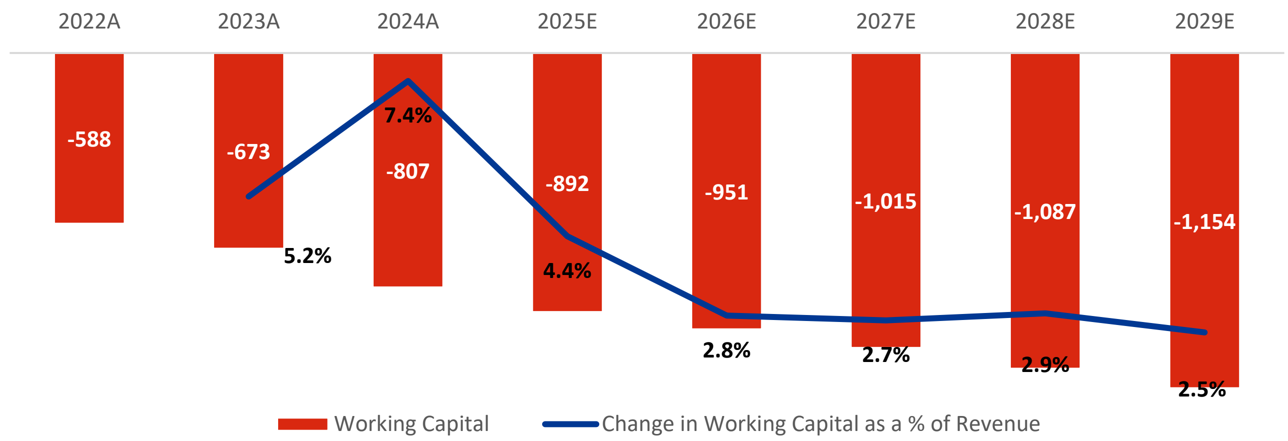
Working Capital

We expect to generate a cumulative cash generation from net working capital of AED 347 Mn during FY2025-29

Dubai Residential's working capital includes customer advances, trade and other receivables, and trade and other payables. The Company operates with negative working capital, which stood at AED 807 Mn in FY2024 on proforma basis, compared to the AED 673 Mn in FY2023 and AED 588 Mn in FY2022. This shift is primarily attributed to a stable trade receivables coupled with a growth in customer advances and trade payables. Customer advances represented 16.6% of revenue in FY2022, 16.3% in FY2023, and rose to 19.5% of revenue in FY2024, indicating a consistent collection period that averages c. 71 days for rental income with an upward trend in average rent, customer advances are anticipated to rise, leading to a forecast of an average of 19.3% of revenue during the period of FY2025 to FY2029, which corresponds to roughly 70 days of rent collection. The composition of receivables extends to trade receivables, unbilled receivables, advances to suppliers, prepayments, and other receivables, excluding the loss allowance on trade receivables. Allowance for trade receivables is expected to remain around 1.0% of total revenue during the forecasted period. Dubai Residential's trade receivable days indicate the efficiency of trade receivables, which decreased from 28 days in FY2022 to 13 days in FY2023 and 14 days in FY2024. Furthermore, the Company's trade and other payables include various components such as accrued expenses, refundable deposits, retention payables, and trade payables. The average payable days, excluding refundable deposits, increased slightly from 280 days in FY2022 to 283 days in FY2023 and further to 318 days in FY2024. We project that average trade receivable days will maintain at 13 days, delinquencies will hold steady at 1.0% of revenue, and payable days will average around 321 days, contributing to a cumulative cash generation from net working capital amounting to AED 347 Mn during FY2025-29, equivalent to average 3.1% of revenue.

Figure 55: Working Capital (AED, Mn)



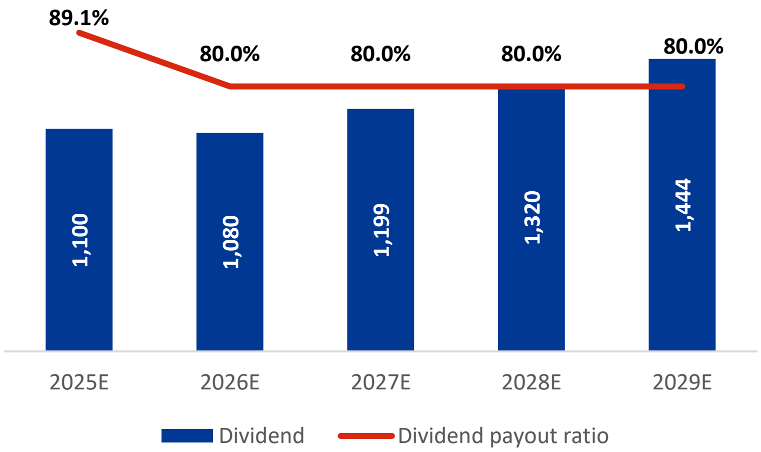
Source: Company Information, FAB Securities research FY2025-29

Dividend

We expect Dubai Residential to declare a cumulative dividend of AED 6,143 Mn for FY2025-29

The Company plans to list as a REIT (Real Estate Investment Trust), thereby having to ensure compliance with the regulatory requirement of SCA Funds Regulations to distribute 80% of its net profits as dividends to unitholders. We expect Dubai Residential to maintain a total dividend payout ratio of 80% of annual distributable profit after tax (pre-revaluation movements) during FY2026-2029. We anticipate that, Dubai Residential to declare a dividend of AED 1,100 Mn for the period of FY2025. As per the Company's dividend policy, the dividend will be paid semi-annually from FY2025 onwards. We expect the Company to declare a cumulative dividend of AED 5,043 Mn for FY2026-29.

Figure 56: Dividend (AED, Mn)



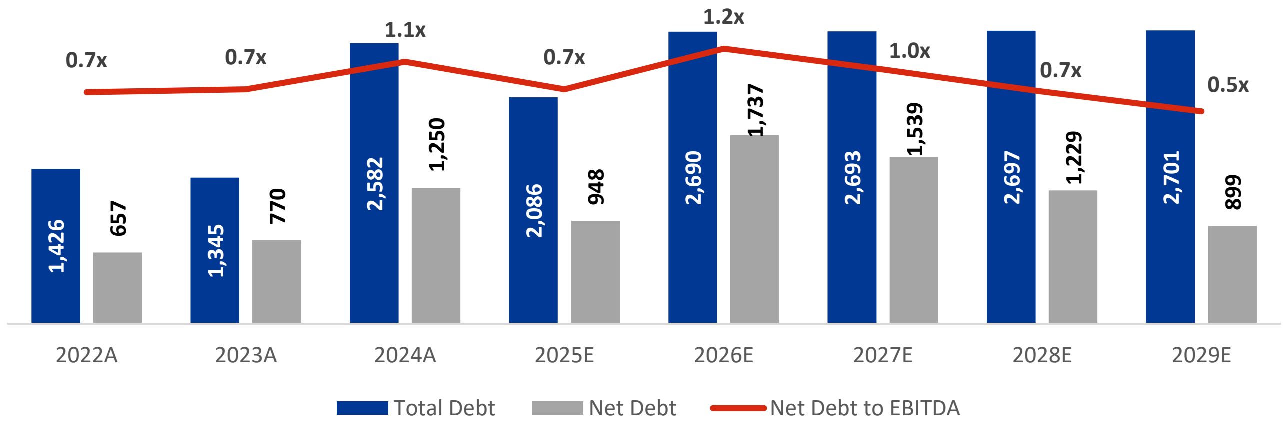
Source: Company Information, FAB Securities research FY2025-29, Dividend payout ratio = Dividend / Net Profit (pre-revaluation movements)

Borrowings

Dubai Residential has an unsecured corporate facility worth AED 3.7 Bn with an undrawn amount of AED 2.1 Bn as of February 2025

The Company has refinanced its existing debt, increasing the total borrowings to AED 3,673 Mn. It utilized the facility of AED 2,600 Mn in FY2024. The drawn amount has been utilized to settle AED 1,360 Mn of existing debt, with the remainder allocated as a dividend to DHAM, which has been adjusted within equity. The corporate facility is a bullet structure, and the Company plans to consider refinancing the debt at the end of the term in FY2029. The current debt terms are set at 3M EIBOR with an 80-basis point margin and a commitment fee of 0.2% on the undrawn amount, which accrues and is payable quarterly. The undrawn amount stood at AED 2.1 Bn as of February 2025. Additionally, Dubai Residential hedged against an outstanding loan totalling AED 600 Mn, with the EIBOR rate fixed at 121 basis points as of December 2024. The outstanding balance on the swap decreases by AED 60 Mn each quarter, with a maturity date in June 2026. We expect Dubai Residential to refinance the corporate facility in FY2029. The Company's net debt stood at AED 1.27 Bn on the proforma basis as of December 2024, with a cash balance of AED 1.3 Bn, which is equivalent to 1.1x the net debt to EBITDA. Due to projected growth in EBITDA, we expect net debt to EBITDA to decline to 0.5x in FY2029. The Company also repaid AED 1.0 Bn in February 2025 out of the AED 2.6 Bn outstanding borrowings. However, Dubai Residential is expected to utilize the facility for planned acquisitions.

Figure 57: Debt and Financing (AED, Mn)



Source: Company Information, FAB Securities research FY2025-29, FY2022 & FY2023 figures are on the carve-out basis and FY2024 is on proforma basis

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Financial Statements:

Income Statement (AED, Mn)

	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Revenues	1,456	1,647	1,793	1,930	2,114	2,315	2,500	2,682
Direct Cost	-418	-415	-438	-450	-473	-501	-522	-540
Gross Profit	**1,038**	**1,232**	**1,355**	**1,480**	**1,641**	**1,814**	**1,978**	**2,142**
Other operating income	7	8	7	8	9	10	10	12
Fair value gain/(loss) on investment properties	1,820	2,423	1,546	1,699	1,869	2,103	2,286	2,477
Management fees	-91	-106	-122	-137	-150	-166	-183	-201
General and administrative	-82	-74	-48	-46	-49	-51	-53	-54
Marketing and selling	-12	-14	-14	-15	-16	-17	-17	-18
Operating Profit	**2,681**	**3,470**	**2,723**	**2,988**	**3,305**	**3,693**	**4,021**	**4,359**
EBITDA[1]	**956**	**1,157**	**1,303**	**1,429**	**1,588**	**1,758**	**1,920**	**2,084**
Finance income	13	23	47	49	36	28	33	43
Finance costs	-58	-119	-131	-103	-121	-119	-119	-119
Net Profit/(Loss) for the Year[1]	**2,635**	**3,374**	**2,640**	**2,933**	**3,219**	**3,601**	**3,936**	**4,283**

Source: Company Information, FAB Securities research (2025E-29E), FY2022, FY2023, and FY2024 financials are on Proforma basis, [1]EBITDA and Net Profit for FY2022, FY2023, & FY2024 are on Proforma Basis

Key Ratios:

	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
YoY % Change								
Revenue		13.1%	8.9%	7.6%	9.6%	9.5%	8.0%	7.3%
Gross Profit		18.7%	9.9%	9.2%	10.9%	10.5%	9.0%	8.3%
EBITDA		21.0%	12.7%	9.6%	11.1%	10.7%	9.2%	8.5%
Net profit		16.7%	15.1%	12.8%	9.4%	11.0%	10.1%	9.4%
% Margin								
Gross margin	71.3%	74.8%	75.6%	76.7%	77.6%	78.4%	79.1%	79.9%
EBITDA	65.7%	70.2%	72.7%	74.0%	75.1%	76.0%	76.8%	77.7%
EBIT[1]	59.1%	63.6%	65.7%	66.8%	67.9%	68.7%	69.4%	70.2%
Net profit margin[2]	56.0%	57.7%	61.0%	64.0%	63.9%	64.7%	66.0%	67.3%
Recurring FFO Margin	44.8%	48.1%	54.3%	59.5%	59.4%	60.2%	61.5%	62.8%
Leverage								
Debt/EBITDA	1.6x	1.3x	2.2x	1.6x	1.9x	1.7x	1.6x	1.4x
Net Debt/EBITDA	0.7x	0.7x	1.1x	0.7x	1.2x	1.0x	0.7x	0.5x
Return ratios								
ROAE	14.7%	17.8%	13.5%	13.4%	13.4%	13.6%	13.5%	13.3%
ROAA	10.6%	12.7%	11.4%	11.7%	11.6%	11.9%	11.9%	11.9%
ROCE	13.8%	16.3%	12.3%	12.4%	12.3%	12.6%	12.6%	12.5%
Free Cash Flow								
Funds from Operation	815	951	1,094	1,234	1,350	1,498	1,650	1,805
FFO Conversion	56.0%	57.7%	61.0%	64.0%	63.9%	64.7%	66.0%	67.3%
Recurring FFO	**652**	**792**	**973**	**1,148**	**1,255**	**1,394**	**1,537**	**1,685**
Free cash flow (FCF)[3]	703	892	1,061	1,205	1,342	1,487	1,625	1,763
FCF conversion[4]	81.2%	84.9%	89.8%	93.3%	93.4%	93.5%	93.5%	93.6%

Source: Company Information, FAB Securities research (2024E-29E),[1]EBIT excluding fair value of gain on Investment properties, [2]Net Profit excluding fair value of gain on Investment properties, [3]Free cash flow = Recurring FFO + net finance costs + D&A, [4]Net profit YOY growth is based on Proforma Basis

Balance Sheet (AED, Mn)

	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Assets								
Non-current Assets								
Property and equipment	24	20	18	18	18	18	18	19
Investment property	17,068	19,679	21,633	23,800	26,778	29,105	31,543	34,181
Intangible assets	1	2	3	2	2	2	2	2
Derivative financial instruments	70	42	20	5	0	0	0	0
Total non-current assets	**17,164**	**19,743**	**21,673**	**23,824**	**26,798**	**29,125**	**31,564**	**34,202**
Current Assets								
Trade and other receivables	110	60	68	70	77	84	87	87
Due from related parties	6,734	6,150	24	24	24	24	24	24
Cash and cash equivalents	769	575	1,333	1,138	953	1,155	1,468	1,801
Total Current assets	**7,613**	**6,785**	**1,425**	**1,231**	**1,053**	**1,262**	**1,579**	**1,912**
Total assets	**24,777**	**26,528**	**23,098**	**25,056**	**27,851**	**30,387**	**33,142**	**36,114**
Equities and Liabilities								
Equity								
Share capital	0	0	0	0	0	0	0	0
Contributed capital	0	1,958	2,560	2,560	2,560	2,560	2,560	2,560
Legal reserve	0	0	6	6	6	6	6	6
Hedge reserve	70	42	22	7	0	0	0	0
Retained earnings	17,875	16,965	17,002	19,385	21,517	23,979	26,655	29,556
Total equity	**17,946**	**18,965**	**19,590**	**21,958**	**24,083**	**26,545**	**29,221**	**32,122**
Liabilities								
Non-current Liabilities								
Provisions for other liabilities and charges	9	8	0	0	0	0	0	0
Bank borrowings	1,426	1,345	2,582	2,086	2,690	2,693	2,697	2,701
Deferred Tax Liabilities	0	1,028	0	0	0	0	0	0
Total non-current Liabilities	**1,435**	**2,382**	**2,582**	**2,086**	**2,690**	**2,693**	**2,697**	**2,701**
Current Liabilities								
Trade and other payables	457	464	525	575	616	659	698	732
Due to related parties	4,697	4,449	50	50	50	50	50	50
Advances from customers	241	269	350	386	412	440	475	510
Current income tax liabilities	0	0	0	0	0	0	0	0
Total current liabilities	**5,395**	**5,182**	**926**	**1,012**	**1,079**	**1,149**	**1,224**	**1,292**
Total Liabilities	**6,830**	**7,564**	**3,508**	**3,098**	**3,768**	**3,842**	**3,921**	**3,992**
Total equity and liabilities	**24,777**	**26,528**	**23,098**	**25,056**	**27,851**	**30,387**	**33,142**	**36,114**

Source: Company Information, FAB Securities research (2025E-29E), FY2022 & FY2023 Financials are on carve-out basis and FY2024 is on proforma basis

FAB أبوظبي الأول للأوراق المالية SECURITIES

Cash Flow Statement (AED, Mn)

	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Cash flow from operating activities								
Profit before tax	**2,600**	**3,402**	**2,662**	**2,933**	**3,219**	**3,601**	**3,936**	**4,283**
Fair value gain on investment properties	-1,820	-2,423	-1,546	-1,699	-1,869	-2,103	-2,286	-2,477
Provision for employees' end of service benefits	0	1	0	0	0	0	0	0
Loss allowance for trade and other receivables	37	22	7	19	21	23	25	27
Depreciation and amortisation	5	4	4	2	2	2	2	2
Loss on disposal of property and equipment	0	0	0	0	0	0	0	0
Reclassification to other categories:	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Finance Income	-13	-23	-47	-49	-36	-28	-33	-43
Finance Cost	85	74	88	103	121	119	119	119
Operating cash flows before changes in operating assets and liabilities	**894**	**1,056**	**1,170**	**1,311**	**1,459**	**1,615**	**1,762**	**1,910**
Changes in operating assets and liabilities -								
Trade and other receivables	7	26	-10	-21	-28	-30	-28	-28
Trade and other payables	78	7	61	50	40	43	40	33
Advances from customers	-1	28	81	36	26	27	35	35
Due from related parties	553	-317	6,921	0	0	0	0	0
Due to related parties	-1,649	-248	-5,074	0	0	0	0	0
Net operating cash flows	**-117**	**552**	**3,149**	**1,376**	**1,497**	**1,655**	**1,809**	**1,951**
Payment of employees' end of service benefits	0	-1	-11	0	0	0	0	0
Net Cash Inflows from Operating Activities	**-118**	**551**	**3,138**	**1,376**	**1,497**	**1,655**	**1,809**	**1,951**
Cash Flows from Investing Activities								
Movement in fixed deposits with maturity greater than three months	148	-304	-507	0	0	0	0	0
Additions in investment property	-225	-188	-184	-468	-1,109	-224	-152	-161
Interest received	9	26	41	49	36	28	33	43
Purchase of property and equipment and intangible assets	-1	-2	-5	-2	-2	-2	-2	-2
Proceeds from disposal of property and equipment	0	0	1	0	0	0	0	0
Net Cash Outflow from Investing Activities	**-68**	**-469**	**-653**	**-421**	**-1,075**	**-199**	**-121**	**-120**
Cash Flow from Financing Activities								
Addition of borrowings	0	0	2,582	500	600	0	0	1,600
Repayment of borrowings	-160	-80	-1,360	-1,000	0	0	0	-1,600
Reduction in/(addition to) restricted cash against borrowing facilities	-87	72	0	0	0	0	0	0
Interest and transaction costs paid	-81	-74	-73	-100	-118	-115	-115	-115
Net increase/ (decrease) as a result of group reorganization	480	-426	-2,161	0	0	0	0	0
Dividend Paid to shareholders	0	0	-1,221	-550	-1,090	-1,139	-1,259	-1,382
Net Cash Outflow from Financing Activities	**152**	**-508**	**-2,234**	**-1,150**	**-608**	**-1,254**	**-1,375**	**-1,498**
Net Increase/(Decrease) in Cash and Cash Equivalents	**-34**	**-426**	**251**	**-195**	**-185**	**202**	**313**	**333**
Cash and Cash Equivalents at the Beginning of the Year	683	648	222	473	278	93	295	609
Cash and Cash Equivalents at the End of the Year	**648**	**222**	**473**	**278**	**93**	**295**	**609**	**942**

Source: Company Information, FAB Securities research (2025E-29E), FY2022 & FY2023 Financials are on carve-out basis and FY2024 is on Proforma basis, FY2024 cash from operating activities is adjusted by AED 635.8 Mn due to repayment of related parties and transfer of provision for employees end of service benefits from Dubai REIT to Fund Manager

Portfolio Details:

Segments	Assets	Total Units (Dec-24)	Units by Typology 2024	Revenue FY2024	Revenue by asset 2024	Adj. EBITDA	Average Occupancy	Average Rent	Gross Asset Value (GAV)	Implied Net Yield
Premium	3	746 (2% of total)	*3 Beds & above (46%) *4 Bed & above (35%) *2 bed (18%)	AED 145 Mn (8% of total)	*Nad Al Sheba (44%) *Citywalk (31%) *Bluewaters (25%)	AED 107 Mn (74% Margin)	95.4%	AED 71 sqft/p.a	AED 3,234 Mn (15% of total)	3.3%
Community	14	13,649 (38% of total)	*3 Beds & above (49%) *2 Beds (28%) *Studio (11%) *4 Beds & above (8%) *3 Beds (3%)	AED 855 Mn (48% of total)	*The Gardens (26%) *Ghoroob (21%) *Shorooq (19%) *Remraam (7%) *Garden Apt. (7%) *Layan (7%) *Other (13%)	AED 636 Mn (75% Margin)	99.0%	AED 51 sqft/p.a	AED 11,374 Mn (53% of total)	5.6%
Affordable	2	16,256 (46% of total)	*3 Beds & above (45%) *2 Beds (28%) *Studio (26%) *1 Bed (1%)	AED 627 Mn (35% of total)	*Al Khail Gate (67%) *International City (33%)	AED 455 Mn (73% Margin)	96.2%	AED 47 sqft/p.a	AED 5,401 Mn (25% of total)	8.4%
Corporate Housing	2	5,049 (14% of total)	*Al Quoz (56%) *Nuzul (44%)	AED 82 Mn (5% of total)	*Nuzul (56%) *Al Quoz (44%)	AED 37 Mn (45% Margin)	93.1%	AED 102 sqft/p.a	AED 361 Mn (2% of total)	10.2%
Others[5]	-			AED 85 Mn (5% of total)		AED 61 Mn (72% Margin)	94.3%			
Total Portfolio (as of 2024)	**21**	**35,700** [1,2] (95% Apartments / 5% Villas)		**AED 1.8 Bn**[3]		**AED 1.3 Bn**[3] (72.3% Margin)	**96.8%** [2]	**AED 52 sqft/p.a**[1]	**AED 21.6 Bn**[3]	**6.0%** [4]

[1] Excludes 1,732 retail units; 6 units are included in the perimeter from 31 December 2024 and as such no financial information / valuation for these 6 units is included in the financials. [2] Residential only. [3] Includes contribution from retail. [4] Defined as Adjusted EBITDA divided by GAV.
[5] Retail spaces within the residential properties.

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