

Property Developers – June 2025

UAE real estate stays resilient, led by solid demand amid global uncertainties

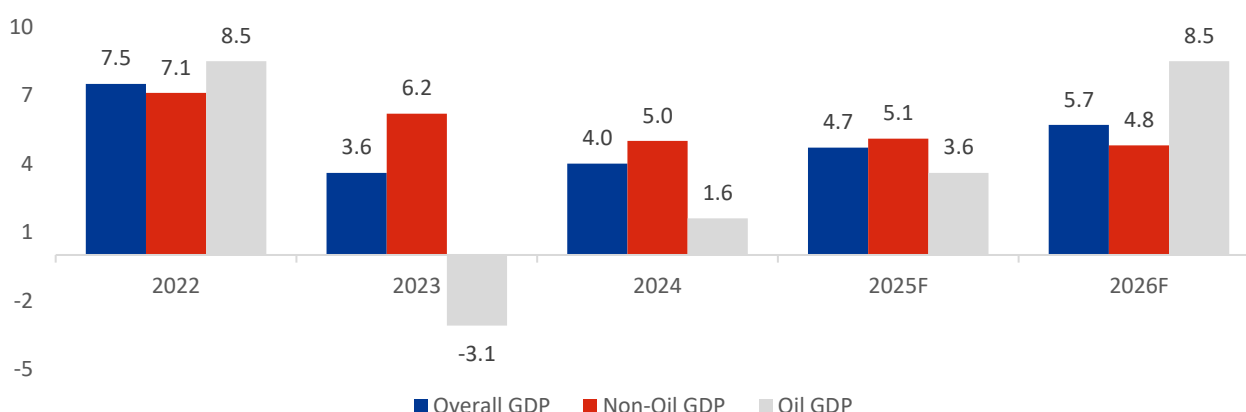
Sector Weighting:
MARKET WEIGHT

Property Market Outlook

The UAE's economy grew 4.0% in 2024 compared to 2023, primarily due to a strong growth in the non-oil sector, which recorded an increase of 5.0% in 2024. The contribution of non-oil stood at 75.5% in 2024, and the oil sector contributed the remaining. The Central Bank of UAE expects the economy to grow 4.7% in 2025 and 5.7% in 2026, owing to the strong performance expected from the non-oil and oil sectors.

The U.S. Federal Reserve, in its June 2025 policy meeting, held interest rates steady at 4.25%- 4.50%, marking the fourth consecutive pause. The Fed further signalled its intention to implement a total of 50 bps of rate cuts by the end of 2025. However, the timing and extent of these cuts will remain data-dependent, particularly on inflation and labour market conditions. Tariff-related pressures are contributing to slower disinflation, with core inflation expected to remain elevated at c.3% in 2025, well above the Fed's 2% target, which is now anticipated to be reached only by 2026 or 2027. Meanwhile, the Fed also revised its GDP growth forecast for 2025 down to 1.4%, and expects the unemployment rate to rise to 4.5% in both 2025 and 2026, reflecting a more cautious economic outlook amid ongoing global uncertainties. Since the UAE's currency is pegged to the US dollar, the central bank of the UAE closely follows the Fed. The CBUAE also maintained the benchmark interest rate of 4.40% in 2Q25. The current stable interest rate environment is expected to stimulate loan growth across the economy. We anticipate an increase in real estate sector demand, driven by greater access to financing at relatively lower borrowing costs, which is likely to attract both domestic and international investors.

Real GDP Growth in UAE (%)



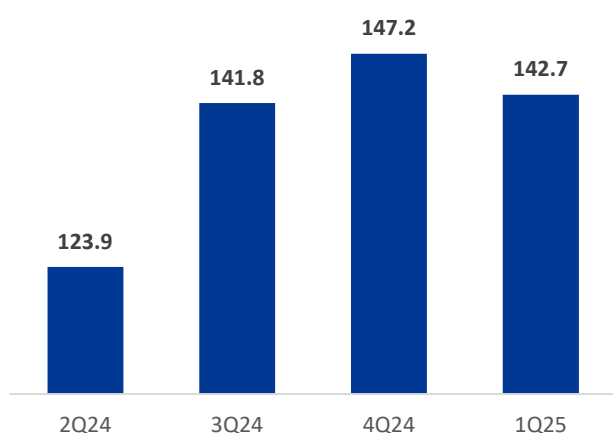
Source: CBUAE, 2024 – Oil Economy Estimate

Despite the ongoing global economic uncertainty and the inflationary effects of newly imposed tariffs, the UAE real estate market demonstrated strong resilience in mid-2025. The sector sustained strong momentum across both residential and commercial segments, supported by stable interest rates and the country's positioning as a preferred safe-haven for investment. Property demand in Dubai remained robust, fueled by a steady influx of both domestic and international buyers, with robust yearly growth in the residential segment, particularly in villas. Meanwhile, the impact of geopolitical tensions and escalating trade uncertainty is expected to have a mixed impact on the sector. On the positive side, the UAE is expected to retain its status as a safe-haven destination during periods of regional or global instability. Heightened tensions, including the ongoing Israel-Iran conflict and broader trade disruptions, could lead to increased capital inflows from international investors and high-net-worth individuals seeking political security and economic stability. This trend is further supported by the UAE's business-friendly environment and progressive investment policies.

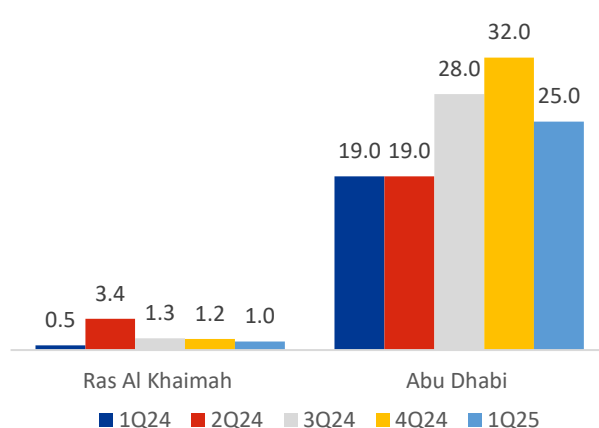
Amidst the evolving landscape of Dubai's real estate sector, recent data from DXB Interact highlights a significant achievement in transaction volume and overall sales value. In 1Q25, total sales transactions increased by 22.8% YOY to reach 45,485, reflecting sustained demand and market momentum. However, sales volume witnessed a 9.4% decline on a QOQ basis. Similarly, the total sales value rose 30.3% YOY to AED 142.7 Bn in 1Q25. However, it registered a marginal 3.0% QOQ decline, indicating a short-term moderation following a strong performance in the previous quarter. This figure underscores a robust growth trend across various property categories. Notably, plot sales transactions recorded a remarkable growth of 123.5% YOY, amounting to AED 29.6 Bn from 2,226 transactions in 1Q25. This surge is primarily fueled by improved infrastructure and rising demand for large-scale developments, underscoring Dubai's continued growth and strong investor appeal. Villa sales also demonstrated a strong expansion of 55.1% YOY, to AED 47.1 Bn from 9,068 transactions during 1Q25. The strong growth in villa sales was driven by limited supply, rising demand from new residents and high-net-worth individuals. The Commercial property segment reported a significant growth of 25.3% YOY to AED 3.6 Bn sales value from 1,213 transactions in 1Q25. The growth in demand from new businesses, limited availability of premium office spaces, and rising rental rates contributed to the upward momentum in commercial property prices. Apartment sales also saw a commendable increase, rising by 12.9% YOY to reach AED 62.4 Bn from 32,977 transactions during 1Q25. This was mainly driven by strong rental yields, rising expat and resident inflows, and supportive foreign-investor policies.

Apart from Dubai, Abu Dhabi and Ras Al Khaimah also witnessed strong growth in real estate transactions during 1Q25. In Abu Dhabi, total real estate transactions reached AED 8.0 Bn in both April and May 2025. Among the various asset classes, residential properties accounted for most transactions during this period. In Ras Al Khaimah, the real estate transactions totalled AED 443.4 Mn, with AED 170.0 Mn recorded in March 2025 and AED 273.4 Mn in April 2025. The growth in transactions is driven by increasing development, enhanced connectivity, and rising interest in prime waterfront properties, coupled with rising numbers of completed projects.

Dubai Real Estate Transactions (AED Bn)



Real Estate Transactions - Ras Al Khaimah and Abu Dhabi (AED Bn)



Source: DXB Interact

Source: Rak Government and Abu Dhabi Real Estate Centre

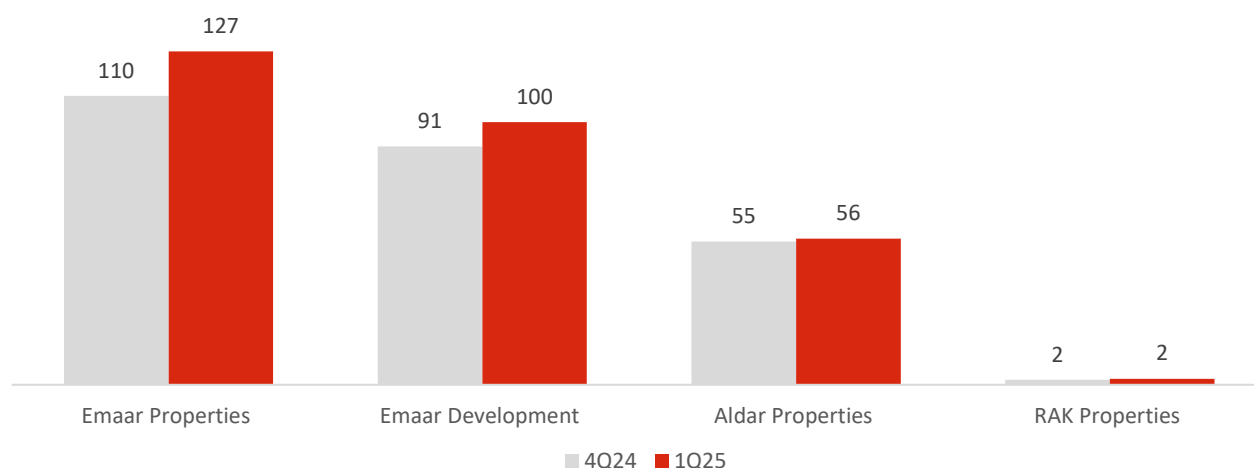
The office markets in Abu Dhabi and Dubai are highly competitive, particularly for premium spaces. Strong demand coupled with limited supply has driven vacancy rates to unprecedented lows, resulting in increased rental prices and fewer available options for businesses seeking to relocate or expand. In 1Q25, Abu Dhabi's overall office vacancy rate dropped to 2.3%, while Prime and Grade A office spaces saw record-low vacancy levels of just 0.9% and 1.5%, respectively. During the same period, Dubai's office market recorded a decline in overall vacancy rates to 8.6%, with prime office developments witnessing exceptionally low vacancies of below 1.0%. Rent for office spaces is rising sharply in both Abu Dhabi and Dubai, especially for high-end properties, owing to the scarcity of space and strong demand. Abu Dhabi experienced a substantial increase in rental rates across prime offices, growing by 22.6% YOY in 1Q25. In 1Q25, Abu Dhabi's office market recorded average annual rents of AED 2,682 per sq. m for Prime spaces, AED 1,652 per sq. m for Grade A, and AED 1,228 per sq. m for Grade B offices. During the same period, Dubai's prime office rents rose by 14.2% YOY, reaching AED 345 per sq. ft. annually. On the

supply front in 2025, Abu Dhabi and Dubai are witnessing robust demand for office space, particularly for high-quality Grade A space. Abu Dhabi is set to add c.173,000 sq. m of new office space in 2025, primarily comprising mid-tier (Grade B) developments, while several premium projects are scheduled for delivery by 2027. Meanwhile, Dubai is on track to introduce around 321,000 sq. m of gross leasable area over the next three years, primarily concentrated in the DIFC, with a significant portion already pre-leased. The persistent demand and limited availability continue to create a landlord-favourable environment in both markets.

Dubai and Abu Dhabi residential properties continue to record strong growth in sales prices in 1Q25. Dubai's property market showed strong performance in 1Q25, with overall sales prices rising by 16.5% YOY, driven by solid growth across apartment and villa prices, which increased by 16.1% YOY and 18.9% YOY, respectively. Rental rates also witnessed healthy annual gains, with apartment rents up by 11.1% YOY and villa rents rising by 9.0% YOY, driven by strong demand for modern and quality housing. However, the market began to show signs of stabilisation on a quarterly basis, as apartment rents grew by just 4.0% and villa rents by 1.8% compared to the previous quarter. Dubai is experiencing a rapid expansion in residential supply, particularly within high-density apartment developments. In 1Q25, c.9,100 new units were added, bringing the total residential stock to 856,000 units. Looking ahead, an additional 32,800 units are set to be delivered in 2025. In Abu Dhabi, rental prices are rising steadily compared to Dubai, with average apartment and villa rents increasing by 4.0% YOY and 12.0% YOY, respectively, in 1Q25. Despite the anticipated addition of 13,000 new units this year, price and rent growth are expected to persist, driven by strong demand for high-quality, prime properties.

Aldar Properties group backlog stood at AED 55.7 Bn in 1Q25, which includes AED 46.7 Bn in the UAE. Additionally, Aldar management projected development sales of AED 36-39 Bn during 2025. Aldar Development launched two new projects, Manarat Living III in Saadiyat Island and The Wilds in Dubai, during 1Q25. Emaar Development's revenue backlog stood at AED 100.1 Bn during 1Q25, supported by AED 16.5 Bn in property sales during the same period. Downtown, Arabian Ranches III, The Valley, and Rashid Yachts & Marina are a few of the projects under development by Emaar Development. Emaar Properties recorded a revenue backlog of c. AED 127 Bn in 1Q25, supported by strong property sales of c. AED 19.3 Bn during the quarter. The revenue backlog of RAK Properties stood at AED 2.3 Bn during 1Q25, supported by major projects such as Bayview, Cape Hayat, and Quattro Del Mar, etc.

Revenue Backlog (AED Bn)



Source: Company Information

The UAE real estate outlook remains strong, underpinned by solid economic growth, geopolitical stability, and investor-friendly policies. As a safe-haven destination, the UAE continues to attract significant capital inflows from global investors and high-net-worth individuals seeking security and tax efficiency. The real estate market reflects stable and resilient demand across residential and commercial segments, supported by strong fundamentals and

a healthy revenue backlog from key developers such as Aldar, Emaar, and RAK Properties. Market stability is further reinforced by the measured pace of new supply in 2025, as developers align launches with sustained demand trends. With limited new inventory and continued demand, rents are expected to rise, further supporting sector growth.

Despite the positive outlook for the UAE real estate market, several factors could present challenges ahead. Escalating geopolitical tensions, particularly the Israel-Iran conflict, and rising global economic uncertainty could pose headwinds. As a substantial portion of real estate demand in the UAE stems from expatriates and international investors, any slowdown in global economic activity or tightening of cross-border investment flows may dampen demand and influence market dynamics. Thus, despite the market's strong performance, it remains sensitive to broader global developments that could potentially weigh on its future trajectory.

Stock (In AED)	TP	CMP	Gain	Rating	P/B (2025F)	Div. Yld (%) 2025F
Emaar Properties	16.00	13.40	+19%	BUY	1.2	7.5%
Emaar Development	16.00	13.15	+22%	BUY	1.4	5.6%
Aldar Properties	10.00	8.73	+15%	BUY	1.6	2.5%
Tecom Group	3.55	3.18	+12%	ACCUMULATE	1.0	5.3%
Rak Properties	1.65	1.27	+30%	BUY	0.6	NA

Source: FABS Estimate

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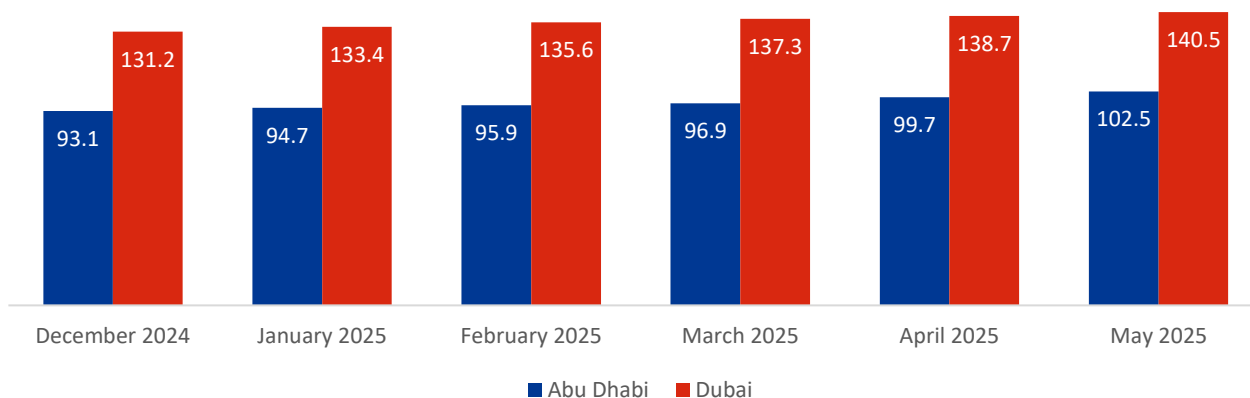
Real Estate Overview

Sales and Rent Price Indices for Residential Property

1. All Residential Market

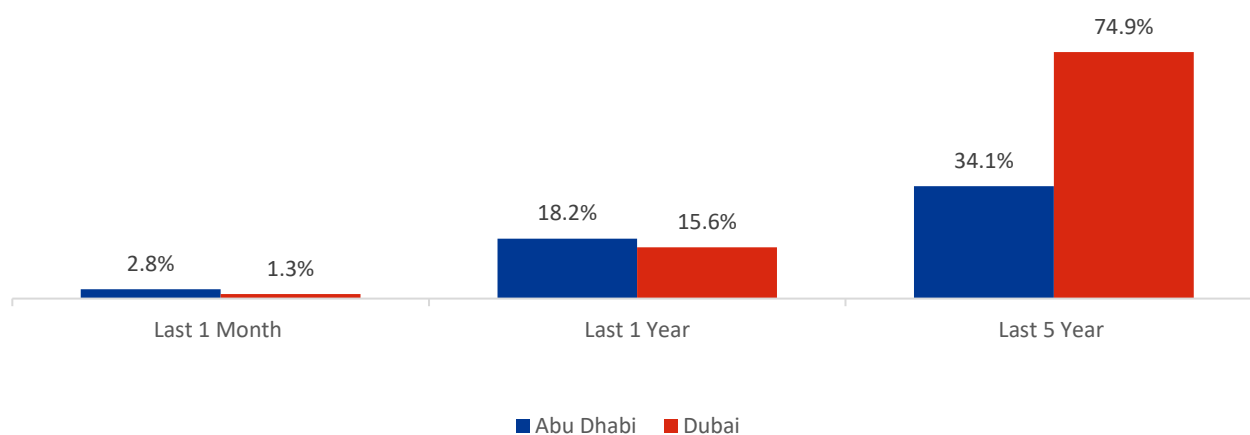
The Abu Dhabi Residential Property Sales Price Index increased from 99.7 in April 2025 to 102.5 in May 2025, while prices rose 18.2% YOY in May 2025. Furthermore, the Dubai Residential Property Sales Price increased from 138.7 in April 2025 to 140.5 in May 2025, while prices rose 15.6% YOY during May 2025.

Residential Market Sales Price Index (2014, Jan=100)



Source: Reidin

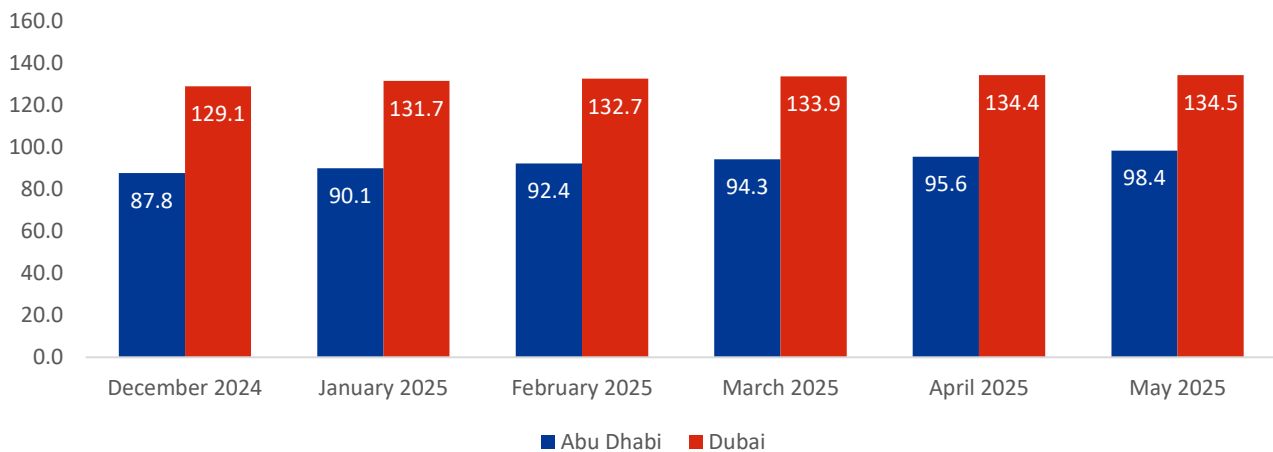
Residential Market Sales Price Changes (%)



Source: Reidin

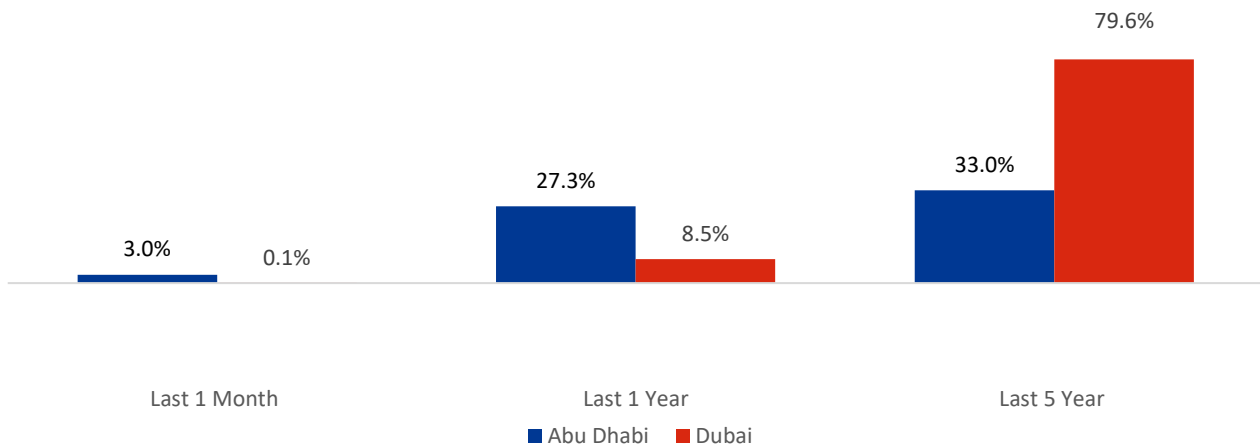
Both Abu Dhabi and Dubai experienced growth in residential rental rates on both a YOY and a MOM basis. The Abu Dhabi Residential Property Rent Price Index increased 3.0% MOM to reach 98.4 in May 2025, while prices surged 27.3% YOY during the same period. Likewise, the Dubai Residential Rent Price Index recorded a slight 0.1% MOM uptick to 134.5, alongside an 8.5% YOY rise in May 2025.

Residential Market Rent Price Index (2014, Jan=100)



Source: *Reidin*

Residential Market Rent Price Changes (%)

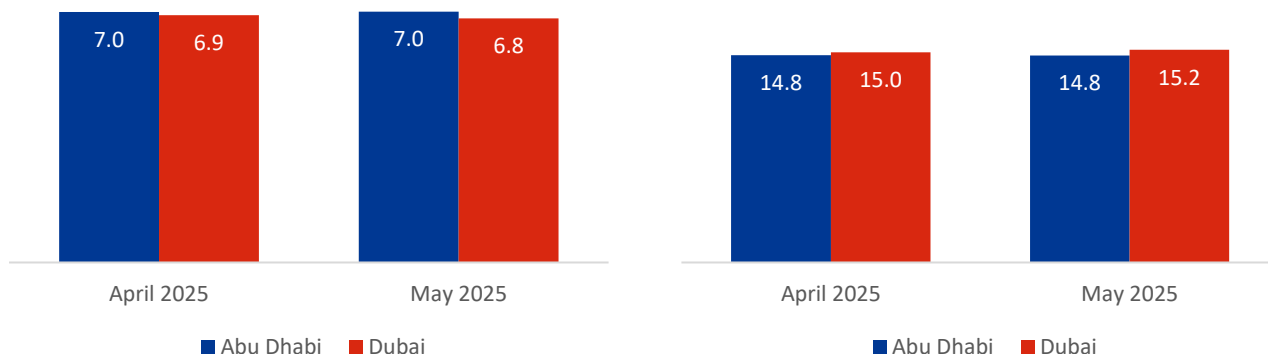


Source: *Reidin*

Gross rental yield for the all-residential market in Abu Dhabi remained flat, while Dubai Gross rental yield declined on a MOM basis. The Abu Dhabi Gross Rental Yield for the residential market remained stable on a MOM basis at 7.0% in May 2025. The Dubai Gross rental yield showed a marginal decline of 0.1% MOM from 6.9% in April 2025 to 6.8% in May 2025. Moreover, the Abu Dhabi residential price-to-rent ratio for all residential markets in Abu Dhabi remained unchanged at 14.8 in May 2025 compared to April 2025. However, the Dubai price-to-rent ratio grew from 15.0 in April 2025 to 15.2 in May 2025.

Residential Gross Rental Yield (%)

Residential Price to Rent Ratio (Years)

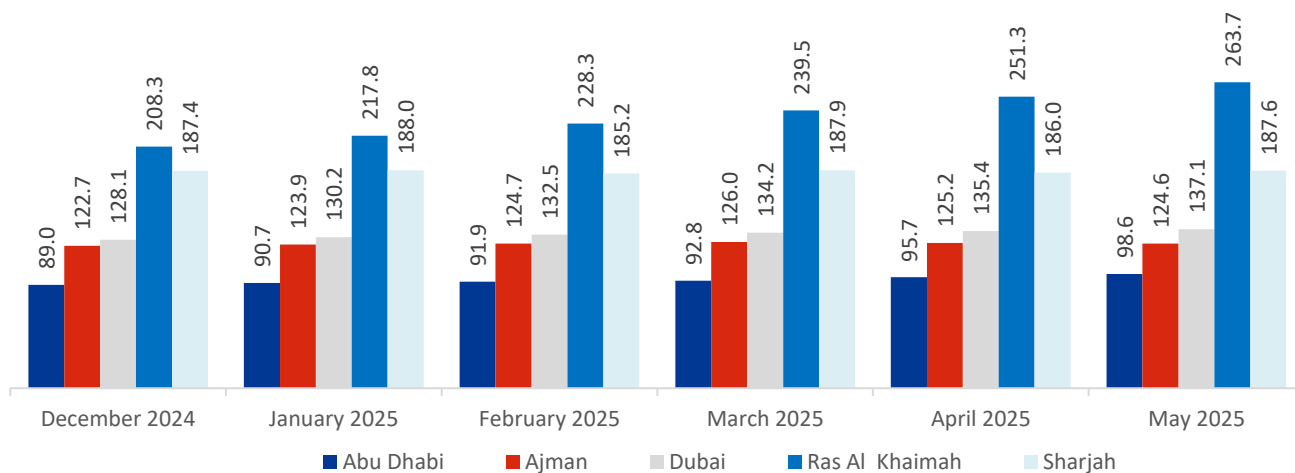


Source: Reidin

2. Apartments

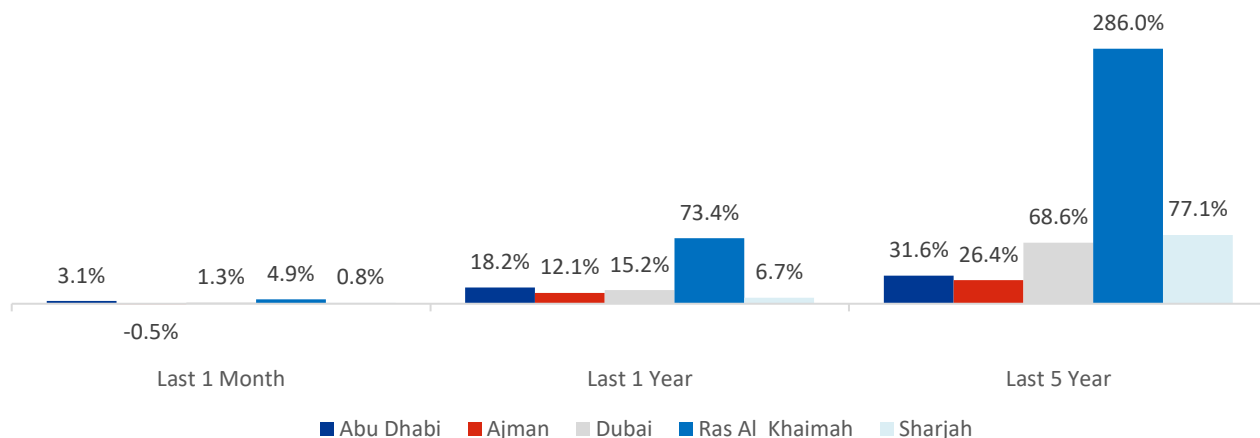
In May 2025, the apartment sale price index in the UAE recorded growth on a YOY basis across all the regions, while on a MOM basis, performance varied, with Ajman recording a decline. The Sales Price Index for apartments in Ajman marginally fell 0.5% MOM to 124.6 in May 2025. Conversely, Abu Dhabi Sales Price Index for apartments rose 3.1% MOM to 98.6 in May 2025. The index grew 1.3% MOM in Dubai, reaching 137.1 in May 2025. Additionally, Ras Al Khaimah, the Sales Price Index recorded the highest MOM growth of 4.9%, reaching 263.7 in May 2025. Moreover, apartment sales prices recorded growth across all the regions of the UAE on a YOY basis. Ras Al Khaimah had the most significant price growth, rising 73.4% YOY, followed by Abu Dhabi at 18.2% YOY, and Dubai at 15.2% YOY in May 2025. Ajman and Sharjah also recorded a growth in prices of 12.1% YOY and 6.7% YOY, respectively, in May 2025.

Apartment Sales Price Index (2014, Jan=100)



Source: Reidin

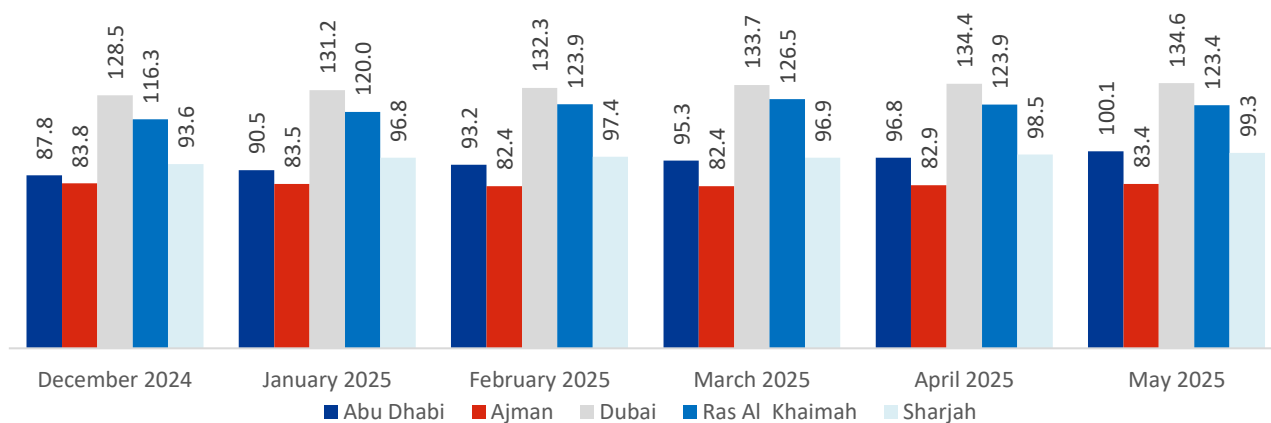
Apartment Sales Price Changes (%)



Source: Reidin

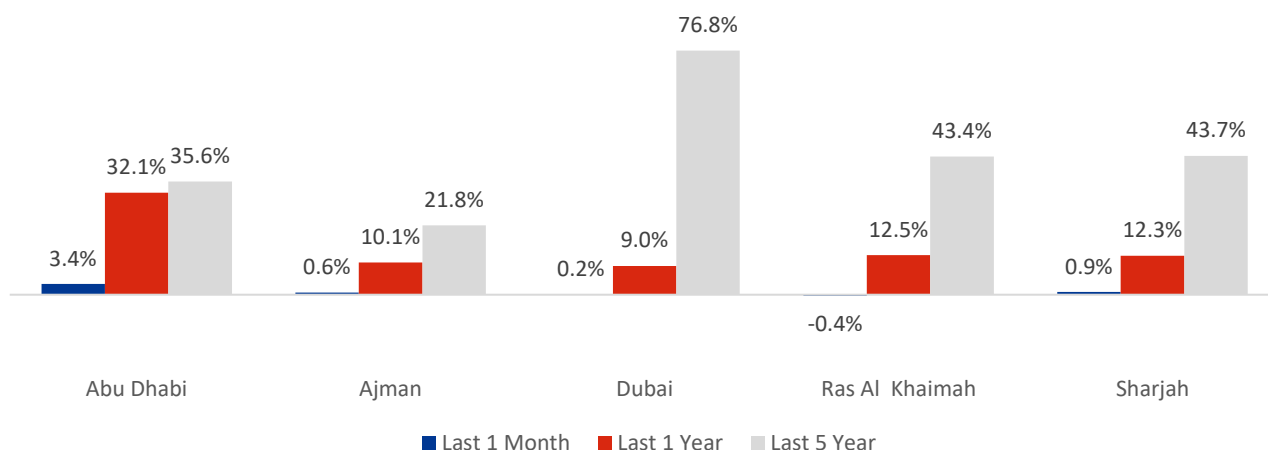
The apartment rent price index in the UAE increased on a YOY basis across all the regions, while on a MOM basis, Ras Al Khaimah recorded a marginal decline in May 2025. Abu Dhabi posted the strongest MOM growth in the apartment rental price index, rising 3.4% MOM to 100.1 in May 2025, while prices also recorded an increase of 32.1% YOY during May 2025. The Ajman Residential Property Rent Price Index for Apartments grew 0.6% MOM to 83.4 in May 2025; at the same time, rent prices also rose 10.1% on a YOY basis in May 2025. Dubai Residential Property Rent Price Index for apartments grew 0.2% MOM to 134.6 in May 2025, whereas prices recorded a growth of 9.0% on a YOY basis. The Ras Al Khaimah Residential Property Rent Price Index for apartments declined 0.4% MOM to 123.4; however, the prices rose 12.5% YOY in May 2025. Sharjah Residential Property Rent Price Index for apartments also increased 0.9% MOM to 99.3 in May 2025, while prices rose 12.3% on a YOY basis.

Apartment Rent Price Index (2014, Jan=100)



Source: Reidin

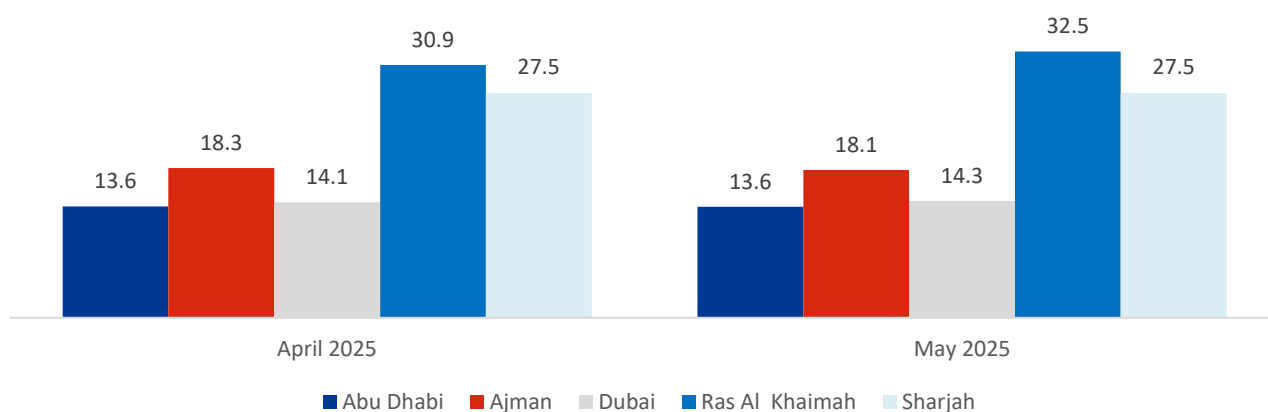
Apartment Rent Price Changes (%)



Source: Reidin

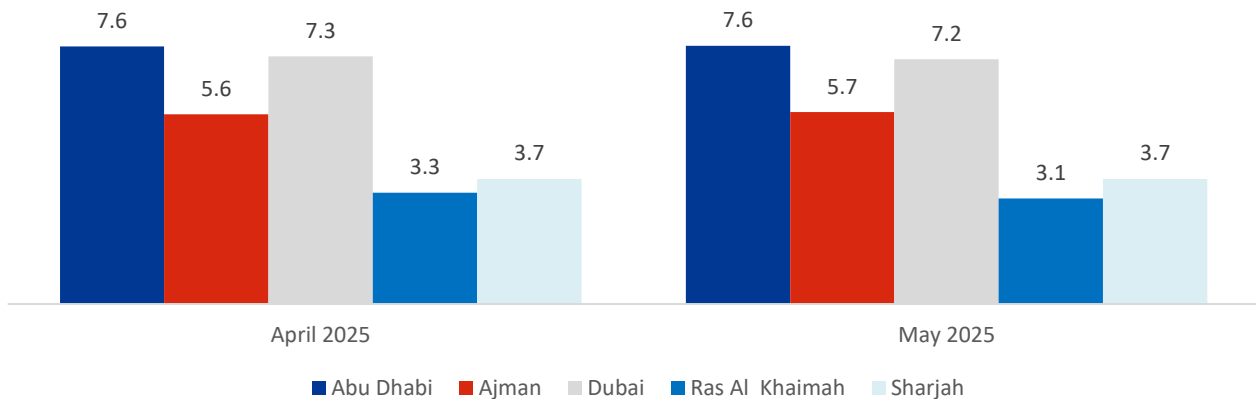
The Apartment price-to-rent ratio varied, with flat performance for some regions like Abu Dhabi and Sharjah during May 2025. The Abu Dhabi and Sharjah price-to-rent ratios stood at 13.6 and 27.5, respectively, during May 2025. Some regions, like Dubai and Ras Al Khaimah, recorded an increase in the price-to-rent ratio, with Dubai reporting an increase from 14.1 in April 2025 to 14.3 in May 2025. Similarly, Ras Al Khaimah's price-to-rent ratio increased from 30.9 in April 2025 to 32.5 in May 2025. However, Ajman saw a marginal decline in the ratio from 18.3 in April 2025 to 18.1 in May 2025. The Gross Rent Yield followed a similar trend, with Abu Dhabi and Sharjah remaining flat at 7.6% and 3.7% respectively in May 2025. Whereas, Ajman gross yield rates increased from 5.6% in April 2025 to 5.7% in May 2025. However, Dubai and Ras Al Khaimah both reported a decline in gross yield rates. Dubai gross yield rates declined from 7.3% in April 2025 to 7.2% in May 2025. Ras Al Khaimah also witnessed a decline in gross yield rate from 3.3% in April 2025 to 3.1% in May 2025.

Apartment Price to Rent Ratios (Year)



Source: Reidin

Apartment Gross Yield Rates (%)

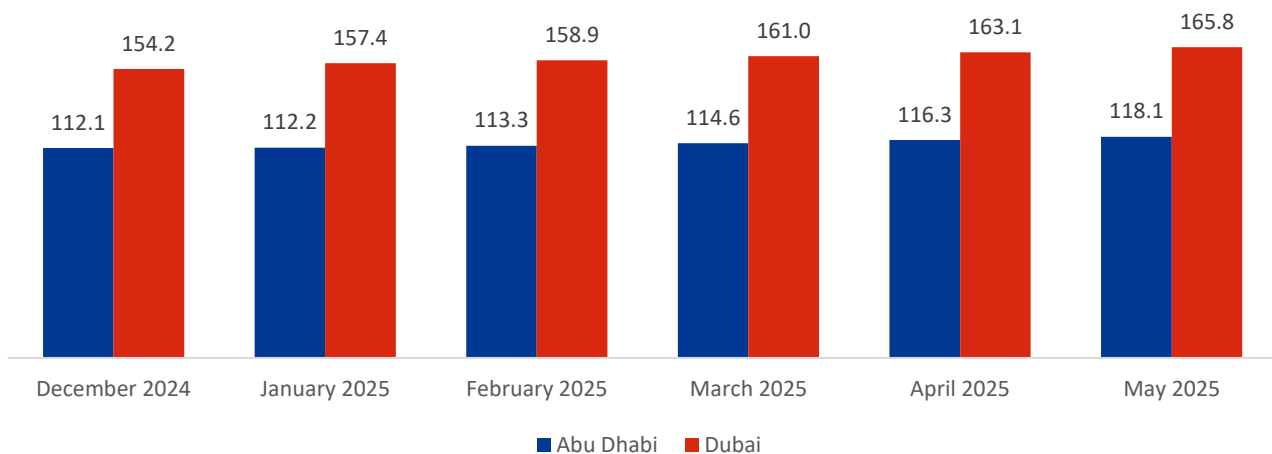


Source: Reidin

3. Villas

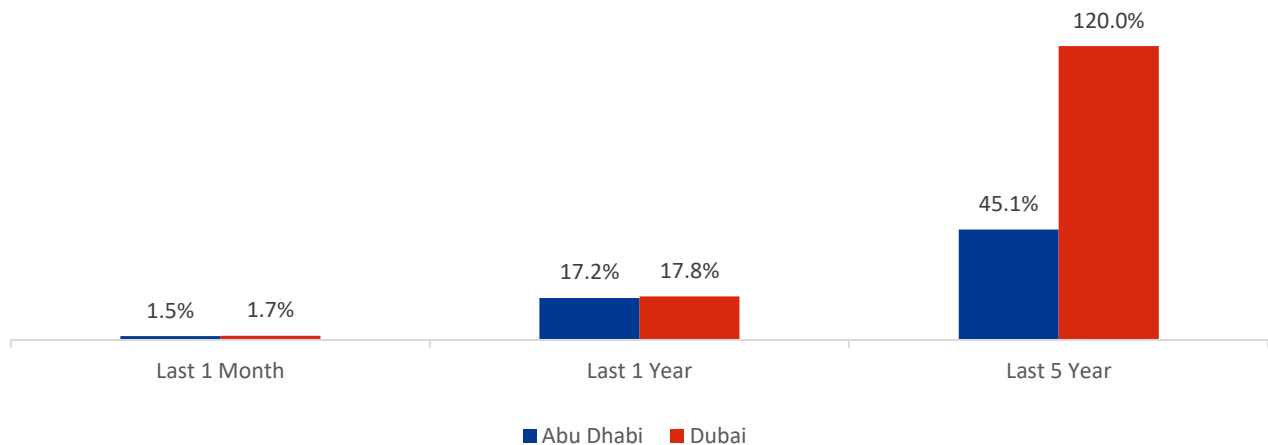
The Villa Sales price index grew in Dubai and Abu Dhabi on a MOM and YOY basis in May 2025. The Abu Dhabi Sales Price Index for Villa rose 1.5% MOM to 118.1 in May 2025; prices also recorded a growth of 17.2% YOY during the same period. Similarly, the Dubai Villa Sales Price Index increased by 1.7% MOM to 165.8 in May 2025, with prices rising 17.8% YOY during the same period.

Villa Sales Price Index (2014, Jan=100)



Source: Reidin

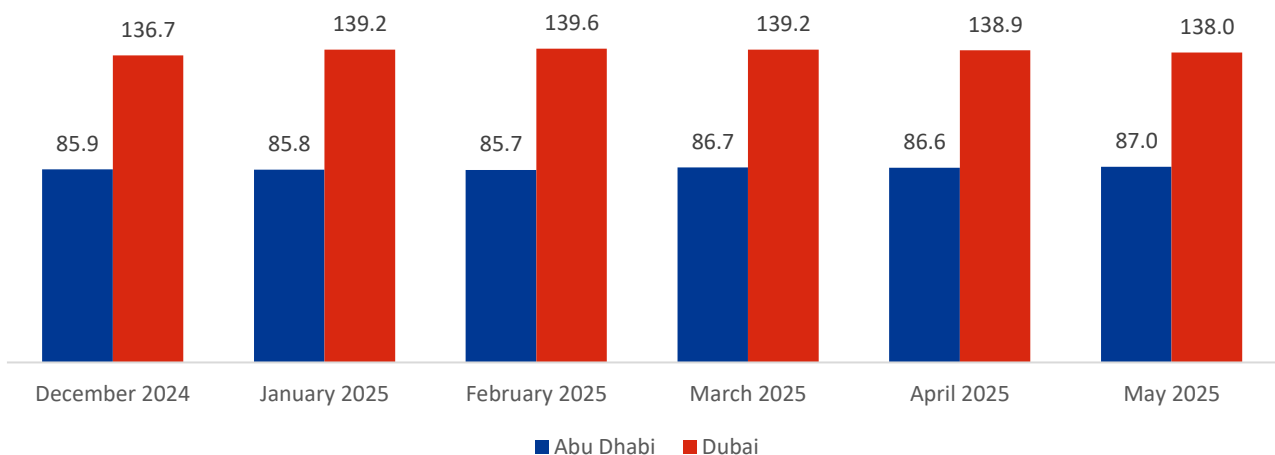
Villa Sales Price Changes



Source: Reidin

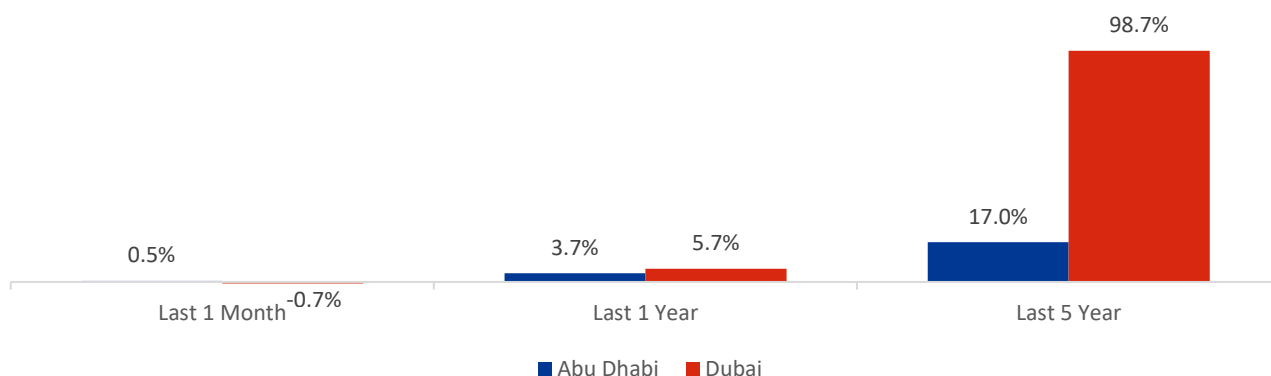
Villa rental prices in Dubai and Abu Dhabi witnessed a growth in rents on a YOY basis; however, MOM trends diverged slightly, with Dubai seeing a marginal decline. The Abu Dhabi Rent Price Index for Villa increased marginally 0.5% MOM to 87.0 in May 2025. However, the prices rose 3.7% on a YOY basis in May 2025. Conversely, the Dubai Residential Property Rent Price Index for Villa declined marginally 0.7% MOM to 138.0 in May 2025. Despite the MOM decrease, prices recorded a 5.7% YOY increase during the same period.

Villa Rent Price Index (2014, Jan=100)



Source: Reidin

Villa Rent Price Changes

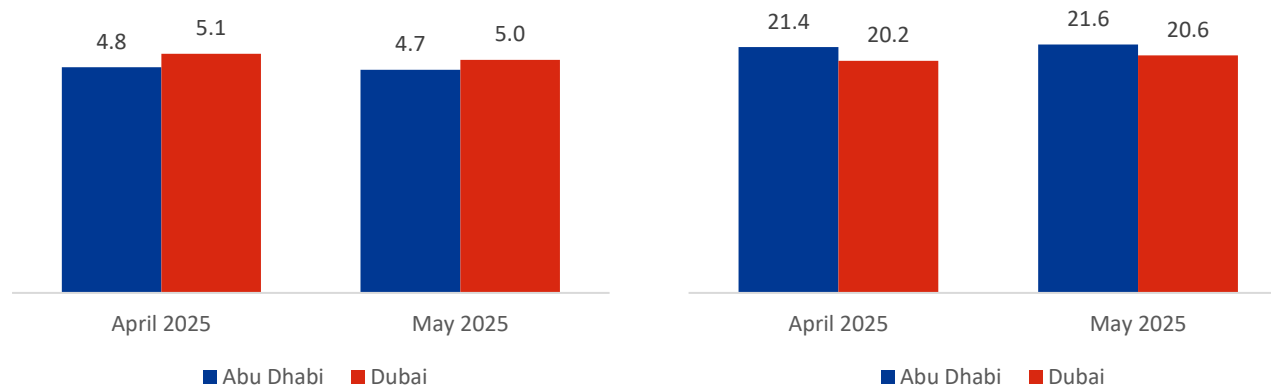


Source: Reidin

Villa Gross rental yield for Dubai and Abu Dhabi declined on a MOM basis. The Abu Dhabi Gross Rental Yield for Villa fell modestly from 4.8% in April to 4.7% in May 2025. The Dubai Gross Rental Yield for Villa declined on a MOM basis from 5.1% in April 2025 to 5.0% in May 2025. However, the villa price-to-rent ratio climbed on a MOM basis, with Abu Dhabi's Villa price-to-rent ratio rising from 21.4 in April 2025 to 21.6 in May 2025. The Dubai Villa price-to-rent ratio also grew from 20.2 in April 2025 to 20.6 in May 2025.

Villa Gross Rental Yield (%)

Villa Price to Rent Ratio (Year)

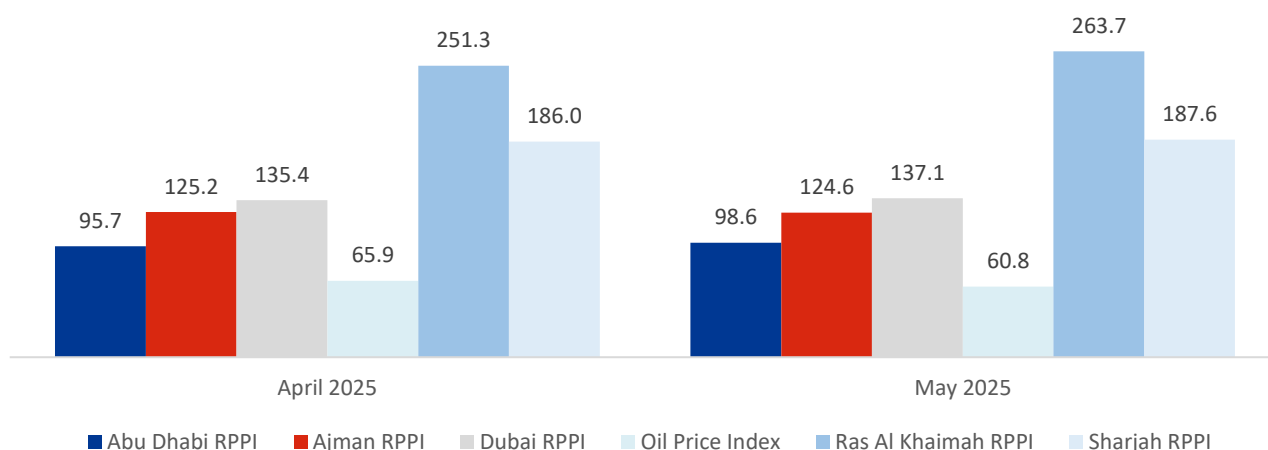


Source: Reidin

4. Different Asset Classes Return on Investment

The Residential Property Price Indices (RPPI) in the UAE experienced growth on a YOY basis, while on a MOM basis, Ajman reported a marginal decline during May 2025. Abu Dhabi RPPI reported a 3.1% MOM growth and a strong growth of 18.2% on a YOY basis in May 2025. Ajman RPPI grew 12.1% on a YOY basis, while it reported a marginal decline of 0.5% on a MOM basis in May 2025. Dubai RPPI reported a growth of 1.3% on a MOM basis and 15.2% on a YOY basis during the same period. Ras Al Khaimah RPPI reported the highest growth both on a MOM basis and on a YOY basis of 4.9% and 73.4%, respectively, during May 2025. The Sharjah RPPI reported a marginal growth of 0.8% on a MOM basis, while it grew 6.7% on a YOY basis in May 2025. However, the Oil price index declined on both the MOM and YOY basis, declining 7.8% and 23.9% respectively during May 2025.

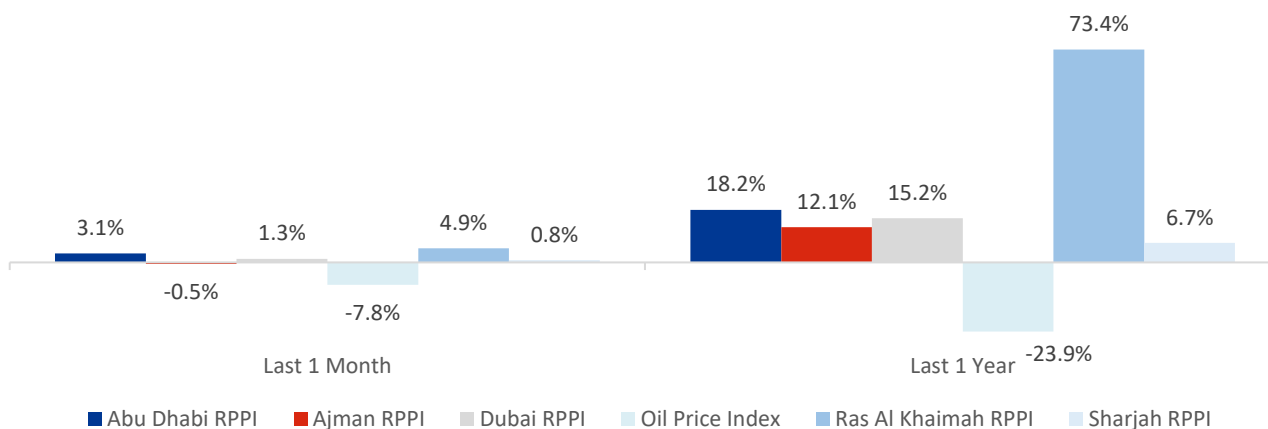
Residential Property Price Indices (RPPI) and Financial Indicators



Source: Reidin

Note: Oil price index based on OPEC basket price.

Residential Property Price Indices (RPPI) and Financial Indicators Changes (%)



Source: Reidin

Note: Oil price index based on OPEC basket price.

Macro Backdrop in the UAE

Real Estate and UAE Macroeconomic Outlook

ADQ, IHC, and Modon formed a Joint Venture for large-scale Abu Dhabi projects

Abu Dhabi's ADQ, in partnership with IHC and Modon Holding, established a joint venture named Gridora to create an infrastructure platform for large-scale, high-impact developments. Gridora, which operates under Modon Holding, will collaborate with specialist partners and capital providers to accelerate the execution of strategic projects across the UAE and internationally, with an aim to enhance investment returns. Furthermore, the platform will operate through two key verticals, Infrastructure Projects and Infrastructure Investments, covering functions from early-stage planning to operations. It will also focus on generating fee-based revenues and achieving long-term investment yields.

Dara Properties signed a deal with Marjan to acquire a prime RAK plot

Dara Properties signed a strategic agreement with Marjan to acquire a 50,000 sq ft plot in RAK Central, Ras Al Khaimah, to develop a 27-floor residential tower. The project is scheduled to be completed by 4Q27, and will offer approximately 350 apartments, including studios and one- to three-bedroom units with panoramic views. The development aims to cater to the growing demand for premium living and investment opportunities and strengthen RAK Central's position as a vibrant mixed-use hub.

Dubai's residential market transactions jumped 23% in 1Q25

Dubai's residential sector maintained a strong momentum, with transaction volumes rising 23% YOY in the 1Q25, supported by continued population growth and increased investor interest. The off-plan sales in Dubai accounted for 69% of total transactions during 1Q25. The market saw a surge in new supply, with over 30,000 units launched, more than double the number recorded in 1Q24, primarily driven by heightened demand. The ready market, which includes transactions in completed, accounted for the remaining 31% of total activity during 1Q25. Within this segment, apartment sales dominated, representing 81% of transactions. Overall, apartments made up 76% of all residential transactions during 1Q25. Meanwhile, the villa and townhouse segment experienced a notable rebound, with its share of transactions rising from 18% in 1Q24 to 24% in 1Q25.

Real estate deals across five UAE emirates reached AED 239 Bn in 1Q25

Real estate transactions across five emirates in the UAE surged to over AED 239 Bn in 1Q25, with a total of 94,719 sales, purchase, and mortgage deals. This growth was driven by strong investor confidence, flexible regulations, and a growing pipeline of development projects. Abu Dhabi recorded a total transaction value of AED 25.3 Bn, marking a 34.5% YOY increase. This included 3,819 sales transactions, which rose 26.7% to AED 15.51 Bn, and 3,077 mortgage deals, which jumped 49% to AED 9.8 Bn in 1Q25. Dubai led the market, registering AED 193 Bn in total real estate transactions from 58,039 deals up 16.2% in value and 31.5% in volume YOY. According to the Dubai Land Department, AED 142 Bn came from 45,077 sales deals, reflecting a 30% increase, while mortgage volumes grew 27% to AED 41 Bn from 10,949 transactions. The remaining activity stemmed from grants and property exchanges. Sharjah also saw strong growth, with real estate transactions increasing 31.9% YOY to AED 13.2 Bn from 24,597 deals. Ajman recorded a 29% YOY rise in total transaction value to AED 5.55 Bn, including AED 3.69 Bn from 3,132 sales deals and AED 905 Mn from 498 mortgage transactions. The remainder was contributed by grants and exchanges. Meanwhile, Ras Al Khaimah witnessed over AED 2.4 Bn in off-plan residential sales from more than 1,300 transactions, reflecting continued demand in the northern emirate's housing market.

Emaar Development acquired land in Dubai for USD 798 Mn

Emaar Development, the construction subsidiary of Emaar Properties, acquired a plot of land in Ras Al Khor, from Amlak Property Investment for AED 2.9 Bn (USD 789 Mn), excluding associated transaction costs. This acquisition is expected to support the Company's new real estate projects aimed at capitalizing on the emirate's thriving

property market. The acquisition is also expected to expand Emaar development's land bank, which will be funded through internal resources.

Aldar Launched USD 11 Bn Fahid Island Project in Abu Dhabi

Aldar Properties unveiled the master plan for Fahid Island, with a revised gross development value of AED 40 Bn (USD 10.89 Bn). The island spans 2.7 Mn square metres, has an 11-kilometre coastline, and will host more than 6,000 luxury residences, including apartments, townhouses, and ultra-luxury villas. The first phase, Fahid Beach Residences, will comprise seven buildings, each housing 65 residences.

Dubai home sales reached a record AED 66.8 Bn amidst a population surge

Dubai's real estate property transactions increased 44% YOY to AED 66.8 Bn, amidst a sharp rise in population. Furthermore, the primary ready segment sales quadrupled to AED 17.9 Bn, while secondary ready segment sales increased by 21% YOY to AED 24 Bn in sales during May 2025. As a result, the combined value of primary ready and off-plan sales grew by 65% YOY to AED 37 Bn, and secondary sales rose 23% YOY to AED 29 Bn in May 2025. This strong market sentiment and continued demand for real estate are driven by an influx of new residents and international visitors, as well as the rising demand for premium living.

Abu Dhabi property sales reached USD 1.63 Bn in the first four months

Abu Dhabi's property market recorded a 5% rise in luxury transactions valued at AED 7 Mn and above, reaching a total of AED 6.3 Bn in the first four months of 2025. The increase was mainly driven by heightened interest from high-net-worth individuals, international investors, and long-term residents. Furthermore, the luxury segment resale activity boosted 158% YOY to AED 3 Bn, with super-luxury properties accounting for 60% of the total secondary market volume, to over AED 2.6 Bn in April 2025.

Alef launched the final phase, 'Hamsa 3' of Al Mamsha Raseel in Sharjah

Alef, launched Hamsa 3, the final residential phase of its flagship mixed-use project, Al Mamsha Raseel, which covers 48,000 square meters, with more than 65% allocated to green open spaces. Hamsa 3 features 131 modern apartments, providing potential investors with options of one, two, or three-bedroom units. The development reflects Alef's commitment to sustainable urban living in line with UAE Vision 2031, the Green Agenda 2030, and Net Zero 2050 goals.

Emirates properties Unveiled ultra-luxury branded development in Dubai

Emirates Properties Group launched Azha Millennium Residences, an ultra-luxury branded mixed-use development in Dubai's Jumeirah Village Triangle (JVT), valued at AED 350 Mn (USD 95.2 Mn). The project is expected to feature 196 apartments branded under Millennium Hotels & Resorts, along with curated retail spaces, and is scheduled to be completed by 4Q27. The project is set to feature 56 studios, 84 one-bedroom, and 56 two-bedroom apartments, all designed to deliver a blend of comfort, elegance, and smart living. Unit sizes are also expected to range from 375 sq ft to 1,746 sq ft, with starting prices from AED 629,000.

Emirates Stallions subsidiary partners with SAAS Group for USD 435 Mn project

Royal Development Holding, a subsidiary of Emirates Stallions Group, partnered with UAE-based luxury developer SAAS Properties to launch a branded residences project on Al Reem Island, Abu Dhabi. The development is valued at AED 1.6 Bn, and is a part of Marriott's Autograph Collection, marking Royal Development's first breakthrough into luxury real estate in the UAE.

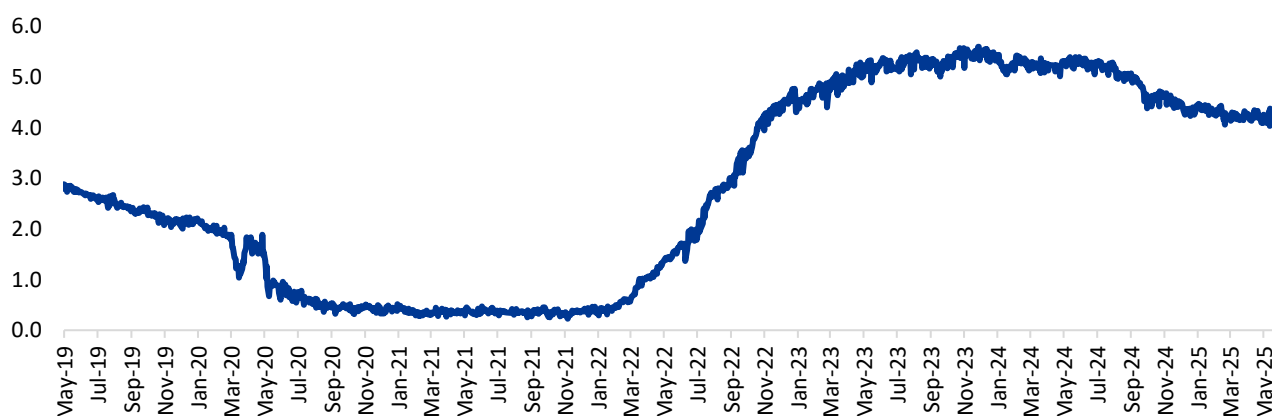
Palm Hills secured agreement to develop 1.87 Mn sqm near Abu Dhabi's Saadiyat Island

Palm Hills Development entered into an agreement with Wave Seven Investment RSC Ltd. to develop a 1.87 Mn-square-meter land plot near Saadiyat Island in Abu Dhabi. The project will be executed by PHD North Jubail Property Development Company, a wholly owned subsidiary of Palm Hills. The site is strategically positioned and is close to key landmarks such as the Louvre Abu Dhabi, Yas Island, and Reem Island. This venture represents Palm Hills' inaugural development project outside of Egypt.

EIBOR

The US Federal Reserve cut policy rates by 50 bps in September 2024 for the first time in four years. After that, the Fed reduced benchmark interest rates by 25 bps in November 2024 and 25 bps in December 2024 to a range of 4.25% to 4.50%. Since then, the FED has been holding its rates unchanged. Additionally, the Fed signaled its intention to implement a total of 50 bps of rate cuts by the end of 2025. However, the timing and extent of these cuts will remain data-dependent, particularly on inflation and labour market conditions. Since the UAE's currency is pegged to the US dollar, the central bank of the UAE closely follows the Fed. The CBUAE also reduced its benchmark rates by 100 bps to 4.40% in 2024, which aligns with the US Federal Reserve's move. CBUAE has maintained the base rate at 4.40% during 2Q25. The 3-month EIBOR rates declined 0.8% MOM to 4.21% on 30 May 2025. The decline in interest rates is expected to ease the borrowing costs for consumers and businesses, supporting an increase in loan growth in the coming period.

3-month EIBOR (%), May 2019 – May 2025



Source: CBUAE

Oil Outlook

Brent crude oil prices displayed notable fluctuations during April and May, ultimately closing at USD 63.9 per barrel on May 30. The month of April began with Brent Crude oil declining 15.5% MOM, primarily driven by rising trade tensions between the US and China, which raised fears of a global economic slowdown and weaker fuel demand. The prices briefly rebounded mid-month due to tariff exemptions and higher crude imports by China; however, they again fell on concerns of oversupply and expectations of further OPEC+ output, alongside hopes of a ceasefire between Russia and Ukraine. Entering May 2025, oil prices rose 1.2% MOM. Prices fluctuated throughout the month, initially falling on expectations of higher Saudi supply. Gains were supported by positive US-China and US-UK trade developments, which improved the demand outlook. However, the upside was limited by OPEC+ plans to gradually unwind 2.2 Mn bpd production cuts, a stronger US dollar, and ongoing uncertainty over US tariffs. The month ended with mixed sentiment as rising supply concerns were partially offset by extended trade negotiations and new US sanctions on Venezuelan crude. As a result, the average Brent crude oil price stood at USD 65.2 per bbl during April and May 2025.

Brent Crude Prices (USD/bbl), Jan 2025 – May 2025



Source: IEA

Relative valuation and rating

We maintain MARKET WEIGHT on the real-estate companies under our coverage with 4x BUY and 1x ACCUMULATE rating. The 2025F P/B multiples for the below stocks range between RAK Properties (0.6x) and Aldar Properties (1.6x). Emaar Properties 2025F dividend yield is the highest at 7.5%, followed by Emaar Development at 5.6%, Tecom Group at 5.3% and Aldar Properties at 2.5%.

Stock (In AED)	TP	CMP	Gain	Rating	P/B (2025F)	Div. Yld (%) 2025F
Emaar Properties	16.00	13.40	+19%	BUY	1.2	7.5%
Emaar Development	16.00	13.15	+22%	BUY	1.4	5.6%
Aldar Properties	10.00	8.73	+15%	BUY	1.6	2.5%
Tecom Group	3.55	3.18	+12%	ACCUMULATE	1.0	5.3%
Rak Properties	1.65	1.27	+30%	BUY	0.6	NA

Source: FABS Estimate

2Q25 preview: Emaar properties

Solid delivery pipeline to support long-term growth

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 13.40	AED 16.00	+19%	BUY

2Q25 estimate

Emaar Properties (EMAAR/the Company) net profit is expected to rise 50.1% YOY to AED 3,631 Mn in 2Q25, mainly due to an anticipated increase in revenue, other operating income, finance income, other income and growth in share of profit from associates partially offset by an increase in the cost of revenue, other operating expenses, depreciation charge, tax charges and increase in non-controlling interest. The Company's revenue is forecasted to increase 36.4% YOY to AED 10,483 Mn in 2Q25, supported by an anticipated rise in revenue across all segments. Cost of revenue is estimated to surge from AED 3,327 Mn in 2Q24 to AED 4,551 Mn in 2Q25. As a result, gross profit is likely to increase 36.1% YOY to AED 5,932 Mn in 2Q25. The Company's other operating income is anticipated to rise 40.2% YOY to AED 210 Mn in 2Q25, whereas other operating expenses are projected to increase from AED 47 Mn in 2Q24 to AED 52 Mn in 2Q25. Selling, G&A expenses are estimated to increase 5.8% YOY to AED 849 Mn in 2Q25. Thus, EBITDA is expected to grow from AED 3,657 Mn in 2Q24 to AED 5,240 Mn in 2Q25. Additionally, we expect EBITDA margin to rise 239 bps from 47.6% in 2Q24 to 50.0% in 2Q25. The Company's operating profit is anticipated to increase 46.3% YOY to AED 4,847 Mn in 2Q25. Depreciation of PPE is predicted to rise 5.6% YOY to AED 170 Mn, while depreciation of IP is projected to increase 22.4% YOY to AED 223 Mn in 2Q25. Finance income is projected to grow 34.0% YOY to AED 713 Mn, whereas finance cost is anticipated to decline 11.5% YOY to AED 229 Mn in 2Q25. We expect the Company's other income of AED 126 Mn in 2Q25, compared to other expenses of AED 38 Mn in 2Q24. The Company's share of profit from associates is projected to improve significantly, rising to a positive AED 33 Mn in 2Q25 compared to a loss of AED 61 Mn in 2Q24. EMAAR's income tax expenses are estimated to increase from AED 354 Mn in 2Q24 to AED 796 Mn in 2Q25. Profit attributable to NCI is expected to rise 48.4% YOY to AED 1,063 Mn in 2Q25.

2025 forecast

EMAAR's net profit is expected to increase 11.5% YOY to AED 15,072 Mn in 2025, mainly due to a projected rise in revenue, other operating income, finance income and higher share of associate profits partially offset by anticipated increase in the cost of revenue, other operating expenses, depreciation charges, along with increase in tax expenses and higher share to NCI. EMAAR's revenue is projected to increase 19.5% YOY to AED 42,416 Mn in 2025, mainly due to an anticipated rise in revenue across all segments. The Company's cost of revenue is estimated to rise 20.4% YOY to AED 18,204 Mn in 2025. Thus, gross profit is likely to increase 18.8% YOY to AED 24,212 Mn in 2025. EMAAR's other operating income is anticipated to surge 16.7% YOY to AED 763 Mn in 2025, whereas other operating expenses are forecasted to rise 20.5% YOY to AED 288 Mn in 2025. Selling, G&A expenses are projected to increase 5.0% YOY to AED 3,393 Mn in 2025. Thus, EBITDA is projected to rise 10.5% YOY to AED 21,293 Mn in 2025. However, we expect the EBITDA margin to fall 409 bps YOY to 50.2% in 2025. Operating profit is estimated to increase 22.2% YOY to AED 19,721 Mn in 2Q25. Depreciation of PPE is projected to increase 9.1% YOY to AED 682 Mn, whereas depreciation of IP is estimated to grow 11.1% YOY to AED 891 Mn in 2025. Furthermore, the Company's finance income is projected to increase 31.1% YOY to AED 2,757 Mn in 2025. Similarly, the finance cost is anticipated to fall 2.8% YOY to AED 914 Mn in 2025. Other income is expected to decline 46.9% YOY to AED 848 Mn in 2025. Additionally, the Company's share of associates is forecasted to grow significantly from AED 6 Mn in 2024 to AED 187 Mn in 2025. Furthermore, income tax expenses are expected to rise from AED 1,451 Mn in 2024 to AED 3,277 Mn in 2025. Profit attributable to NCI is projected to grow 8.0% YOY to AED 4,251 Mn in 2025.

1Q25 outturn

EMAAR's revenue boosted from AED 6,723 Mn in 1Q24 to AED 10,098 Mn in 1Q25, mainly driven by robust growth in revenue from Real Estate, followed by Hospitality segment and Leasing portfolio. Revenue from the sale of Residential units increased from AED 4,167 Mn in 1Q24 to AED 7,090 Mn in 1Q25, supported by the launch of 12 projects across the UAE, with a property sale increase of 28% YOY to AED 16.5 Bn in 1Q25. Additionally, revenue backlog from property sales rose to AED 127 Bn, as of 1Q25. Revenue from the sale of Commercial units rose from AED 289 Mn in 1Q24 to AED 540 Mn in 1Q25. The Hospitality segment reported a 9.8% YOY increase in revenue to AED 573 Mn in 1Q25, driven by strong tourism activity and high domestic demand. Additionally, Hotel occupancy across EMAAR's UAE properties reached 82% in 1Q25. Revenue from leased properties, retail and related income grew 8.6% YOY to AED 1,894 Mn in 1Q25, primarily driven by higher lease rentals upon renewals, continued growth

in tenant sales and consistently strong occupancy across key assets. Cost of revenue increased from AED 2,702 Mn in 1Q24 to AED 4,368 Mn in 1Q25, mainly due to higher costs associated with residential and commercial units. As a result, gross profit rose 42.5% YOY to AED 5,730 Mn in 1Q25. Other operating income increased 10.2% YOY to AED 145 Mn, while other operating expenses rose 11.9% YOY to AED 39 Mn in 1Q25. SG&A expenses rose 10.3% YOY to AED 719 Mn in 1Q25. EMAAR's total EBITDA grew 23.5% YOY to AED 5,401 Mn in 1Q25. However, EBITDA margins contracted from 65.1% in 1Q24 to 53.5% in 1Q25. The Company's operating profit boosted from AED 3,127 Mn in 1Q24 to AED 4,761 Mn, while operating profit margin increased 64 bps to 47.1% in 1Q25. Depreciation on PPE grew 6.5% YOY to AED 161 Mn, while depreciation on investment properties grew 3.8% YOY to AED 195 Mn in 1Q25. Moreover, finance income rose 30.9% YOY to AED 648 Mn in 1Q25 due to higher returns from bank deposits and securities, whereas finance costs declined 5.1% YOY to AED 221 Mn in 1Q25. Furthermore, the Company reported a profit from associates of AED 110 Mn in 1Q25 compared to a profit of AED 36 Mn in 1Q24. Other income decreased significantly from AED 840 Mn in 1Q24 to AED 136 Mn in 1Q25. Income tax expenses rose 40.9% YOY to AED 797 Mn in 1Q25. Additionally, the share of profit attributable to non-controlling interest holders increased 19.1% YOY to AED 927 Mn in 1Q25.

Target price and recommendation

We maintain our BUY rating on Emaar Properties with a target price of AED 16.00. Emaar delivered strong financial and operational performance in 1Q25, driven by continued demand for high-quality residential developments, robust recurring revenue streams, and international expansion. The Company recorded a notable increase in revenue, supported by successful new project launches across the UAE, resilient tourism activity, and rising lease rentals. EMAAR's property development segment maintained its growth momentum, achieving record quarterly UAE property sales of AED 16.5 Bn, reflecting a 28% YOY increase. This was underpinned by the successful launch of 12 projects across all master plans in the UAE. The revenue backlog from property sales reached AED 127 Bn, as of 31 March 2025, recording 62% YOY growth. Of this, c. AED 112 Bn is attributed to UAE-based projects, highlighting continued strong local demand and revenue visibility. Recurring revenue streams, including malls, hospitality, leisure, entertainment, and commercial leasing, also recorded healthy growth in 1Q25. Mall assets maintained a healthy average occupancy rate of 98%, while hotel occupancy reached 82%. The hospitality segment saw strong performance, supported by the addition of two new hotels comprising over 600 keys. EMAAR continued its focus on improving RevPAR by balancing occupancy rates with average daily rates (ADRs). Shopping malls, retail, and commercial leasing operations contributed AED 1.5 Bn in revenue, with EBITDA reaching AED 1.3 Bn during 1Q25. EMAAR's international real estate operations generated AED 2.8 Bn in property sales and AED 626 Mn in revenue during 1Q25, driven by strong performance in India and Egypt. International revenue contributed c. 6% to EMAAR's total revenue for 1Q25. Looking ahead, EMAAR plans a total capital expenditure of AED 60–70 Bn over the next five years. This includes AED 30 Bn for land acquisition and replenishment, AED 12.5 Bn for development and retail acquisitions, AED 12 Bn for residential leasing, and AED 7–8 Bn for the development of a new tower in Dubai Creek Harbour, expected to begin construction in 2026. Furthermore, the Company is expected to embark on AED 5 Bn for international operations in Egypt, funded through internal resources with minimal borrowings. The Company remains confident in Dubai's real estate fundamentals and anticipates continued strong performance, with 2025 deliveries expected to match 2024 levels at c. 4,500 units, followed by a ramp-up from 2026 onwards. Moreover, EMAAR also paid a dividend of AED 8.8 Bn (AED 1.0 per share) for 2024, resulting in a dividend yield of 7.5%. EMAAR further aims to maintain AED 1 per share dividends through 2026, and likely in 2027. Thus, based on our analysis, we maintain our BUY rating on the stock.

Emaar Properties – Relative Valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE (X)	42.09	26.69	16.04	9.42	8.11	7.27
PB (X)	1.60	1.64	1.68	1.41	1.28	1.20
EV / EBITDA	35.64	14.99	13.40	7.25	5.73	5.18
BVPS (AED)	7.754	7.545	7.366	8.794	9.665	10.369
EPS (AED)	0.295	0.465	0.773	1.316	1.529	1.705
DPS (AED)	0.100	0.150	0.250	0.500	1.000	1.000
Dividend yield (%)	0.7%	1.1%	1.9%	3.7%	7.5%	7.5%

FABS estimate & Co Data

Emaar Properties - P&L

AED mn	2Q24	1Q25	2Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	7,684	10,098	10,483	36.4%	3.8%	35,505	42,416	19.5%
Cost of revenue	-3,327	-4,368	-4,551	36.8%	4.2%	-15,124	-18,204	20.4%
Gross profit	4,357	5,730	5,932	36.1%	3.5%	20,381	24,212	18.8%
Other operating income	150	145	210	40.2%	44.7%	654	763	16.7%
Other operating expenses	-47	-39	-52	12.5%	34.3%	-239	-288	20.5%
SG&A expenses	-803	-719	-849	5.8%	18.2%	-3,232	-3,393	5.0%
EBITDA	3,657	5,401	5,240	43.3%	-3.0%	19,277	21,293	10.5%
EBIT	3,314	4,761	4,847	46.3%	1.8%	16,136	19,721	22.2%
Depreciation of PPE	-161	-161	-170	5.6%	6.0%	-625	-682	9.1%
Depreciation of IP	-182	-195	-223	22.4%	14.1%	-802	-891	11.1%
Finance income	532	648	713	34.0%	10.0%	2,102	2,757	31.1%
Finance cost	-258	-221	-229	-11.5%	3.3%	-941	-914	-2.8%
Other income	-38	136	126	NM	NM	1,596	848	-46.9%
Share of assoc. profits/(-loss)	-61	110	33	NM	-70.0%	6	187	NM
Profit before tax	3,489	5,433	5,490	57.3%	1.1%	18,900	22,600	19.6%
Income tax	-354	-797	-796	NM	-0.1%	-1,451	-3,277	NM
Profit for the period	3,136	4,636	4,694	49.7%	1.3%	17,449	19,323	10.7%
Non-controlling interests	-716	-927	-1,063	48.4%	14.7%	-3,935	-4,251	8.0%
Profit to shareholders	2,419	3,709	3,631	50.1%	-2.1%	13,514	15,072	11.5%

FABS estimate & Co Data
Emaar Properties - Margins

	2Q24	1Q25	2Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	56.7%	56.7%	56.6%	-11	-15	57.4%	57.1%	-32
EBITDA	47.6%	53.5%	50.0%	239	-350	54.3%	50.2%	-409
Operating Profit	43.1%	47.1%	46.2%	311	-91	45.4%	46.5%	105
Net Profit	31.5%	36.7%	34.6%	315	-209	38.1%	35.5%	-253

FABS estimate & Co Data

2Q25 preview: Emaar Development

Strong sales velocity expected to drive margin expansion

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 13.15	AED 16.00	+22%	BUY

2Q25 Estimate

Emaar Development's (EMAARDEV/the Company) net profit is estimated to increase significantly, from AED 1,208 Mn in 2Q24 to AED 2,234 Mn in 2Q25. The rise in net profit is mainly attributable to an expected increase in revenue, finance income, and other income, along with a decrease in finance cost, partially offset by an increase in cost of revenue, S&G expenses, and tax charges. The Company's revenue is expected to increase significantly from AED 3,831 Mn in 2Q24 to AED 5,821 Mn in 2Q25, mainly due to an anticipated growth in sales of residential and commercial units. The Company's cost of revenue is expected to grow significantly from AED 1,812 Mn in 2Q24 to AED 2,608 Mn in 2Q25. Thus, gross profit is expected to increase from AED 2,019 Mn in 2Q24 to AED 3,213 Mn in 2Q25. We expect gross margins to boost 250 bps YOY to 55.2% in 2Q25. S&G expenses are forecasted to rise from AED 372 Mn in 2Q24 to AED 437 Mn in 2Q25. As a result, operating profit is anticipated to increase from AED 1,648 Mn in 2Q24 to AED 2,776 Mn in 2Q25. EMAARDEV's EBITDA is forecasted to surge substantially from AED 1,692 Mn in 2Q24 to AED 2,883 Mn in 2Q25. Hence, EBITDA margin is anticipated to rise 536 bps YOY to 49.5% in 2Q25. EMAARDEV's finance income is expected to surge 12.5% YOY to AED 304 Mn in 2Q25. Finance cost is expected to fall 51.1% YOY to AED 74 Mn in 2Q25. The Company's other income is forecasted to increase from AED 26 Mn in 2Q24 to AED 41 Mn in 2Q25. The share of results of joint ventures is anticipated to rise from AED 17 Mn in 2Q24 to AED 63 Mn in 2Q25. Tax expenses are expected to increase from AED 162 Mn in 2Q24 to AED 451 Mn in 2Q25. EMAARDEV's profit share to NCI is projected to decline 3.3% YOY to AED 425 Mn in 2Q25.

2025 Forecast

EMAARDEV's net profit is expected to rise 18.9% YOY to AED 9,074 Mn in 2025, mainly driven by an anticipated increase in revenue, finance income, other income and share of result of joint venture along with a decrease in finance cost and lower NCI partially offset by an expected rise in cost of revenue, S&G expenses and tax expenses. EMAARDEV's revenue is forecasted to increase 26.9% YOY to AED 24,300 Mn in 2025, supported by an anticipated increase in the sale of residential and commercial properties. On the other hand, the cost of revenue is expected to grow 26.5% YOY to AED 10,740 Mn in 2025. Thus, gross profit is projected to increase 27.2% YOY to AED 13,559 Mn in 2025. The Company's S&G expenses are estimated to rise from AED 1,609 Mn in 2024 to AED 2,065 Mn in 2025. As a result, operating profit is projected to increase 27.0% YOY to AED 11,494 Mn in 2025. EMAARDEV's EBITDA is expected to grow 26.9% YOY to AED 11,962 Mn in 2025. The Company's finance income is anticipated to rise 4.7% YOY to AED 1,214 Mn in 2025. Finance cost is projected to decline 26.8% YOY to AED 294 Mn in 2025. EMAARDEV's other income is expected to increase from AED 174 Mn in 2024 to AED 194 Mn in 2025. Share of results of joint ventures is anticipated to rise 35.0% YOY to AED 262 Mn in 2025. The Company's corporate tax is expected to increase significantly from AED 486 Mn in 2024 to AED 1,866 Mn in 2025. Share of NCI is anticipated to decline 6.0% YOY to AED 1,931 Mn in 2025.

1Q25 Outturn

Emaar Development's revenue surged 43.3% YOY to AED 5,024 Mn in 1Q25, primarily driven by a significant increase in the sale of property, as well as the sale of residential units, commercial units, plots of land, and development services. Revenue from the sale of residential units rose substantially from AED 3,181 Mn in 1Q24 to AED 4,639 Mn in 1Q25, while revenue from commercial unit sales, plots of land, and development services grew 18.3% YOY to AED 386 Mn in 1Q25. The Company's cost of revenue rose from AED 1,619 Mn in 1Q24 to AED 2,246 Mn in 1Q25. As a result, gross profit rose sharply 47.1% YOY to AED 2,778 Mn in 1Q25, though gross margins expanded from 53.8% in 1Q24 to 55.3% in 1Q25. Selling and general expenses rose 22.3% YOY to AED 380 Mn in 1Q25. Operating profit surged by 52.0% YOY to AED 2,399 Mn in 1Q25. Moreover, EBITDA also increased 48.2% YOY to AED 2,508 Mn in 1Q25. EBITDA margin improved from 48.3% in 1Q24 to 49.9% in 1Q25. Finance income increased 17.3% YOY to AED 304 Mn in 1Q25, while finance costs strongly declined from AED 91 Mn in 1Q24 to AED 45 Mn in 1Q25. Other income declined significantly from AED 88 Mn in 1Q24 to AED 37 Mn in 1Q25. The share of results from JVs jumped from AED 25 Mn in 1Q24 to AED 70 Mn in 1Q25. Meanwhile, the share of profit attributable to noncontrolling interest holders rose 9.0% YOY to AED 437 Mn in 1Q25. Additionally, the Company recorded a tax of AED 410 Mn in 1Q25.

Target price and rating

We maintain our BUY rating on Emaar Development with a target price of AED 16.00. EMAARDEV reported a significant improvement in profitability during 1Q25, underpinned by a 27.7% YOY increase in property sales, which rose from AED 12.9 Bn in 1Q24 to AED 16.5 Bn in 1Q25. This strong performance reflects both high demand and the successful launch of 12 new projects across all its master plans during 1Q25. As a result, the Company's sales backlog grew 52% YOY, reaching AED 100.1 Bn, providing robust revenue visibility. EMAARDEV also announced plans to allocate AED 30 Bn for land acquisition and replenishment in the next five years, with AED 5 Bn allocated in 2025, reinforcing its long-term development pipeline. Since its inception, EMAARDEV has handed over c.76,000 residential units, with over 43,700 units currently under construction, including projects developed for its parent company, Emaar Properties. In 2024 alone, the Company delivered 4,242 units and has set similar delivery targets for 2025. The Company retains a significant strategic advantage through its 335 Mn sq. ft. of remaining land bank (GLA) in the UAE as of March 2025. This substantial land reserve supports long-term development flexibility and scalability. In terms of customer demographics, 65% of buyers in 1Q25 were UAE residents, while 35% were international investors, with Indians leading among overseas buyers, followed by Chinese and UK nationals. Additionally, EMAARDEV reported a low default rate of c. 0.5% in 1Q25, indicating strong customer payment discipline and healthy cash flow visibility. The Company paid the highest ever annual cash dividend of AED 2.7 Bn for 2024, equating to AED 0.68 per share. Given these factors, we assign a BUY rating on the stock.

Relative Valuation

	2020	2021	2022	2023	2024	2025F
PE (X)	29.69	15.16	12.92	7.42	6.45	5.42
PB (X)	4.37	3.39	2.84	2.15	1.73	1.42
EV / EBITDA	22.35	11.09	9.59	4.31	3.06	4.28
BVPS (AED)	2.813	3.623	4.332	5.710	7.097	8.686
EPS (AED)	0.414	0.811	0.952	1.657	1.908	2.268
DPS (AED)	NM	NM	0.520	0.520	0.680	0.730
Dividend Yield (%)	NM	NM	4.0%	4.0%	5.2%	5.6%

FABS estimate& Co Data

Emaar Development - P&L

	2Q24	1Q25	2Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
AED mm								
Revenue	3,831	5,024	5,821	51.9%	15.9%	19,147	24,300	26.9%
Cost of Revenue	-1,812	-2,246	-2,608	43.9%	16.1%	-8,490	-10,740	26.5%
Gross Profit	2,019	2,778	3,213	59.1%	15.6%	10,657	13,559	27.2%
S&G Expenses	-372	-380	-437	17.5%	15.0%	-1,609	-2,065	28.4%
Operating Profit	1,648	2,399	2,776	68.5%	15.7%	9,047	11,494	27.0%
EBITDA	1,692	2,508	2,883	70.4%	15.0%	9,424	11,962	26.9%
Finance Income	270	304	304	12.5%	-0.2%	1,160	1,214	4.7%
Finance Cost	-150	-45	-74	-51.1%	63.7%	-402	-294	-26.8%
Other Income	26	37	41	NM	NM	174	194	NM
Share of results of Joint Ventures	17	70	63	NM	-10.0%	194	262	35.0%
Profit before tax	1,810	2,765	3,110	71.8%	12.5%	10,173	12,870	26.5%
Tax	-162	-410	-451	NM	9.9%	-486	-1,866	NM
NCI	440	437	425	-3.3%	-2.6%	2,053	1,931	-6.0%
Net profit to equity holders	1,208	1,918	2,234	84.9%	16.4%	7,633	9,074	18.9%

FABS estimate& Co Data

Emaar Development-Margins

	2Q24	1Q25	2Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	52.7%	55.3%	55.2%	250	-10	55.7%	55.8%	14
EBITDA	44.2%	49.9%	49.5%	536	-39	49.2%	49.2%	1
Operating Profit	43.0%	47.7%	47.7%	470	-4	47.3%	47.3%	5
Net Profit	31.5%	38.2%	38.4%	685	20	39.9%	37.3%	-253

FABS estimate& Co Data

2Q25 preview: Aldar Properties

Robust development pipeline and strong backlog support a positive outlook

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 8.73	AED 10.00	+15%	BUY

2Q25 Estimate

Aldar Properties (Aldar/the Company) is expected to report an 8.7% YOY growth in net profit to AED 1,687 Mn in 2Q25. The growth in net profit is primarily driven by higher revenue and increased finance income. However, this will be partially offset by a rise in direct costs, general and administrative expenses, selling and marketing expenses, impairment charges, and finance costs. Additionally, an expected decline in total other income, along with expected higher income tax expenses and an increased share of profit attributable to non-controlling interests (NCI), is expected to weigh on profitability. Aldar's revenue is forecasted to increase 43.6% YOY to AED 7,617 Mn in 2Q25, mainly driven by strong revenue growth expected across the Development and Investment segments. Aldar Development segment revenue is expected to grow from AED 3,634 Mn in 2Q24 to AED 5,459 Mn in 2Q25. At the same time, Aldar Investments' revenue is projected to rise 29.3% YOY to AED 2,158 Mn in 2Q25. The Company's direct cost is estimated to increase 41.6% YOY to AED 4,926 Mn in 2Q25. Thus, gross profit will likely rise 47.5% YOY to AED 2,691 Mn in 2Q25. General expenses are anticipated to increase 18.1% YOY to AED 457 Mn in 2Q25. Additionally, selling and marketing expenses are projected to increase 44.5% YOY to AED 46 Mn in 2Q25. Aldar's EBITDA is anticipated to increase 25.2% YOY to AED 2,550 Mn in 2Q25. While, EBITDA margin is expected to fall from 38.4% in 2Q24 to 33.5% in 2Q25. Moreover, the Company's operating income is expected to grow from AED 1,406 Mn in 2Q24 to AED 2,188 Mn in 2Q25. We forecast the operating profit margin to increase from 26.5% in 2Q24 to 28.7% in 2Q25. The Company's provisions are expected to rise significantly from AED 8 Mn in 2Q24 to AED 23 Mn in 2Q25. Additionally, Aldar's finance income is forecasted to rise 3.7% YOY to AED 177 Mn in 2Q25. On the other hand, finance cost is estimated to rise 38.7% YOY to AED 327 Mn in 2Q25. Moreover, total other income is anticipated to decline from AED 491 Mn in 2Q24 to AED 229 Mn in 2Q25. The Company's tax expense is expected to increase substantially from AED 75 Mn in 2Q24 to AED 283 Mn in 2Q25. Furthermore, the Company's non-controlling interest is projected to boost 38.0% YOY to AED 275 Mn in 2Q25.

2025 Forecast

Aldar's net profit is expected to rise 21.0% YOY to AED 6,770 Mn in 2025, driven by higher revenue, partially offset by increased direct and other costs, lower finance income, and higher taxes and NCI share. Aldar's revenue is expected to grow 35.0% YOY to AED 31,048 Mn in 2025, mainly due to solid demand expected across its revenue segments. Aldar Development's revenue is expected to rise 42.7% YOY to AED 22,412 Mn, and Aldar Investment is anticipated to grow 18.5% YOY to AED 8,636 Mn in 2025. The Company's direct cost is estimated to grow 34.2% YOY to AED 20,064 Mn in 2025. Thus, gross profit will likely increase 36.5% YOY to AED 10,984 Mn in 2025. The Company's general expenses are projected to grow 12.2% YOY to AED 2,018 Mn in 2025. Whereas, selling & marketing expenses are estimated to surge significantly from AED 129 Mn in 2024 to AED 171 Mn in 2025. Thus, EBITDA is forecasted to grow 32.6% YOY to AED 10,225 Mn in 2025. We expect the EBITDA margin to fall from 33.5% in 2024 to 32.9% in 2025. Moreover, operating profit is expected to grow 43.8% YOY to AED 8,795 Mn, and operating profit margin is projected to rise 173 bps YOY to 28.3% in 2025. The Company's impairment losses are projected to increase from AED 199 Mn in 2024 to AED 217 Mn in 2025. Aldar's finance income is anticipated to decline marginally 0.6% YOY to AED 711 Mn, while finance cost is predicted to increase 38.6% YOY to AED 1,307 Mn in 2025. Additionally, the Company's other income is estimated to decline 12.5% YOY to AED 1,025 Mn in 2025. Aldar's tax expenses are projected to grow from AED 355 Mn in 2024 to AED 1,138 Mn in 2025. Similarly, NCI is estimated to increase 21.0% YOY to AED 1,098 Mn in 2025.

1Q25 Outturn

Aldar's revenue saw a significant increase of 38.7% YOY in 1Q25, reaching AED 7,791 Mn. This growth was driven by strong double-digit performance in both the Development and Investment segments, supported by rising demand from residential expatriates and overseas buyers attracted by the UAE's appealing lifestyle and reputation as a prime investment destination. Residential expatriates accounted for 57% of UAE sales, overseas buyers made up 30%, and UAE nationals comprised the remaining 13% in 1Q25. Additionally, the Company's revenue backlog stood at AED 55.7 Bn as of 1Q25 compared to AED 54.6 Bn in 4Q24, providing strong revenue visibility across the UAE and International Business. Aldar's development revenue grew 46.2% YOY to AED 5.7 Bn, and Investment revenue increased 21.9% YOY to AED 2,107 Mn in 1Q25. The Company's direct costs grew almost in line with revenue from AED 3.6 Bn in 1Q24 to AED 5.0 Bn in 1Q25. Hence, gross profit increased significantly, 37.3% YOY

to AED 2.8 Bn in 1Q25, while gross margins fell 37 bps YOY to 35.7% in 1Q25. General expenses of Aldar rose 8.3% YOY to AED 467 Mn in 1Q25. Selling and marketing expenses surged 49.8% YOY to AED 35 Mn in 1Q25. The Company's EBITDA rose 36.4% YOY to AED 2.5 Bn in 1Q25, due to strong growth in EBITDA across the Development and Investments segment. Development EBITDA rose 50% YOY to AED 1.8 Bn, whereas Investment adjusted EBITDA grew by 10% YOY to AED 0.8 Bn during 1Q25. However, the Company's EBITDA margin fell 54 bps YOY to 31.8% in 1Q25 as Investment portfolio expanded. Operating profit expanded 45.1% YOY to AED 2.3 Bn in 1Q25, with an expansion in margin of 127 bps YOY to 29.2% in 1Q25. The Company's finance income grew 2.9% YOY to AED 185 Mn in 1Q25, and finance cost surged 49.5% YOY to AED 313 Mn in 1Q25. Other Income declined from AED 106 Mn in 1Q24 to AED 43 Mn in 1Q25. Aldar's income tax surged significantly from AED 66 Mn in 1Q24 to AED 276 Mn in 1Q25, due to the introduction of 15% statutory rate. Furthermore, profit attributable to non-controlling interest increased 5.3% YOY to AED 268 Mn in 1Q25.

Target price and rating

We maintain our BUY rating on Aldar Properties with a target price of AED 10.00. Aldar demonstrated strong profitability growth due to robust revenue expansion driven by strong demand for new developments and existing inventory, and increased EBITDA during 1Q25. Aldar Development launched two new projects, Manarat Living III in Saadiyat Island and The Wilds in Dubai, during 1Q25, marking its third development under a joint venture with Dubai Holdings to increase Aldar Development's revenue. Additionally, international buyers and expats have increased their purchasing activity in the UAE, with their share of total sales representing 87% in 1Q25, in which residential expat accounted for 57%, the overseas buyers 30% and the UAE nationals 13% of the UAE sales in 1Q25. The Company's development backlog has increased to AED 55.7 Bn, including AED 46.7 Bn in the UAE, with its impact expected to be reflected in revenue over the next two to three years. The Company recently launched a major project on Fahid Island, featuring a land bank of 3.4 Mn sqm and c.6,000 residential units. Within the first week of launch, the project generated over AED 3.5 Bn in sales. Expatriate residents and overseas buyers accounted for 67% of total sales, with strong demand from key markets including the UAE, Russia, the UK, and China. Furthermore, 67% of buyers were new customers, reflecting a robust and growing customer base. Aldar also acquired a new land plot and launched a new project, Nine Elms, at Ascenta Collection. In the same period, Aldar Education plans to open both Muna British Academy and Yasmina American School for the 2025–26 academic year. In June 2025, Aldar Education partnered with a renowned UK institution to establish a super-premium K–12 school in Abu Dhabi. The new King's College School Wimbledon Abu Dhabi will be located in the heart of Fahid Island's master-planned community, spanning 50,000 sqm and accommodating up to 2,220 students. Additionally, the redevelopment of Al Jimi Mall is anticipated to be completed in 2H25, alongside the launch of a new retail platform that will include Yas Mall and the Galleria Luxury Collection. In case of international, SODIC's revenue backlog reached AED 6.3 Bn in 1Q25, with an average duration of 33 months, driven by the successful launch of Ogami in 2H24 and strong demand from cross-selling into the UAE market. On the other hand, London Square's revenue backlog increased to AED 2.6 Bn in 1Q25, with an average duration of 29 months, offering strong revenue visibility over the next two to three years. Investment properties experienced a two-digit growth expected from the D-Hold pipeline, which includes the Expo City joint venture and the reinvestment of Strata sales revenue into high-yielding income-generating assets. Investment properties also experienced a high occupancy level of 96%, resulting in high rental prices. Additionally, strategic acquisitions over the past two years increased the platform's assets under management to AED 46 Bn. Aldar also maintains a develop-to-hold pipeline of AED 13.3 Bn in 1Q25, which is estimated to be completed from 2025 to 2028. Moreover, London Square secured 14 sites and commenced five developments. The Residential portfolio saw strong renewals and 5% increase in rental rates, with occupancy at 98% in 1Q25. Aldar guidance also remains unchanged with total EBITDA at AED 10.4-10.8 Bn and capex of AED 3-4 Bn for 2025. Additionally, the board distributed cash dividend of 18.50 fils per share, totalling AED 1.45 Bn, resulting in a dividend yield of 2.1% in 2024. Thus, based on the above-mentioned factors, we assigned a BUY rating on the stock.

Aldar- Relative Valuation						
(At CMP)	2020	2021	2022	2023	2024	2025F
PE	32.31	26.96	21.58	16.35	11.37	9.22
PB	2.44	2.32	2.20	2.01	1.79	1.55
EV/EBITDA	26.39	22.37	18.02	13.67	9.28	6.78
BVPS (AED)	3.260	3.424	3.606	3.951	4.438	5.114
EPS (AED)	0.246	0.295	0.368	0.486	0.699	0.861
DPS (AED)	0.145	0.150	0.160	0.170	0.185	0.215
Dividend Yield	1.7%	1.7%	1.8%	1.9%	2.1%	2.5%
FABS estimate & Co Data						

Aldar - P&L

	2Q24	1Q25	2Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
AED (Mn)								
Revenue	5,303	7,791	7,617	43.6%	-2.2%	22,998	31,048	35.0%
Direct costs	-3,478	-5,010	-4,926	41.6%	-1.7%	-14,953	-20,064	34.2%
Gross profit	1,825	2,781	2,691	47.5%	-3.2%	8,045	10,984	36.5%
General expenses	-387	-467	-457	18.1%	-2.1%	-1,799	-2,018	12.2%
Sell & Mktg Exp	-32	-35	-46	44.5%	29.6%	-129	-171	32.0%
EBITDA	2,037	2,475	2,550	25.2%	3.0%	7,709	10,225	32.6%
EBIT	1,406	2,279	2,188	55.6%	-4.0%	6,117	8,795	43.8%
Share of assoc.	2	2	0	NM	NM	-2	0	NM
Provision/(reversal)	-8	-10	-23	NM	NM	-199	-217	9.1%
Finance income	171	185	177	3.7%	-4.1%	715	711	-0.6%
Finance cost	-236	-313	-327	38.7%	4.5%	-943	-1,307	38.6%
Total other income	491	43	229	-53.4%	435.8%	1,171	1,025	-12.5%
Profit before tax	1,826	2,185	2,244	22.9%	2.7%	6,859	9,006	31.3%
Income tax	-75	-276	-283	NM	2.4%	-355	-1,138	NM
Profit after tax	1,751	1,909	1,961	12.0%	2.8%	6,504	7,868	21.0%
Non-controlling interest	199	268	275	38.0%	2.6%	908	1,098	21.0%
Net profit	1,552	1,641	1,687	8.7%	2.8%	5,596	6,770	21.0%

FABS estimate & Co Data
Aldar - Margins

	2Q24	1Q25	2Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	34.4%	35.7%	35.3%	92	-36	35.0%	35.4%	40
EBITDA	38.4%	31.8%	33.5%	-494	171	33.5%	32.9%	-59
Operating Profit	26.5%	29.2%	28.7%	221	-52	26.6%	28.3%	173
Net Profit	29.3%	21.1%	22.1%	-712	108	24.3%	21.8%	-253

FABS estimate & Co Data

2Q25 preview: Tecom Group

Higher rental yields and increased occupancy rates to boost top-line growth

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 3.18	AED 3.55	+12%	ACCUMULATE

2Q25 estimate

Tecom Group's (TECOM/the Company) net profit is expected to increase 9.4% YOY to AED 340 Mn in 2Q25, mainly driven by an anticipated growth in sales, partially offset by a forecasted increase in direct costs, total operating expenses, D&A expenses, decline in finance income, increase in finance cost and tax expenses. TECOM's sales are projected to increase 16.0% YOY to AED 677 Mn in 2Q25 due to healthy performance expected across all the revenue segments. Revenue from Commercial Leasing is anticipated to rise 17.4% YOY to AED 351 Mn, and revenue from Industrial Leasing is predicted to increase 14.3% YOY to AED 98 Mn in 2Q25. Similarly, Revenue from Land Leasing is forecasted to grow 7.5% YOY to AED 147 Mn and Services Revenue is estimated to increase 30.0% YOY to AED 81 Mn in 2Q25. The direct cost is anticipated to rise 17.0% YOY to AED 223 Mn in 2Q25. Thus, gross profit is likely to grow 15.5% YOY to AED 453 Mn in 2Q25. However, the gross profit margin is estimated to decrease 29 bps YOY to 67.0% in 2Q25. G&A expenses are estimated to decline 2.5% YOY to AED 50 Mn in 2Q25. In contrast, Marketing and selling expenses are forecasted to rise significantly from AED 11 Mn in 2Q24 to AED 17 Mn in 2Q25. Meanwhile, other income is anticipated to decline 21.0% YOY to AED 18 Mn in 2Q25. Other expenses are predicted to rise to AED 3 Mn in 2Q25. Thus, TECOM's operating profit is expected to surge 13.4% YOY to AED 401 Mn in 2Q25. Alternatively, operating profit margin is likely to fall from 60.6% in 2Q24 to 59.2% in 2Q25. Depreciation & amortisation is expected to increase 11.7% YOY to AED 115 Mn in 2Q25. Hence, EBITDA is anticipated to rise 13.0% YOY to AED 516 Mn in 2Q25. However, EBITDA margin is anticipated to decline from 78.2% in 2Q24 to 76.2% in 2Q25. The Company's finance income is anticipated to decline 13.2% YOY to AED 16 Mn in 2Q25. Finance cost is expected to increase 14.4% YOY to AED 64 Mn in 2Q25. TECOM's tax expense is projected to increase from AED 6 Mn in 2Q24 to AED 13 Mn in 2Q25.

2025 forecast

TECOM's net profit is expected to increase 15.0% YOY to AED 1,413 Mn in 2025, mainly due to an estimated increase in sales, partially offset by direct costs, total operating expenses, D&A expenses, finance cost and tax expenses, coupled with a decline in finance income. The Company's sales are anticipated to rise 14.3% YOY to AED 2,746 Mn in 2025 due to the strong performance estimated across all its revenue segments. Revenue from Commercial Leasing is forecasted to rise 16.6% YOY to AED 1,420 Mn, and revenue from Industrial Leasing is estimated to increase 13.0% YOY to AED 403 Mn in 2025. Similarly, Revenue from Land Leasing is estimated to grow 7.7% YOY to AED 573 Mn, and Services Revenue is estimated to increase 18.6% YOY to AED 350 Mn in 2025. Direct cost is predicted to rise 4.6% YOY to AED 889 Mn in 2025. Thus, gross profit is likely to increase 19.6% YOY to AED 1,857 Mn in 2025. The gross margin is also expected to rise 300 bps YOY from 64.6% in 2024 to 67.6% in 2025. G&A expenses are expected to fall 6.1% YOY to AED 192 Mn in 2025. However, marketing and selling expenses are anticipated to increase by 4.9% YOY to AED 57 Mn in 2025. Other income is projected to fall significantly from AED 138 Mn in 2024 to AED 70 Mn in 2025. Whereas, other expenses are expected to rise substantially from AED 6 Mn in 2024 to AED 14 Mn in 2025. As a result, operating profit is expected to increase 16.8% YOY to AED 1,664 Mn in 2025. D&A expenses are projected to increase 7.6% YOY to AED 462 Mn in 2025. Tecom's EBITDA is projected to grow 14.7% YOY to AED 2,126 Mn in 2025. The Company's finance income is forecasted to decline 9.1% YOY to AED 60 Mn, and finance cost is predicted to rise 14.2% YOY to AED 255 Mn in 2025. The Company is expected to incur income tax expenses of AED 56 Mn in 2025 compared to AED 38 Mn in 2024.

1Q25 outturn

TECOM's revenue surged 20.5% YOY to AED 680 Mn in 1Q25, due to double-digit growth across all business segments, combined with the Group's strategic roadmap for expansion. Commercial Leasing segment revenue grew 21.4% YOY to AED 348 Mn in 1Q25, with an occupancy level of 95%. Similarly, the Industrial Leasing segment revenue also grew 24.8% YOY to AED 102 Mn in 1Q25 with healthy occupancy level of 95%. Furthermore, revenue from land leasing increased 10.6% YOY to AED 141 Mn in 1Q25, with an occupancy level of 98%. The services revenue rose significantly 30.2% YOY to AED 88 Mn in 1Q25. However, direct costs increased 16.0% YOY to AED 215 Mn in 1Q25. As a result, the Company's gross profit rose 22.7% YOY to AED 465 Mn in 1Q25. Gross profit margin also expanded 123 bps YOY to 68.4% in 1Q25. TECOM's G&A expenses rose slightly 0.6% YOY to AED 45 Mn in 1Q25, while selling and marketing expenses increased 34.9% YOY to AED 12 Mn. Furthermore, other

income grew from AED 13 Mn in 1Q24 to AED 16 Mn in 1Q25. Other expenses declined from AED 4 Mn in 1Q24 to nil in 1Q25. Thus, total operating expenditure declined 6.2% YOY to AED 41 Mn in 1Q25. As a result, operating profit increased 26.5% YOY to AED 423 Mn in 1Q25 with operating margin rose 296 bps YOY to 62.3% in 1Q25. The Commercial leasing segment EBITDA grew 26.7% YOY to AED 260 Mn in 1Q25, while the Industrial leasing segment EBITDA also grew 28.7% YOY to AED 78 Mn in 1Q25. Furthermore, Service segment EBITDA improved from AED 53 Mn in 1Q24 to AED 69 Mn in 1Q25, and the EBITDA of Land Leasing grew in line with revenue by 10.7% YOY to AED 132 Mn in 1Q25. The Company's overall EBITDA increased 23.0% YOY to AED 540 Mn, with an EBITDA margin rose 161 bps YOY to 79.5% in 1Q25 due to accelerating revenue growth and enhancing operational efficiency to fuel long term success. TECOM's finance income dropped to AED 11 Mn in 1Q25 from AED 19 Mn in 1Q24, while finance cost rose 26.2% YOY to AED 63 Mn in 1Q25. The Company recorded income tax expense of AED 10 Mn in 1Q25.

Target price and recommendation

We revised our rating on TECOM from BUY to ACCUMULATE with an unchanged target price of AED 3.55. TECOM price has increased by 1.3 % since our last recommendation (MAY 2025). TECOM's revenue generation is driven by strong demand across all business segment combined with its strategic roadmap for expansion, these initiatives reinforce TECOM revenue to drive by 20.5% YOY in 1Q25. TECOM Group advanced several initiatives poised to drive revenue growth across its districts. Epson's new Innovation Centre at Dubai Production City is set to boost industrial R&D activity and attract technology investment. Dubai Internet City's report highlighting its 65% contribution to Dubai's tech sector GDP reinforces its position as a premier destination for tech companies, supporting tenant expansion and attraction. Dubai Industrial City secured over AED 350 Mn in new F&B investments and announced a strategic agreement between Fabtech Engineering and Groupe M to accelerate innovation in energy sectors, both enhancing industrial demand and infrastructure utilization. Dubai Science Park also onboarded biopharmaceutical company, MSD's new regional office, strengthening the healthcare innovation ecosystem and attracting further life sciences tenants. The Company's customer base reached more than 12,000 in 1Q25. Tecom also recorded healthy occupancy across its business segment. Occupancy level of commercial and industrial segments stood at 95% and land leasing segment occupancy stood at 98% during 1Q25. In 2024, TECOM Group reinforced its growth strategy by investing AED 2.7 Bn across development projects, acquisitions, and land purchases, dedicating AED 1.2 Bn specifically to new developments. In 2024, TECOM Group expanded its industrial land inventory by 13.9 Mn square feet in Dubai Industrial City (DI), near key logistics hubs. By 2025, the Group expects 380–400 operational factories and over 19 Mn square feet of leased land under development. It plans further land acquisitions in DI to grow its warehousing segment and meet rising industrial demand. TECOM also aims to diversify offerings, including build-to-suit facilities, while strengthening partnerships with government and private stakeholders to enhance services and the overall business environment in its industrial zones. According to the dividend policy of Tecom, the company distributed a dividend of AED 400 Mn for 2H24, with AED 800 Mn dividend for 2024 (AED 0.16 per share). Thus, considering the abovementioned factors, we revise our rating to ACCUMULATE on the stock.

Tecom Group – Relative Valuation

(at CMP)	2020	2021	2022	2023	2024	2025E
PE (X)	26.94	20.74	16.26	14.47	12.70	11.04
PB (X)	1.07	0.80	0.72	0.92	1.02	1.01
EV / EBITDA	16.85	13.62	12.40	12.23	10.86	9.87
BVPS (AED)	2.911	3.918	4.309	3.406	3.053	3.102
EPS (AED)	0.116	0.150	0.192	0.216	0.246	0.283
DPS (AED)	0.130	0.370	0.345	0.160	0.160	0.168
Dividend yield (%)	4.1%	11.6%	10.8%	5.0%	5.0%	5.3%

FABS estimate & Co Data

Tecom Group - P&L

	2Q24	1Q25	2Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
AED mm								
Sales	584	680	677	16.0%	-0.4%	2,402	2,746	14.3%
Direct cost	-191	-215	-223	17.0%	3.9%	-850	-889	4.6%
Gross profit	393	465	453	15.5%	-2.4%	1,552	1,857	19.6%
G&A expenses	-51	-45	-50	-2.5%	11.7%	-205	-192	-6.1%
Marketing & Selling exp.	-11	-12	-17	58.2%	42.8%	-54	-57	4.9%
Other income	23	16	18	-21.0%	16.7%	138	70	-49.1%
Other expenses	0	0	-3	NM	NM	-6	-14	121.7%
Total OPEX	-39	-41	-53	34.2%	27.2%	-128	-193	50.8%
Operating profit	354	423	401	13.4%	-5.3%	1,424	1,664	16.8%
Depreciation & Amortization	103	117	115	11.7%	-1.4%	429	462	7.6%
EBITDA	457	540	516	13.0%	-4.5%	1,854	2,126	14.7%
Finance income	19	11	16	-13.2%	56.7%	66	60	-9.1%
Finance cost	-56	-63	-64	14.4%	2.7%	-224	-255	14.2%
Profit before zakat	316	371	353	11.6%	-4.9%	1,267	1,469	15.9%
Income tax	-6	-10	-13	127.3%	28.6%	-38	-56	46.0%
Profit to shareholders	311	361	340	9.4%	-5.9%	1,228	1,413	15.0%

FABS estimate & Co Data

Tecom group - Margins

	2Q24	1Q25	2Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	67.3%	68.4%	67.0%	-29	-137	64.6%	67.6%	300
EBITDA	78.2%	79.5%	76.2%	-199	-322	77.2%	77.4%	25
Operating Profit	60.6%	62.3%	59.2%	-135	-306	59.3%	60.6%	129
Net Profit	53.2%	53.1%	50.2%	-301	-290	51.1%	51.4%	30

FABS estimate & Co Data

2Q25 preview: **RAK Properties**

Upcoming deliveries set to strengthen financial performance

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 1.27	AED 1.65	+30%	BUY

2Q25 estimate

RAK Property's ("RAKPROP", "the Company") net profit is expected to increase 63.2% YOY to AED 78 Mn in 2Q25, mainly driven by an anticipated increase in revenue, finance income, coupled with lower finance cost, partially offset by an estimated rise in cost of sales, increase in G&A expenses, decrease in other income and rise in tax expenses. The Company's revenue is projected to increase 27.1% YOY to AED 408 Mn in 2Q25, driven by an expected increase in revenue across all its business segments. Revenue from the property sales segment is anticipated to rise 30.0% YOY to AED 335 Mn in 2Q25. Revenue from the Property leasing & Facility Management segment is forecasted to increase 28.0% YOY to AED 18 Mn in 2Q25. Similarly, revenue from Hotel Operations is expected to grow 12.0% YOY to AED 55 Mn in 2Q25. Cost of sales is estimated to increase 23.3% YOY to AED 245 Mn in 2Q25. Thus, gross profit is estimated to rise 33.4% YOY to AED 162 Mn in 2Q25. The gross profit margin is expected to increase by 187 bps YOY to 39.9% in 2Q25. G&A expenses are anticipated to grow 21.5% YOY to AED 68 Mn in 2Q25, whereas other income is forecasted to decline significantly from AED 8 Mn in 2Q24 to AED 4 Mn in 2Q25. Moreover, EBITDA is expected to surge 24.9% YOY to AED 110 Mn in 2Q25. However, EBITDA margin is likely to fall from 27.6% in 2Q24 to 27.1% in 2Q25. The Company's operating profit is forecasted to increase 33.3% YOY to AED 99 Mn in 2Q25. The operating profit margin is anticipated to rise 112 bps YOY to 24.3% in 2Q25. RAK Property's finance cost is anticipated to decline 13.2% YOY to AED 20 Mn in 2Q25. Finance income is forecasted to grow from AED 5 Mn in 2Q24 to AED 7 Mn in 2Q25. RAKPROP's tax charge is estimated to rise substantially from AED 5 Mn in 2Q24 to AED 8 Mn in 2Q25.

2025 forecast

RAK Properties is expected to report a rise of 3.3% YOY in net profit to AED 290 Mn in 2025, mainly due to an anticipated increase in revenue, coupled with a decrease in finance costs, partially offset by an anticipated rise in cost of sales paired with a decrease in other income. Revenue is forecasted to increase 13.3% YOY to AED 1,594 Mn in 2025, driven by an expected increase in revenue across all its business segments. Revenue from the property sales segment is anticipated to rise 15.1% YOY to AED 1,319 Mn, whereas revenue from the Property leasing & Facility Management segment is forecasted to increase 8.0% YOY to AED 65 Mn in 2025. Additionally, revenue from Hotel Operations is expected to grow 4.8% YOY to AED 209 Mn in 2025. On the other hand, the cost of sales is predicted to increase 14.1% YOY to AED 985 Mn in 2025. Thus, gross profit is expected to increase 12.1% YOY to AED 609 Mn in 2025. However, gross profit margin is expected to fall 41 bps YOY to 38.2% in 2025. G&A expenses are expected to increase 2.3% YOY to AED 255 Mn in 2025. Additionally, other income is expected to decrease substantially from AED 80 Mn in 2024 to AED 18 Mn in 2025. As a result, EBITDA is estimated to increase 11.9% YOY to AED 421 Mn in 2025, while EBITDA margin is likely to decline from 26.7% in 2024 to 26.4% in 2025. Operating profit is expected to marginally decrease 0.4% YOY to AED 372 Mn in 2025. The operating profit margin is also anticipated to decline from 26.6% in 2024 to 23.3% in 2025. The Company's finance cost is expected to decrease 9.8% YOY to AED 81 Mn, while finance income is anticipated to increase marginally 0.5% YOY to AED 28 Mn in 2025. Additionally, tax expenses are projected to increase 5.4% YOY to AED 29 Mn in 2025.

1Q25 outturn

RAK Properties revenue grew 27.8% YOY to AED 370 Mn in 1Q25, driven by solid growth across all segments. Revenue from the sale of properties rose 30.6% YOY to AED 298 Mn in 1Q25. RAKPROP's revenue from the hospitality business grew 15.1% YOY to AED 55 Mn in 1Q25 due to high occupancy rates. Occupancy rate across the Intercontinental hotel stood at 62% in 1Q25, while at the Anantara resort it stood at 72%. Furthermore, the property leasing and facility management segment revenue grew 25.4% YOY to AED 18 Mn in 1Q25. RAKPROP's cost of sales rose 26.3% YOY to AED 224 Mn in 1Q25. However, gross profit grew 30.1% YOY to AED 147 Mn in 1Q25. Gross margins rose 71 bps YOY to 39.6% in 1Q25. SG&A expenses increased 22.3% YOY to AED 61 Mn in 1Q25. Other income grew from AED 2 Mn in 1Q24 to AED 4 Mn in 1Q25. Thus, the Company's operating profit rose 38.7% YOY to AED 89 Mn in 1Q25. RAKPROP's EBITDA grew 28.4% YOY to AED 107 Mn in 1Q25. Furthermore, finance cost declined 16.2% YOY to AED 19 Mn in 1Q25. Finance income grew 5.5% YOY to AED 5 Mn in 1Q25. The Company's tax expense rose 60.3% YOY to AED 7 Mn in 1Q25.

Target price and recommendation

We maintain our BUY rating on RAK Properties with a target price of AED 1.65. RAKPROP delivered strong growth in profitability, driven by solid revenue growth across all the segments in 1Q25. RAKPROP continued to progress across its residential, commercial and hospitality portfolios. The Company witnessed high demand and performance across its residential portfolio, with AED 839 Mn in sales value during 1Q25. RAKPROP completed 3,265 units as of 1Q25, while 3,034 units are under construction. Furthermore, RAKPROP has a total of 1 Mn sq. ft. GLA under its commercial, retail, and residential portfolio. The Company recorded a solid occupancy rate in the hospitality segment with 62% at the Intercontinental Resort and 72% at the Anantara Hotel. The Company launched the Mina masterplan in 2025 with a development pipeline of AED 5 Bn, reflecting the Emirate's emerging luxury living and tourism hub. The Mina masterplan features waterfront villas, luxury residences, and branded apartments. Additionally, RAKPROP launched a new resort-style living project, "Mirasol", featuring apartments, duplexes, and studios, which is scheduled to be completed in 1H28. Similarly, the Company launched a waterfront development "SKAI", featuring 272 waterfront apartments and penthouses. Furthermore, RAKPROP boast a strong revenue backlog (excluding JV) of AED 2.3 Bn as of 1Q25. A large leasable area coupled with a significant revenue backlog ensures solid revenue visibility in the long term. RAKPROP also launched a fully digital Sales and Purchase Agreement (SPA) process to streamline transactions and improve the customer experience as part of its operational excellence efforts. The Company is also projected to hand over its key projects in 2Q25, which is expected to enhance revenue generation and improve cash flow performance. Thus, considering the abovementioned factors, we maintain our BUY rating on the stock.

RAK Properties – Relative Valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE (X)	22.54	12.70	83.09	12.68	11.09	12.68
PB (X)	0.65	0.62	0.62	0.59	0.56	0.63
EV / EBITDA	9.93	6.95	15.53	5.33	4.43	4.18
BVPS (AED)	1.887	1.982	1.989	2.077	2.182	1.944
EPS (AED)	0.055	0.097	0.015	0.097	0.111	0.097
DPS (AED)	0.000	0.000	0.000	0.030	0.000	0.000
Dividend yield (%)	NA	NA	NA	2.4%	NA	NA

FABS estimate & Co Data

RAK Properties- P&L

	2Q24	1Q25	2Q25F	YOY Ch.	QOQ Ch.	2024	2025F	YOY ch.
AED Mn								
Sales	321	370	408	27.1%	10.1%	1,406	1,594	13.3%
Direct cost	-199	-224	-245	23.3%	9.6%	-863	-985	14.1%
Gross profit	122	147	162	33.4%	10.8%	543	609	12.1%
G&A expenses	-56	-61	-68	21.5%	10.9%	-249	-255	2.3%
Other income/(expenses)	8	4	4	-49.7%	9.4%	80	18	-77.2%
EBITDA	88	107	110	24.9%	3.2%	376	421	11.9%
EBIT	74	89	99	33.3%	10.7%	373	372	-0.4%
Finance cost	-23	-19	-20	-13.2%	3.9%	-90	-81	-9.8%
Finance income	5	5	7	48.4%	51.1%	28	28	0.5%
Other non-operating income/(exp)	-3	0	0	NM	NM	-3	0	NM
Profit before tax	52	74	86	63.6%	14.9%	308	319	3.5%
Income tax	5	7	8	67.6%	20.0%	27	29	5.4%
Profit to shareholders	48	68	78	63.2%	14.4%	281	290	3.3%

FABS estimate & Co Data

RAK Properties - Margins

	2Q24	1Q25	2Q25F	YOY Ch.	QOQ Ch.	2024	2025F	YOY ch.
Gross Profit	38.0%	39.6%	39.9%	187	27	38.6%	38.2%	-41
EBITDA	27.6%	28.9%	27.1%	-49	-181	26.7%	26.4%	-34
Operating Profit	23.1%	24.1%	24.3%	112	13	26.6%	23.3%	-321
Net Profit	14.9%	18.3%	19.1%	422	73	20.0%	18.2%	-176

FABS estimate & Co Data

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