FAB SECURITIES

First Look Note | 3Q25

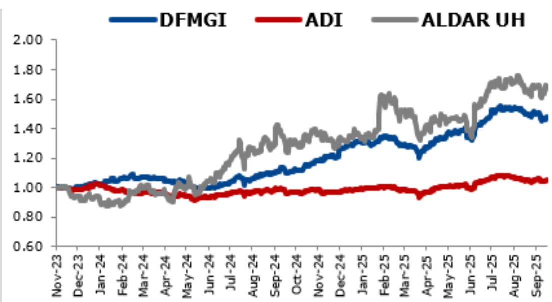
UAE Equity Research | Sector: Real Estate | Market: ADX

Aldar Properties

Strong recognition of revenue backlogs and inventory sales boosted the top line

Current Price	Target Price	Upside/Downside (%)	Rating
AED 9.35	AED 11.00	+18%	BUY

- Record UAE quarterly sales of AED 9.1 Bn in 3Q25, supported by strong inventory uptake and three successful new launches.
- The Group development revenue backlog stood at AED 66.5 Bn in 3Q25, with AED 57.3 Bn from the UAE.
- Aldar's liquidity remained strong at AED 29.7 Bn in 3Q25, including free cash of AED 12.3 Bn and an undrawn credit facility of AED 17.4 Bn.
- The Company maintained its 2025 guidance with AED 10.4 - 10.8 Bn EBITDA, with a plan to achieve the higher end of the guidance.
- D-Hold pipeline expanded to AED 17.6 Bn, with AED 3.8 Bn of new projects added in 3Q25, spanning retail, hospitality, education, and logistics assets to boost recurring income.



Stock Information	
Market Cap (AED, Mn)	73,515.59
Paid Up Capital (Mn)	7,862.63
52 Week High	10.20
52 Week Low	6.97
3M Avg. daily value (AED)	97,118,990

3Q25 Result Review (AED, Mn)	
Total Assets	102,058
Total Liabilities	56,664
Total Equity	45,394
EBITDA	2,488
Net Profit	1,529

Financial Ratios	
Dividend Yield (12m)	1.98
Dividend Pay-out (%)	26.48
Price-Earnings Ratio(x)	11.01
Price-to-Book Ratio (x)	1.83
Book Value (AED)	5.10
Return-on Equity (%)	17.76

Stock Performance	
5 Days	-1.68%
1 Months	-1.37%
3 Months	-2.81%
6 Months	13.20%
1 Year	21.11%
Month to Date (MTD%)	-1.37%
Quarter to Date (QTD%)	-1.37%
Year to Date (YTD%)	21.74%

3Q25 Net Profit in line with our estimate

Aldar Properties PJSC (Aldar/the Company) net profit increased 40.6% YOY to AED 1,529 Mn in 3Q25, in line with our estimate of AED 1,549 Mn. The increase in net profit is primarily driven by significant growth in revenue, higher finance and other income, partially offset by increases in direct costs, operating expenses, and finance costs, as well as a significant increase in taxes and profits attributable to NCI holders.

P&L Highlights

Aldar's revenue significantly increased by 43.8% YOY in 3Q25, reaching AED 8,026 Mn. This growth was supported by strong double-digit performance across both the Development and Investment segments, driven by cross-platform momentum from inventory sales, successful new launches, continued recognition of development revenue backlog, and recurring income contributions from both organic operations and recent acquisitions. Additionally, the Company's revenue backlog stood at AED 66.5 Bn as of 3Q25 compared to AED 54.6 Bn in 4Q24, providing strong revenue visibility across the UAE and International Business. Aldar's development revenue grew 51.0% YOY to AED 5,818 Mn, and Investment revenue (excluding Pivot) increased 15.4% YOY to AED 1,996 Mn in 3Q25. The Company's direct costs grew almost in line with revenue from AED 3,756 Mn in 3Q24 to AED 5,274 Mn in 3Q25. As a result, gross profit increased significantly, 50.8% YOY to AED 2,752 Mn in 3Q25. Additionally, gross margins expanded 158 bps YOY to 34.3% in 3Q25. General expenses of Aldar rose 13.6% YOY to AED 490 Mn in 3Q25. Selling and marketing expenses declined 11.7% YOY to AED 26 Mn in 3Q25. Company's EBITDA rose from AED 1,547 Mn in 3Q24 to AED 2,488 Bn in 3Q25, due to strong growth in EBITDA across the Development and Investments segment.

Development EBITDA increased from AED 948 Mn in 3Q24 to AED 1,735 Mn in 3Q25, whereas Investment adjusted EBITDA grew by 16.9% YOY to AED 788 Mn in 3Q25. Moreover, group EBITDA margin also expanded from 27.7% in 3Q24 to 31.0% in 3Q25. Operating profit expanded 63.8% YOY to AED 2,236 Mn in 3Q25, with an expansion in margin of 341 bps YOY to 27.9% in 3Q25. The Company's finance income grew 19.8% YOY to AED 210 Mn in 3Q25, and finance cost surged from AED 253 Mn in 3Q24 to AED 368 Mn in 3Q25. Other Income also increased from AED 41 Mn in 3Q24 to AED 129 Mn in 3Q25. Aldar's income tax surged significantly from AED 64 Mn in 3Q24 to AED 287 Mn in 3Q25 due to the introduction of a 15% statutory rate. Furthermore, profits attributable to non-controlling interest doubled from AED 166 Mn in 3Q24 to AED 332 Mn in 3Q25.

Balance Sheet Highlights

Aldar Properties maintained a strong liquidity position, with unrestricted cash of AED 12.3 Bn and undrawn credit facilities of AED 17.4 Bn as of 3Q25. The project management service segment backlog stood at AED 82.3 Bn in 3Q25, with AED 53.2 Bn under construction. Shareholders equity increased from AED 34.9 Bn in 4Q24 to AED 38.3 Bn in 3Q25. The Company's total debt increased from AED 16.4 Bn in 4Q24 to AED 22.1 Bn in 2Q25 and further rose to AED 23.7 Bn in 3Q25. Additionally, the cash balance grew from AED 15.1 Bn in 4Q24 to AED 17.9 Bn in 2Q25 and increased to AED 18.4 Bn in 3Q25.

Target Price and Rating

We maintain our BUY rating on Aldar Properties with a target price of AED 11.00. Aldar Properties delivered a robust operational performance in 3Q25, underscoring its strong market position, diversified business model, and disciplined execution across development, investment, and international platforms. Group development sales reached AED 28.5 Bn during 9M25, marking a 19% YOY increase, with UAE sales accounting for AED 26.5 Bn. UAE alone recorded sales of AED 9.1 Bn during 3Q25, driven by robust demand for existing inventory and the successful launch of three new projects, Fahid Beach Terraces, Rise by Athlon, and Al Deem Townhomes. The Company launched a total of eight projects YTD 2025, supported by a global sales network and strong investor confidence in Abu Dhabi's real estate market. Aldar also reported sustained interest from international and expatriate buyers, with the international customer group contributing AED 20.4 Bn in UAE sales during 9M25, accounting for 77% of total UAE transactions. This growing international participation underscores the attractiveness of the UAE as a global investment hub. Aldar's development revenue backlog surged to an all-time high of AED 66.5 Bn as of September 2025, up from AED 54.6 Bn in 2024, ensuring strong revenue visibility over the next two to three years. Of this, AED 57.3 Bn is attributed to the UAE business with an average duration of 30 months. The project management services backlog also stood firm at AED 82.3 Bn, with AED 53.2 Bn under construction, as of September 2025. Additionally, Aldar's develop-to-hold (D-Hold) strategy continued to progress, with AED 3.8 Bn worth of new projects added during 3Q25, bringing the total D-Hold pipeline to AED 17.6 Bn in September 2025. This expanding pipeline includes assets across retail, hospitality, education, and logistics, aligning with Aldar's long-term recurring income objectives. International operations remained a key growth pillar. Egypt-based SODIC contributed AED 711 Mn in revenue and AED 1.5 Bn in sales during 9M25, supported by a solid revenue backlog of AED 7.2 Bn (EGP 94 Bn) with an average duration of 37 months. In the UK, London Square generated AED 1.1 Bn in revenue, supported by four new project launches and three strategic land acquisitions during 9M25. The international segment continues to deliver both financial and strategic value, with ongoing expansion in high-potential markets and strong project execution. As of 3Q25, Aldar's total landbank now spans 60 Mn sqm across key UAE locations, including Saadiyat Island, Yas Island, Mina Zayed, and Seih Al Sedeirah, providing significant long-term development optionality. The Company remains focused on diversifying its product mix, catering to a broader customer base while maintaining its position as Abu Dhabi's leading destination builder. The Group also completed major D-Hold assets such as the Yasmina American School and the Jimi Mall redevelopment, further strengthening its recurring income base. Aldar maintained a strong liquidity position, with AED 12.3 Bn in free and unrestricted cash and AED 17.4 Bn in committed undrawn bank facilities as of September 2025, totalling AED 29.7 Bn in available liquidity. During 3Q25, Aldar further enhanced liquidity by AED 1.8 Bn through two major transactions, including Aldar Investment Properties raised USD 290 Mn via green sukuk taps maturing in 2034–2035, while London Square secured a GBP 150 Mn revolving credit facility. Guidance for 2025 remains unchanged, with Aldar on track to meet the upper end of its projections. The Group expects full-year development sales between AED 36–39 Bn, D-Hold capex of AED 3–4 Bn, and continued M&A deployment of AED 3–4 Bn during 2025. The strategic priorities of Aldar include disciplined capital deployment, organic growth across development and investment platforms, and selective expansion in Egypt and the UK. Based on the above-mentioned factors, we assigned a BUY rating to the stock.

Aldar - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
P/E	38.45	32.09	25.68	19.46	13.53	10.70
P/B	2.90	2.76	2.62	2.39	2.13	1.84
EV/EBITDA	31.21	26.61	21.24	15.99	10.82	7.72
BVPS	3.260	3.424	3.606	3.951	4.438	5.149
EPS	0.246	0.295	0.368	0.486	0.699	0.883
DPS	0.145	0.150	0.160	0.170	0.185	0.223
Dividend yield	1.6%	1.6%	1.7%	1.8%	2.0%	2.4%

FABS Estimates & Co Data

Aldar – P&L

AED Mn	3Q24	2Q25	3Q25	3Q25F	Var	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	5,582	7,736	8,026	7,728	3.9%	43.8%	3.8%	22,998	31,683	37.8%
Direct costs	-3,756	-5,175	-5,274	-5,126	2.9%	40.4%	1.9%	-14,953	-20,854	39.5%
Gross profit	**1,826**	**2,561**	**2,752**	**2,603**	**5.7%**	**50.8%**	**7.5%**	**8,045**	**10,829**	**34.6%**
General expenses	-431	-461	-490	-487	0.6%	13.6%	6.2%	-1,799	-1,996	11.0%
Selling & Marketing exp.	-30	-38	-26	-39	-32.6%	-11.7%	-32.0%	-129	-158	22.4%
EBITDA	**1,547**	**2,829**	**2,488**	**2,323**	**7.1%**	**60.8%**	**-12.0%**	**7,708**	**10,482**	**36.0%**
EBIT	**1,365**	**2,061**	**2,236**	**2,077**	**7.7%**	**63.8%**	**8.5%**	**6,117**	**8,675**	**41.8%**
Share of assoc.	-2	0	-2	0	NM	11.6%	NM	-2	1	NM
Provision/(reversal)	-10	3	-58	-8	NM	NM	NM	-199	-222	11.3%
Finance income	175	202	210	215	-2.5%	19.8%	3.7%	715	817	14.3%
Finance cost	-253	-364	-368	-356	3.3%	45.3%	1.1%	-943	-1,391	47.4%
Total other income	41	589	129	77	67.5%	NM	-78.0%	1,171	1,347	15.0%
Profit before tax	**1,317**	**2,491**	**2,148**	**2,006**	**7.1%**	**63.1%**	**-13.8%**	**6,859**	**9,227**	**34.5%**
Income tax	-64	-296	-287	-246	16.6%	NM	-3.1%	-355	-1,126	NM
Profit after tax	**1,253**	**2,196**	**1,861**	**1,760**	**5.8%**	**48.5%**	**-15.2%**	**6,504**	**8,101**	**24.6%**
Non-controlling interest	166	224	332	211	57.2%	NM	47.9%	908	1,053	16.0%
Net Profit	**1,088**	**1,971**	**1,529**	**1,549**	**-1.3%**	**40.6%**	**-22.4%**	**5,596**	**7,048**	**25.9%**

FABS estimate & Co Data

Aldar - Margins

	3Q24	2Q25	3Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross margin	32.7%	33.1%	34.3%	158	119	35.0%	34.2%	-80
EBITDA margin	27.7%	36.6%	31.0%	328	-557	33.5%	33.1%	-43
Operating margin	24.5%	26.6%	27.9%	341	122	26.6%	27.4%	78
Net profit margin	19.5%	25.5%	19.1%	-43	-643	24.3%	22.2%	-209

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Key Developments:

- **24 September 2025** – Aldar Investment Properties, a subsidiary of Aldar, successfully raised USD 290 Mn through additional issuances (taps) of its green sukuks maturing in 2034 and 2035. The issuance was 2.8x oversubscribed, attracting an order book exceeding USD 830 Mn, and was priced at spreads of 87 bps over US Treasuries. The proceeds will be utilized in line with Aldar's Green Finance Framework, primarily for refinancing sustainability-linked and environmentally accredited assets.
- **23 September 2025** – EDC Aldar increased its ownership in Aldar Estates to 82.55% through the acquisition of Modon Holding's 17.45% stake. Managing over AED 3 Bn in active contracts, 155K residential units, and 2 Mn sqm of retail and commercial space, Aldar Estates generated AED 2.6 Bn in revenue and AED 400 Mn in EBITDA in 2024.
- **01 July 2025** – Aldar acquired logistics and industrial assets at ALMARKAZ Industrial Park from Waha Capital for AED 530 Mn, adding 182.5K sqm of nearly fully occupied leasable space. The deal expands the logistics portfolio to over 600K sqm and supports its strategy to diversify income-generating assets, while also paving the way for future collaboration with Waha at the ALMARKAZ special economic zone.
- **09 June 2025** – Aldar Education partnered with King's College School Wimbledon to establish a super-premium K-12 school on Fahid Island, Abu Dhabi, scheduled to open in September 2028. Spanning 50K sqm and accommodating 2,220 students, the campus will feature advanced educational, sports, and wellness facilities.
- **02 June 2025** – Aldar unveiled the AED 40 Bn masterplan for Fahid Island, a 2.7 Mn sqm coastal wellness destination in Abu Dhabi featuring over 6,000 luxury residences, 4.6 km of beaches, a 10 km Berm Park, and a 2 km waterfront promenade.
- **22 May 2025** – Aldar commenced construction of a 20K sqm cold storage and distribution facility for Emirates Snack Foods (ESF) in Dubai South's Logistics District. Designed as ESF's regional headquarters, the facility will integrate advanced cold chain operations and comply with Dubai Green Building standards. Scheduled for completion in 4Q25.
- **13 March 2025** – Aldar Investment Properties issued a USD 500 Mn 10-year green sukuk under its USD 2 Bn Trust Certificate Programme, priced at a 110-bps spread over US Treasuries with a 5.25% coupon. The issuance was 7.2x oversubscribed, attracting USD 3.6 Bn in orders. Proceeds will refinance sustainability-accredited assets and redeem a sukuk maturing in September 2025.
- **31 January 2025** – Aldar Properties issued USD 500 Mn in subordinated hybrid notes to Apollo Global Management through a private placement, replacing a previous land joint venture from Apollo's 2022 investment and bringing Apollo's total investment in Aldar to c. USD 1.9 Bn. The notes carry a 10.25-year non-call period and are expected to receive a Baa3 rating with 50% equity credit.
- **09 January 2025** – Aldar issued USD 1 Bn in hybrid notes, marking the largest conventional hybrid issuance in the Middle East. Priced with a 6.625% initial yield and a 7.25-year non-call period, the issuance was 3.8x oversubscribed, drawing over USD 4.9 Bn in orders. Rated Baa3 by Moody's, the proceeds will support Aldar's growth initiatives, including landbank expansion, strategic acquisitions, and portfolio development.

Valuation:

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

Valuation Method	Target	Weight	Weighted Value
DCF Method	11.08	70.0%	7.76
Relative Valuation (RV)	10.79	30.0%	3.24
Weighted Average Valuation (AED)			**11.00**
Current market price (AED)			9.35
Upside/Downside (%)			+18%

1) DCF Method:

Aldar is valued using free cash flow to the firm. We have discounted the cash flow using the weighted average cost of capital of 8.1%. It is arrived after using the cost of equity of 9.1% and the after-tax cost of debt of 4.9% with a debt-to-equity ratio of 34.3%. The cost of equity is calculated by using a 10-year government bond yield of 4.8%, a beta of 1.00 and an equity risk premium of 4.4%. Government bond yield is calculated after adding Abu Dhabi's 10-year spread over a 10-year US risk-free rate. The cost of debt is calculated using the cost of debt of 5.6% after adjusting for a tax rate, arriving at an after-tax cost of debt of 4.9%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	18,491
Terminal value (AED, Mn)	85,747
Net Debt as of 3Q25 (AED, Mn)	(17,090)
Equity value of shareholders (AED, Mn)	**87,149**
No. of share (Mn)	7,863
Current Market Price (AED)	9.35
Fair Value per share (AED)	**11.08**

DCF Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	7,549	8,530	9,546	10,275	11,066	11,747
D&A	682	760	894	1,035	1,178	1,319
Change in working capital	2,908	-531	-758	-1,805	-583	-706
(-) Capex	-6,806	-6,879	-6,653	-5,313	-5,058	-4,751
Free Cash Flow to Firm (FCFF)	**4,332**	**1,880**	**3,030**	**4,192**	**6,603**	**7,608**
Discounting Factor	*0.99*	*0.91*	*0.84*	*0.78*	*0.72*	*0.67*
Discounted FCFF	**1,068[1]**	**1,716**	**2,559**	**3,277**	**4,777**	**5,093**

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

2) Relative Valuation:

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

Company	Market	EV/EBITDA (x)		P/E (x)		P/B (x)	
	(USD Mn)	2025F	2026F	2025F	2026F	2025F	2026F
Emaar Properties	34,649	6.0	4.9	8.4	7.1	1.4	1.3
Dar Al Arkan Real Estate	5,069	15.1	14.6	18.1	16.7	0.9	0.8
Arabian Centres	2,782	15.9	11.4	12.8	7.6	0.7	0.7
Deyaar Development	1,215	6.9	5.1	9.3	6.8	NA	NA
TECOM Group	4,451	9.5	9.1	11.5	10.9	2.2	2.1
Average		**10.7x**	**9.0x**	**12.0x**	**9.8x**	**1.3x**	**1.2x**
Median		**9.5x**	**9.1x**	**11.5x**	**7.6x**	**1.1x**	**1.0x**
Max		**15.1x**	**11.4x**	**12.8x**	**10.9x**	**1.6x**	**1.5x**
Min		**6.9x**	**5.1x**	**9.3x**	**7.1x**	**0.8x**	**0.8x**

Source: FAB Securities

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Research Rating Methodology:

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

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