

Property Developers

Strong Off-Plan Growth and Rate Easing to Drive UAE Real Estate

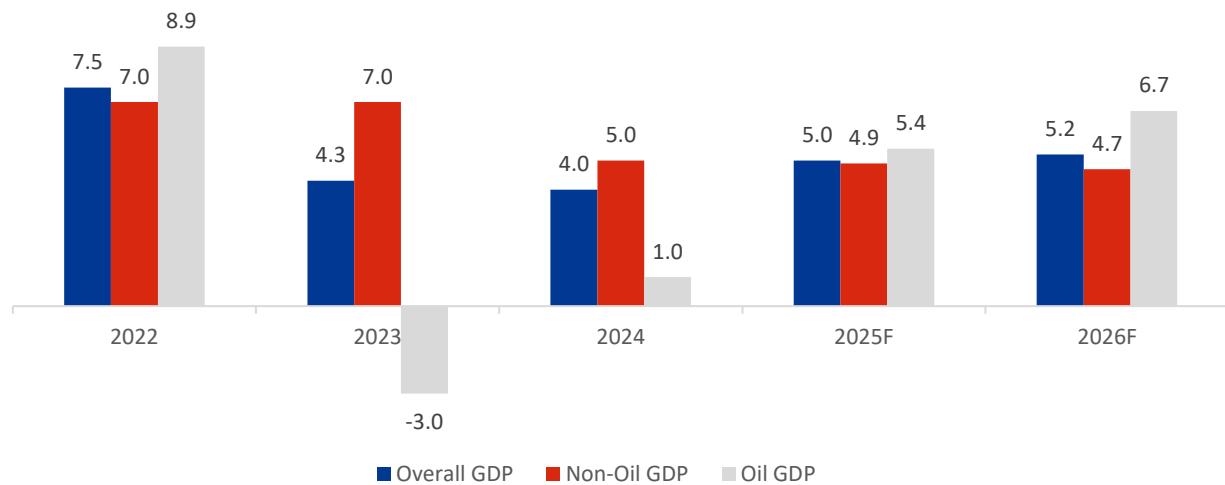
Sector Weighting:
MARKET WEIGHT

Property Market Outlook

The UAE economy sustained solid momentum through 3Q25, supported by resilient non-oil activity and a recovery in oil production. Real GDP grew 4.5% YOY in 2Q25, underpinned by a strong 6.1% YOY expansion in non-oil sectors, particularly manufacturing, financial services, construction, and real estate. Reflecting the continued strength of domestic demand and investment activity, the CBUAE now projects GDP growth to accelerate to 5.0% in 2025, supported by resilient non-oil activity, rising AI adoption, favourable external conditions, and sustained momentum in off-plan real estate sales and property prices, providing a constructive backdrop for the property market outlook.

The US Federal Reserve reduced the federal funds rate by 25 bps to 3.5%-3.75% in December 2025. Looking ahead, markets anticipate roughly one additional rate cut in 2026, though the extent of further easing remains closely tied to upcoming economic data. As the UAE's currency is pegged to the US dollar, the central bank closely aligns its monetary policy with the FED. Accordingly, in December 2025, the CBUAE reduced its base rate to 3.65%. The recent rate cut, coupled with the Fed's projection of further rate easing and moderating inflation, is expected to gradually improve borrowing conditions and support lending activity across the UAE's economy. This is likely to provide a positive tailwind to interest-sensitive sectors such as real estate, primarily by enhancing mortgage affordability, thereby supporting sustained demand from both domestic and international investors.

Real GDP Growth in UAE (%)

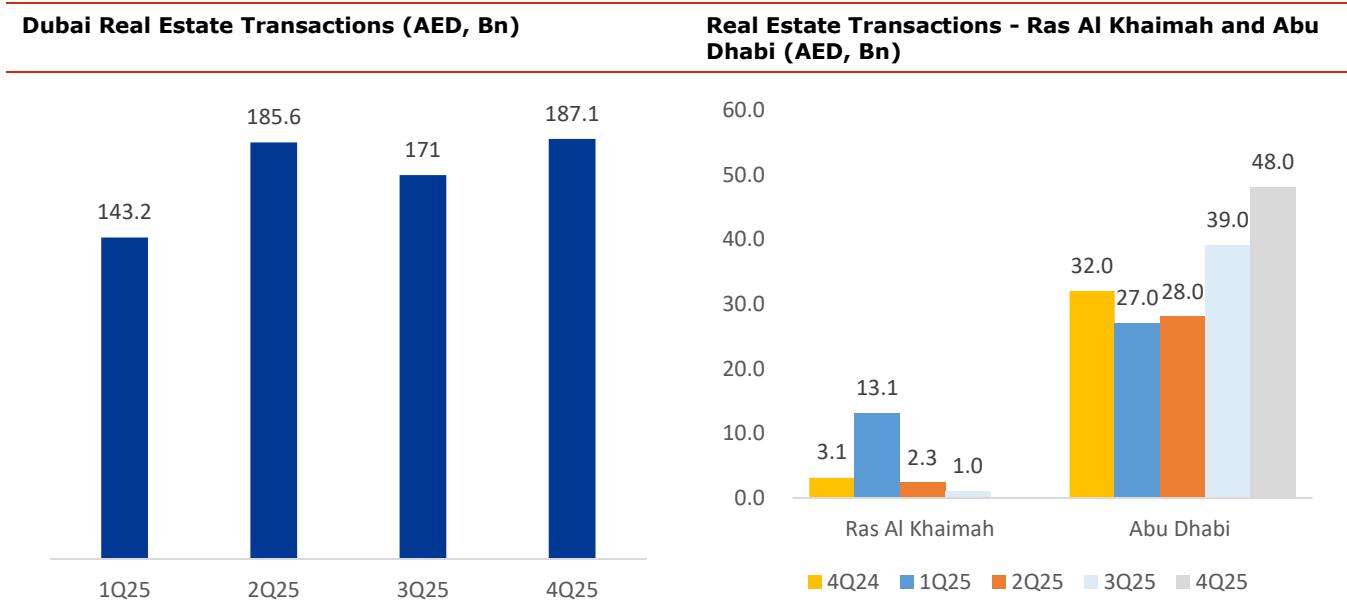


Source: CBUAE

The UAE residential real estate market showed a strong performance in 9M25, supported by sustained confidence from residents and international buyers and a strong long-term investment appetite. Moreover, transactional activity increased across ready and off-plan segments, indicating balanced market depth and broad-based demand. Villa remained a key driver of activity, while apartments demand also stayed firm, particularly in prime and master-planned communities. Moreover, end-user participation continued to strengthen amid improving financing availability and more accommodative mortgage conditions, complementing steady investor demand.

Dubai's real estate market also remained strong, backed by population growth and diversified investor demand, with DXB Interact data indicating continued increases in transactions and sales values. In 2025, total sales transactions in Dubai increased 18.7% YOY to 215.7K. Moreover, sales value experienced a healthy double-digit growth of 30.9% YOY to AED 686.8 Bn during the same period. This growth is driven by sustained buyer participation, population growth, and steady demand from residents and long-term investors, with transaction activity extending across both new developments and established communities. The growth underscores a strong upward trajectory across key property types. Apartment sales value reached AED 333.0 Bn in 2025, with transaction volumes rising 19.9% YOY to 170.5K. Villa transactions increased 11.0% YOY to 34.7K, with sales value reaching AED 206.9 Bn in 2025. The Commercial property segment recorded a 41.4% YOY increase in transactions to 6.1K, with total value reaching AED 18.2 Bn in 2025. Likewise, plot sales value rose to AED 128.5 Bn, while transaction volumes expanded 10.4% YOY to 4.5K in 2025.

Furthermore, Abu Dhabi's total real estate transaction value increased 44.2% YOY to AED 142.2 Bn, along with a 50.7% YOY rise in transaction volumes to 43K deals in 2025. This performance reflects sustained confidence from end-users, investors, and financial institutions, supported by ADREC's ongoing digitalisation initiatives and regulatory reforms aimed at enhancing market transparency, operational efficiency, and data reliability. Furthermore, mortgage activity recorded healthy growth, with transaction value increasing 9.5% YOY to AED 42.8 Bn, alongside a robust 50.5% YOY rise in transaction volumes to 17.2K deals in 2025. This performance highlighted strengthening financing confidence, supported by strong institutional participation and improved access to mortgage funding. In Ras Al Khaimah, the total real estate transactions totalled AED 395.4 Mn, with AED 221.3 Mn recorded in July 2025 and AED 174.1 Mn in August 2025.



Source: DXB Interact

Source: Rak Government and Abu Dhabi Real Estate Centre

1: 3Q25 data in Ras Al Khaimah is for July and August 2025

Office market conditions in both Abu Dhabi and Dubai remained tight and favourable in 3Q25, with declining vacancy rates, limited prime supply, and rental levels close to cyclical peaks. Furthermore, demand is increasingly driven by regional occupiers, while new office supply located outside core districts and largely strata-titled, is unlikely to materially ease near-term market tightness. According to JLL, Abu Dhabi's overall office vacancy rate fell significantly to 1.5%, with Prime office spaces and Grade A showing particularly low levels of average vacancy at 0.1% and 1.0%, respectively in 3Q25.

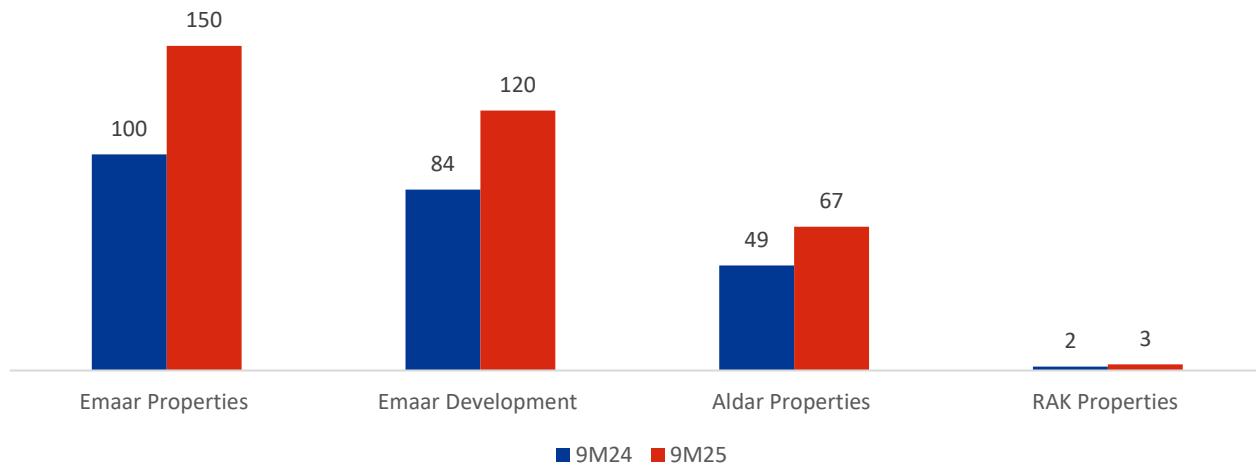
Dubai's office market also recorded a decline in overall vacancy rates to 7.1% during the same period. Prime office spaces and Grade A properties witnessed low vacancy rates of just 0.3% and 3.4%, respectively in 3Q25. Office rental rates across Abu Dhabi and Dubai continued to rise sharply, driven by strong growth in prime assets due to robust demand and limited supply. However, the recent escalation in rents is now signalling a potential cyclical peak, as occupier affordability constraints begin to surface. Abu Dhabi experienced a substantial increase in rental rates across prime offices, growing by 31.3% YOY, along with 3.9% YOY and 10.0% YOY growth in Grade A and Grade B properties, respectively in 3Q25. During the same period, Dubai's prime office rents grew 16.8% YOY, while Grade A and Grade B rates grew 22.5% and 18.6% YOY, respectively in 3Q25. On the supply side, Abu Dhabi and Dubai are experiencing near-term supply tightness with limited additions in 2025 and more meaningful office completions deferred to 2026–27, largely in secondary locations outside core CBDs. Abu Dhabi office inventory reached 4.14 Mn sq. m. gross leasable area (GLA) in 3Q25, with a further c.39,000 sq. m. which was scheduled for delivery in 4Q25. Additionally, substantial supply expansion is anticipated with c.124,600 sq. m. of new office space planned for completion in 2027. On the other hand, Dubai's office stock remained stable at 100.1 Mn sq. ft. of GLA in 3Q25 with addition of c. 355,000 sq. ft. which was expected over the 4Q25. Moreover, about 1.5 Mn sq. ft. is further anticipated to be added in 2026 and 1.4 Mn sq. ft. in 2027.

Dubai and Abu Dhabi's residential markets recorded strong transaction activity in 3Q25, supported by resilient demand and continued strength in off-plan sales. In Abu Dhabi, sales prices rose across segments, with villa prices increasing 14.7% YOY to AED 16,870 per sq. m and apartment prices up 7.8% YOY to AED 19,050 per sq. m. Dubai also registered price growth, with villas up 14.9% YOY to AED 2,276 per sq. ft and apartments up 12.6% YOY to AED 1,814 per sq. ft in 3Q25. Abu Dhabi recorded a 76.2% YOY rise in residential transactions volumes in 3Q25, driven by a more than 113% YOY increase in off-plan sales, which accounted for 76.1% of total transactions. Similarly, Dubai saw a 16.5% YOY increase in transaction volumes, with off-plan activity comprising 75.4% of total transactions during 3Q25. Rental rates also demonstrated the strong momentum in 3Q25 on YOY basis, with apartment rents rising by 14.8% YOY in 3Q25 to AED 910 per sq. m and villa rents increasing by 15.6% YOY to AED 936 per sq. m in Abu Dhabi. In Dubai, apartment rents grew 6.2% YOY to AED 123 per sq. ft and villa rents rose 2.9% YOY to AED 105.7 per sq. ft during the same period. On the supply side, Abu Dhabi delivered 800 units in 3Q25, bringing total stock to c.293,000 units, with 12,900 and 10,400 units expected in 2026 and 2027, respectively. Dubai delivered 7,100 units in 3Q25, increasing total stock to c.876,300 units, with c.12,000 units expected to be added over the remainder of 2025.

Aldar Properties backlog stood at AED 66.5 Bn in 3Q25, which includes AED 57.3 Bn in the UAE. Additionally, the project management service segment backlog stood at AED 82.3 Bn in 3Q25. Development activity remained robust, with Aldar launching three new projects, Fahid Beach Terraces, Rise by Athlon, and Al Deem Townhomes, in 3Q25. Momentum continued into 4Q25, as Aldar rolled out several major residential, commercial, and mixed-use projects, including Yas Riva Residences, the expanded Al Maryah Island development, and additional develop-to-hold assets across Abu Dhabi, driven by strong demand for Grade A office space, rental housing, and lifestyle-oriented residential offerings. Emaar also maintained a healthy project pipeline, with its revenue backlog reaching AED 150.3 Bn in 3Q25, of which UAE development accounted for AED 130 Bn. Emaar Properties launched Dubai Square, a 2.6 Mn sq m. retail and entertainment destination in 4Q25, positioned as the centrepiece of the AED 180 Bn Dubai Creek Harbour development and underpinned by rising demand for experiential retail and leisure formats. Emaar Development's revenue backlog stood at AED 120.4 Bn in 9M25, supported by a 10% YOY increase in property sales to AED 52.9 Bn, driven by the launch of 33 new projects over the period. RAK Properties' revenue backlog reached AED 2.9 Bn (excluding JV) in 9M25. The Company launched Nura, a 312-unit luxury

residential project at Downtown Mina's Raha Island, benefiting from strong investor and rental demand for premium waterfront living in Ras Al Khaimah.

Revenue Backlog (AED Bn)



Source: Company Information

The UAE real estate sector is expected to exhibit sustained resilience and healthy growth prospects through 2026, supported by robust non-oil economic momentum, a gradual recovery in hydrocarbon activity, and an easing monetary policy environment that is improving financing conditions and affordability. The residential market continued to perform strongly in 2025 across both apartments and villas, underpinned by rapid population growth, solid off-plan sales activity, long-term residency initiatives, constrained prime supply, and more accommodative mortgage dynamics. The commercial segment is also expected to remain firm in the near term, with exceptionally low vacancy rates, tight prime supply pipelines, and steady occupier demand across core districts. Revenue backlogs for major developers, including Aldar, Emaar, and RAK Properties, further underscore strong sales momentum and visibility over medium-term development revenues, reinforcing a constructive outlook. However, the positive trajectory faces risks from rising prices and rents that could pressure affordability, alongside potential shifts in global economic conditions and interest rates that may influence demand sentiment. Overall, the UAE real estate market appears to be entering a more sustained and balanced expansion phase, supported by resilient macro fundamentals, solid residential and villa market dynamics, and healthy developer backlogs providing medium-term visibility.

Stocks (In AED)	TP	CMP	Gain	Rating	P/B (2026F)	Div. Yld (%)	2026F
Emaar Properties	19.25	14.30	+34.6%	BUY	1.30	6.8%	
Emaar Development	18.50	16.00	+15.6%	BUY	1.50	4.8%	
Aldar Properties	11.00	8.73	+26.0%	BUY	1.57	2.6%	
TECOM GROUP	4.10	3.39	+20.9%	BUY	2.14	5.2%	

Source: FABS Estimate

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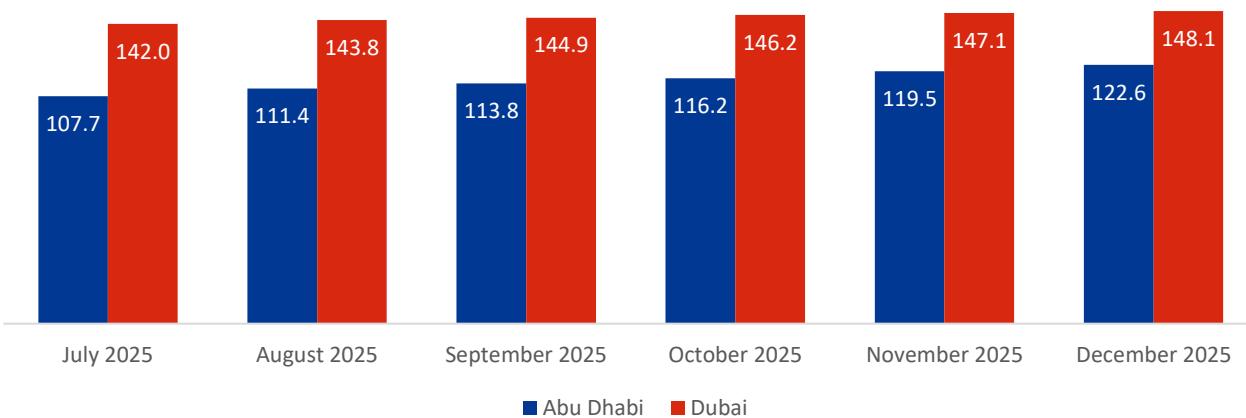
Real Estate Overview

Sales and Rent Price Indices for Residential Property

1. All Residential Market

The Abu Dhabi Residential Property Sales Price Index increased from 119.5 in November 2025 to 122.6 in December 2025, while prices rose 31.6% YOY in December 2025. Furthermore, the Dubai Residential Property Sales Price increased from 147.1 in November 2025 to 148.1 in December 2025, while prices rose 12.9% YOY during December 2025.

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



Source: Reidan

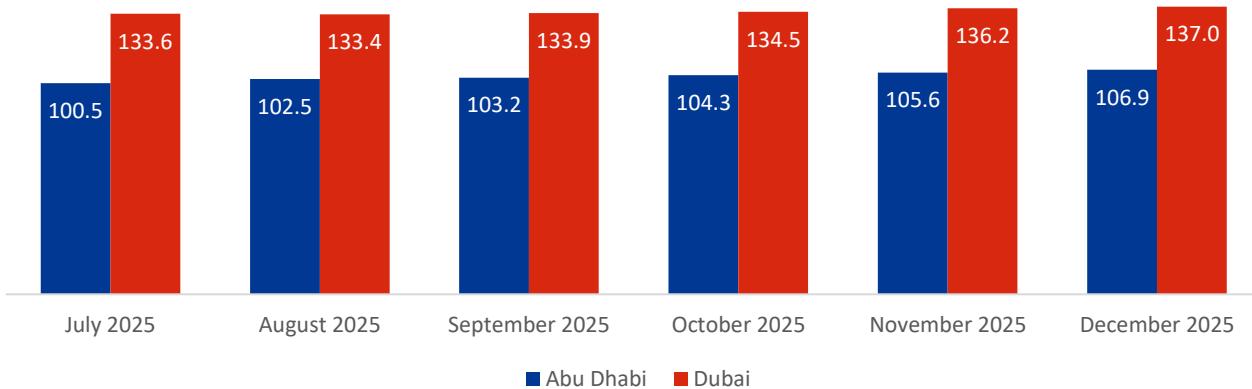
Residential Market Sales Price Changes (%)



Source: Reidan

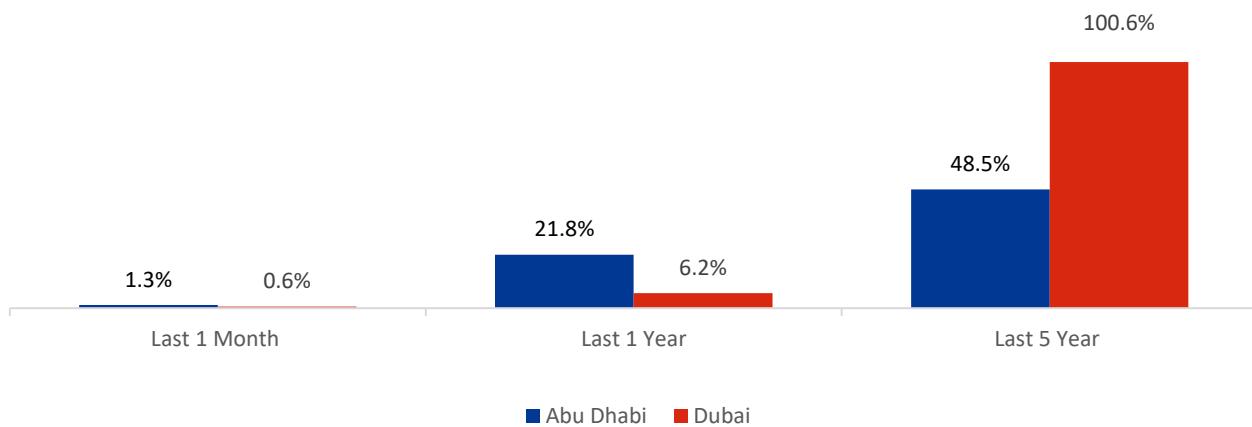
Both Abu Dhabi and Dubai experienced growth in residential rental rates on both a YOY and a MOM basis. The Abu Dhabi Residential Property Rent Price Index increased 1.3% MOM to reach 106.9 in December 2025, while prices surged 21.8% YOY during the same period. Likewise, the Dubai Residential Rent Price Index recorded 0.6% MOM uptick to 137.0, alongside a 6.2% YOY rise in December 2025.

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



Source: Reidian

Residential Market Rent Price Changes (%)

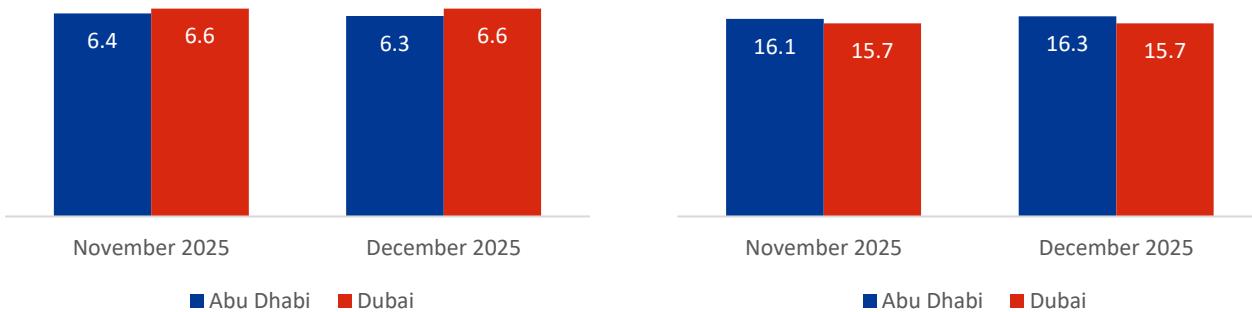


Source: Reidian

Additionally, Abu Dhabi and Dubai witnessed mixed movements in residential rental yields and price-to-rent ratios on a MOM basis recently. Abu Dhabi's gross rental yield softened to 6.3% in December 2025 from 6.4% in November 2025, while Dubai's gross rental yield remained flat at 6.6% in December 2025 compared to November 2025. Meanwhile, the price-to-rent ratio (years) in Abu Dhabi increased from 16.1 in November 2025 to 16.3 in December 2025, while Dubai's price-to-rent ratio (years) remained flat at 15.7 in December 2025 compared to November 2025.

Residential Gross Rental Yield (%)

Residential Price to Rent Ratio (Years)

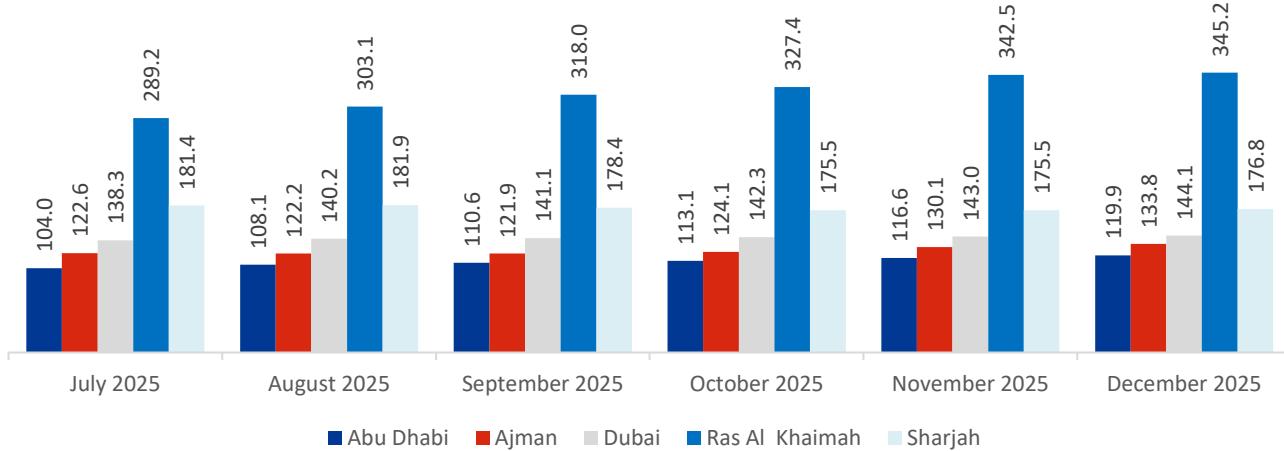


Source: Reidian

2. Apartments

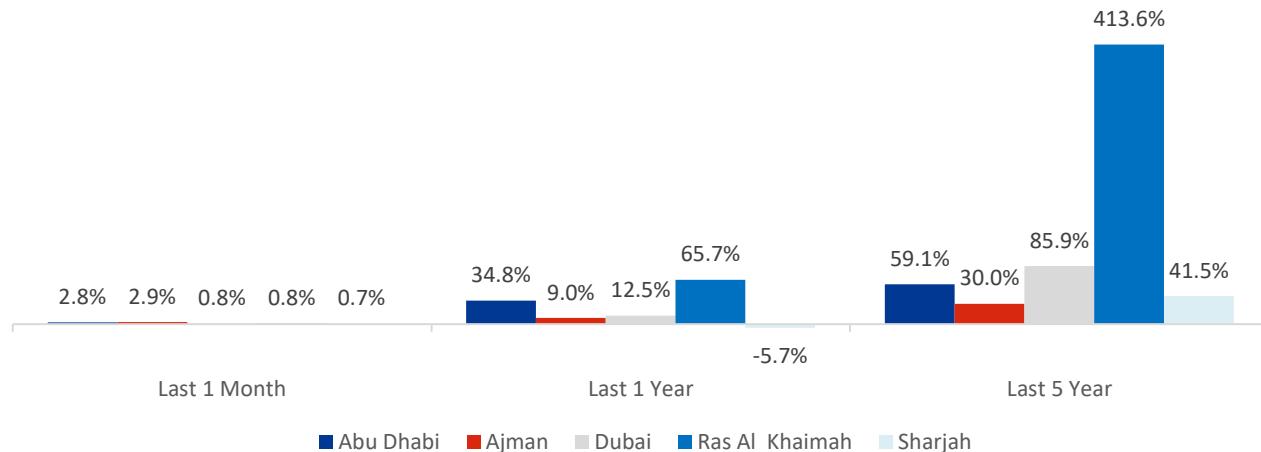
In December 2025, the apartment sale price index in the UAE recorded growth on a YOY basis across all the regions, except Sharjah, similarly on a MOM basis, performance improved across all the regions. The Sales Price Index for apartments in Ajman increased 2.9% MOM to 133.8 in December 2025. Conversely, the Abu Dhabi Sales Price Index for apartments rose 2.8% MOM to 119.9 in December 2025. The index grew 0.8% MOM each in Dubai and Ras Al Khaimah, reaching 144.1 and 345.2, respectively, in December 2025. Additionally, Sharjah grew 0.7% MOM to 176.8. Moreover, apartment sales prices recorded growth across all the regions of the UAE on a YOY basis, except Sharjah. Ras Al Khaimah recorded the most significant price growth, rising 65.7% YOY, followed by Abu Dhabi at 34.8% YOY and Dubai at 12.5% YOY in December 2025. Ajman also recorded growth of 9.0% YOY, while Sharjah declined 5.7% YOY in December 2025.

Apartment Sales Price Index (2014, Jan=100)



Source: Reidian

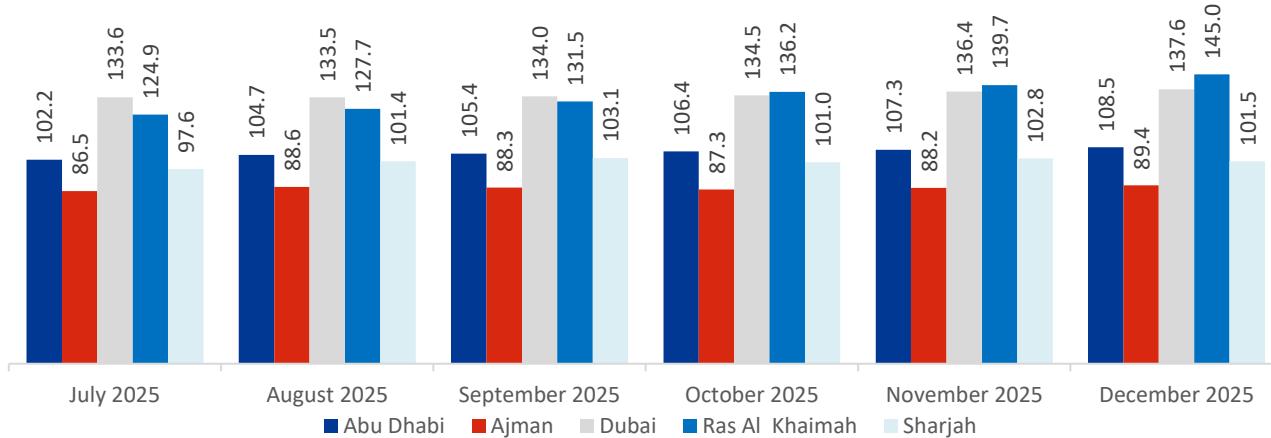
Apartment Sales Price Changes (%)



Source: Reidian

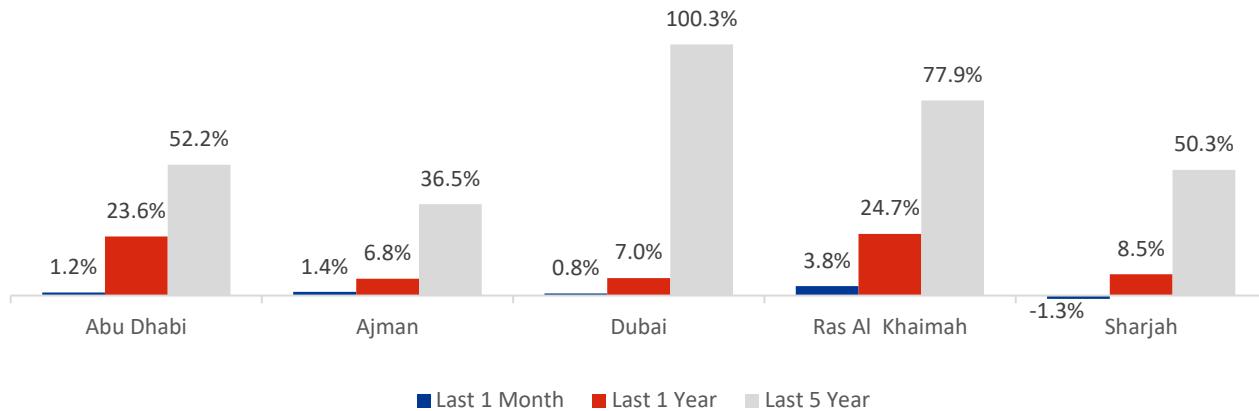
Apartment rental prices in the UAE increased YOY across all emirates in December 2025, while MOM performance was mixed, with most major markets posting gains except Sharjah. Ras Al Khaimah recorded the strongest MOM increase in the apartment rental price index, rising 3.8% MOM to 145.0, while rental prices also surged 24.7% YOY in December 2025. Ajman's apartment rental price index rose 1.4% MOM to 89.4, alongside a 6.8% YOY increase in rental prices during December 2025. Dubai posted a 0.8% MOM rise to 137.6 in apartment rental price index, with rental prices also rose 7.0% YOY in December 2025. Abu Dhabi continued to strengthen, with the apartment rental price index increasing 1.2% MOM to 108.5 and recording a robust 23.6% YOY growth in rental prices. By contrast, Sharjah was the only emirate to register a monthly decline, with its apartment rental price index falling 1.3% MOM to 101.5, although rental prices still rose 8.5% YOY in December 2025.

Apartment Rent Price Index (2014, Jan=100)



Source: Reidian

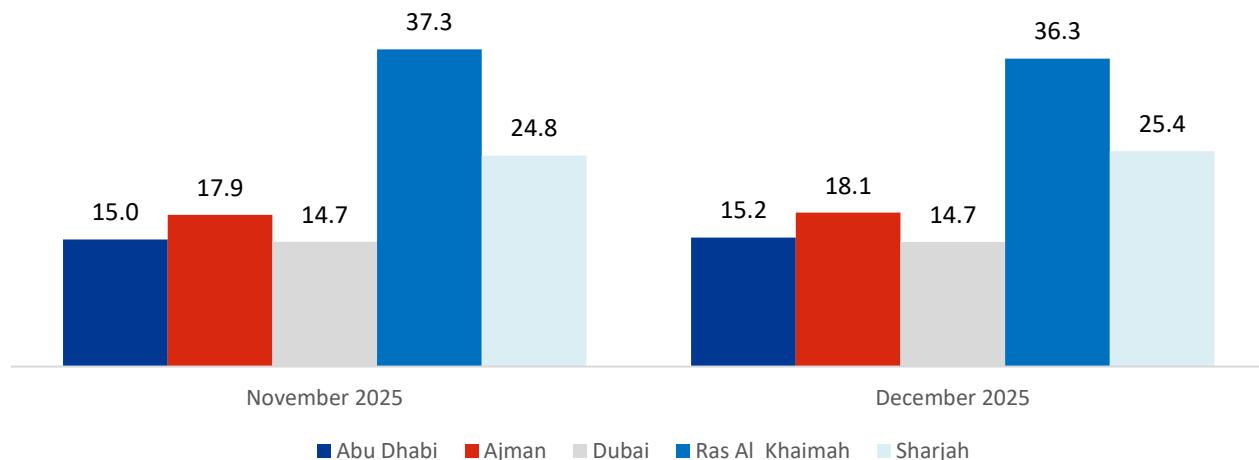
Apartment Rent Price Changes (%)



Source: Reidin

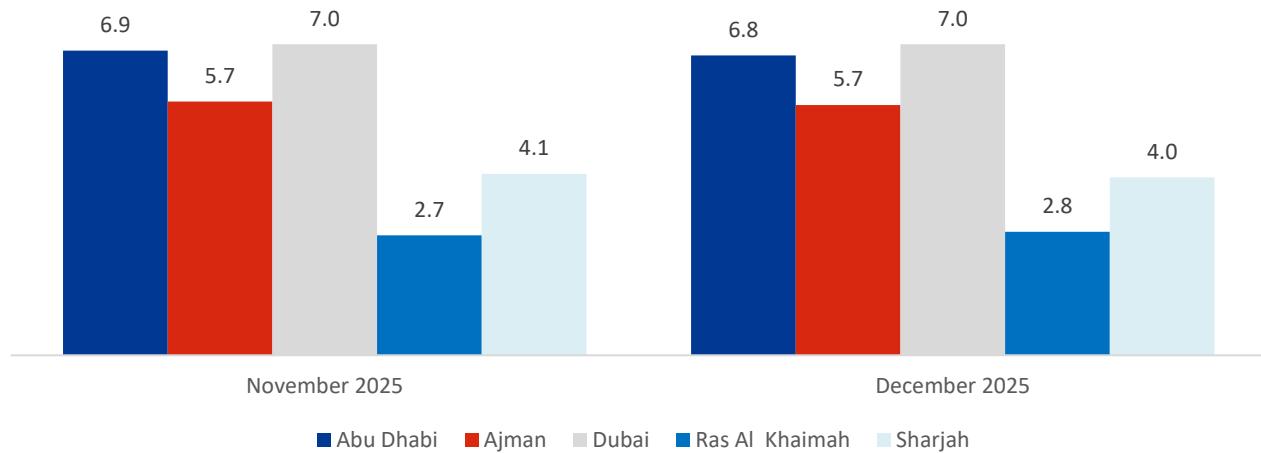
Ras Al Khaimah's Apartment Price to Rent Ratio remained the highest at 36.3 in December 2025, compared to 37.3 in November 2025, while Sharjah's price to rent ratio increased from 24.8 in November 2025 to 25.4 in December 2025. Abu Dhabi's Price to Rent Ratio increased from 15.0 in November 2025 to 15.2 in December 2025. However, Ajman saw an increase from 17.9 in November 2025 to 18.1 in December 2025. The Gross Rent Yield for Abu Dhabi decreased from 6.9% in November 2025 to 6.8% in December 2025, whereas Ajman and Dubai remained flat at 5.7% and 7.0%, respectively, in December 2025 compared to November 2025. Meanwhile, Ras Al Khaimah gross yield rate increased to 2.8% in December 2025, compared to 2.7% in November 2025. However, Sharjah's gross yield rates declined to 4.0% in December 2025, down from 4.1% in November 2025.

Apartment Price to Rent Ratios (Year)



Source: Reidin

Apartment Gross Yield Rates (%)

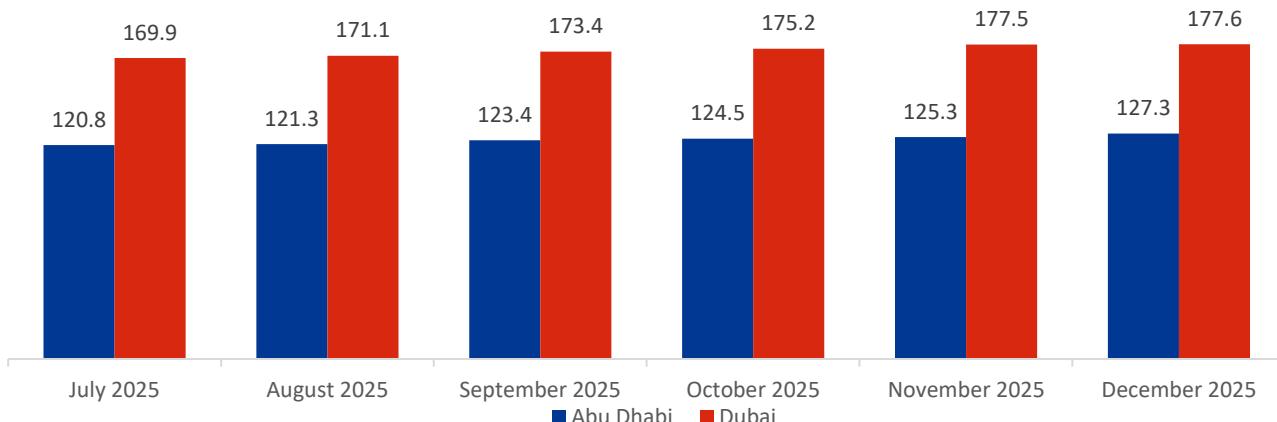


Source: Reidian

3. Villas

The Villa Sales price index grew in Dubai and Abu Dhabi on a MOM and YOY basis in November 2025. The Abu Dhabi Sales Price Index for Villa rose 1.6% MOM and 13.6% YOY to 127.3 in December 2025. Similarly, the Dubai Villa Sales Price Index increased by 0.1% MOM and 15.2% YOY to 177.6 in December 2025.

Villa Sales Price Index (2014, Jan=100)



Source: Reidian

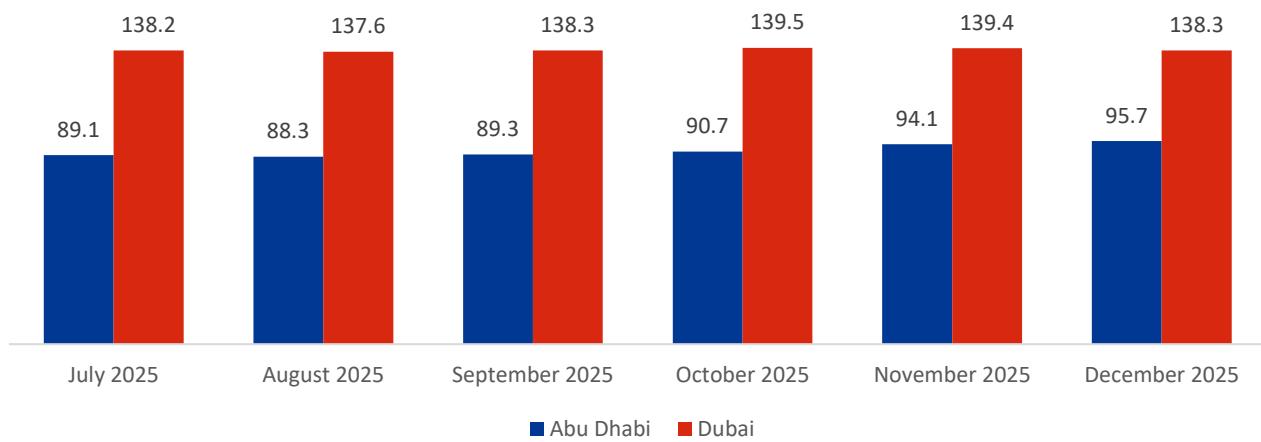
Villa Sales Price Changes



Source: Reidan

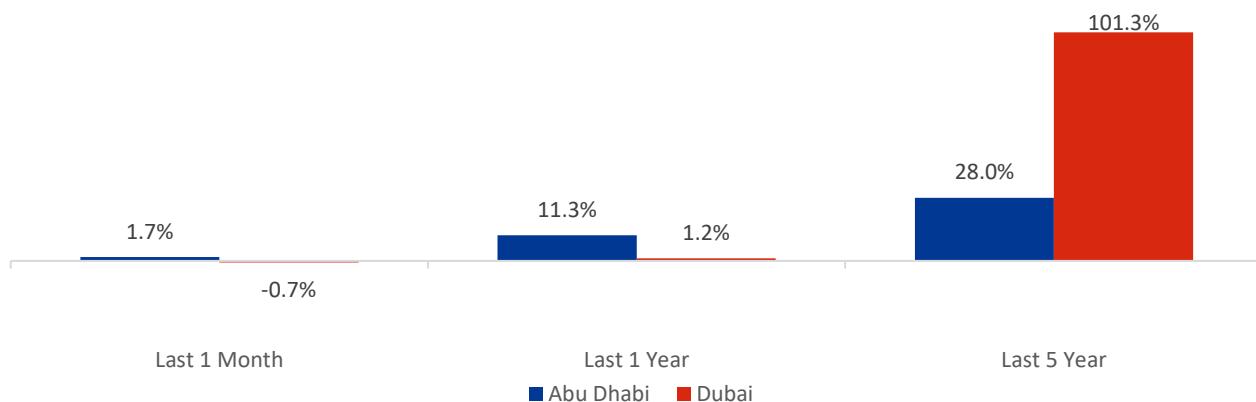
Villa rental prices in Dubai and Abu Dhabi witnessed growth in rents on a YOY basis, while performance diverged on a MOM basis in December 2025. The Abu Dhabi Rent Price Index for Villa increased 1.7% MOM and 11.3% YOY to 95.7 in December 2025. However, the Dubai Residential Property Rent Price Index for Villa declined 0.7% MOM but increased 1.2% YOY to 138.3 in December 2025 period.

Villa Rent Price Index (2014, Jan=100)



Source: Reidan

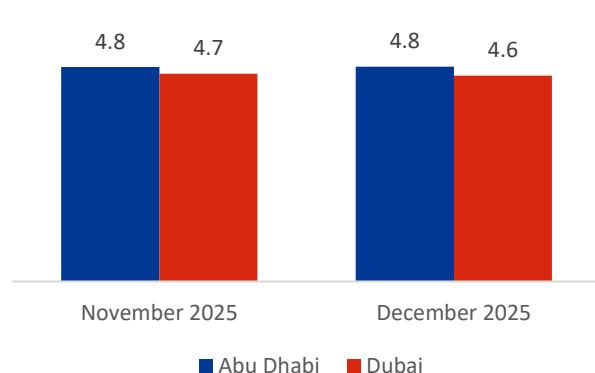
Villa Rent Price Changes (%)



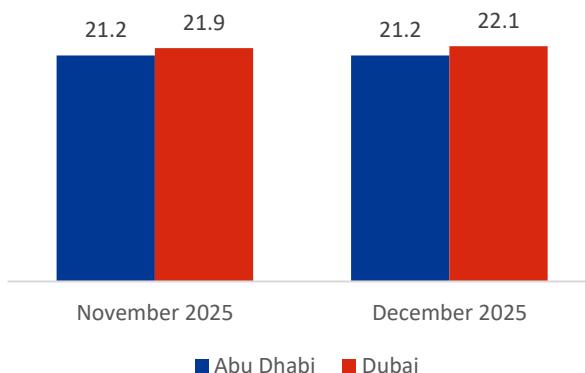
Source: Reidian

Villa Gross rental yield for Dubai and Abu Dhabi showed mixed movement on a MOM basis in December 2025, with Abu Dhabi's remaining flat at 4.8% in December 2025. While Dubai's yield declined to 4.6% in December 2025 compared to 4.7% in November 2025. However, the villa price-to-rent ratio had a mixed performance, with Abu Dhabi's ratio remained flat at 21.2 in December 2025 compared to November 2025. Whereas, the Dubai villa price-to-rent ratio, rose from 21.9 in November 2025 to 22.1 in December 2025.

Villa Gross Rental Yield (%)



Villa Price to Rent Ratio (Year)

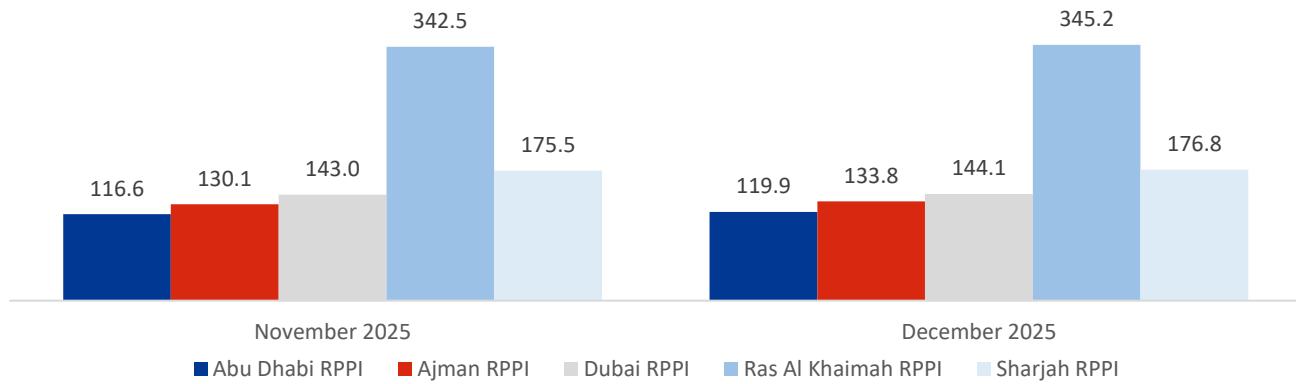


Source: Reidian

4. Different Asset Classes Return on Investment

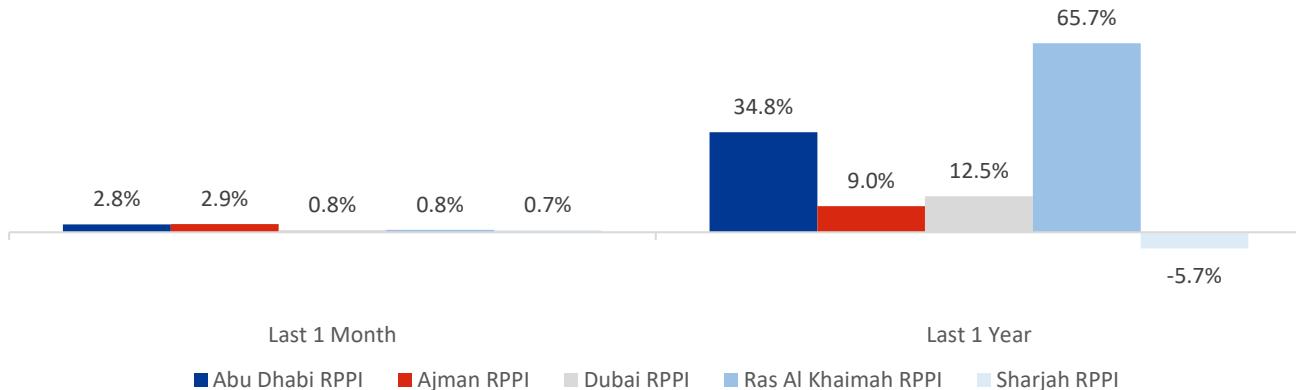
The Residential Property Price Index grew in the UAE, experiencing growth on a YOY basis across all regions except Sharjah, while on a MOM basis Ajman recorded the strongest improvement. Abu Dhabi's RPPI reported a 2.8% MOM increase and 34.8% YOY rise in December 2025, reaching 119.9. Ajman RPPI grew 2.9% MOM and 9.0% YOY to 133.8 in December 2025. Dubai's RPPI rose 0.8% MOM and 12.5% YOY to 144.1 in December 2025. Additionally, Ras Al Khaimah RPPI reported growth both on a MOM basis and on a YOY basis of 0.8% and 65.7%, reaching 345.2 in December 2025. However, Sharjah's RPPI reported a mixed performance, with 0.7% increase on a MOM basis but 5.7% decline on a YOY basis.

Residential Property Price Indices (RPPI)



Source: Reidian

Residential Property Price Indices (RPPI) (% Change)



Source: Reidian

Macro Backdrop in the UAE

Real Estate and UAE Macroeconomic Outlook

TECOM group expanded Innovation Hub with phase 4 development in Dubai Internet City

TECOM Group launched Innovation Hub Phase 4 in Dubai Internet City due to rising demand from global technology and digital companies for Grade-A office space. Phase 4 entails an investment of AED 615 Mn, delivering 263,000 sq. ft. of GLA, with the development to be financed through internal resources without impacting leverage. This launch aligns with the Company's strategic growth agenda and increases TECOM Group's cumulative investment in the Innovation Hub project to AED 2 Bn. Furthermore, upon completion in 2028, Phase 4 is expected to expand TECOM Group's portfolio of premium commercial assets and enhance its ability to meet rising demand for high-quality office space, driven by national digital and economic strategies.

Aldar launched Yas Riva Residences at Yas Island waterfront

Aldar announced the launch of Yas Riva Residences, a premium waterfront residential development located along Yas Island's canal, offering a differentiated lifestyle proposition that combines active, adventure-oriented living with serene waterfront surroundings in one of the UAE's most in-demand destinations. Furthermore, the development is organised around four distinct pavilion experiences and features a comprehensive suite of amenities catering to active living, family engagement, and waterfront leisure, including waterside spa facilities, family pools, water sports and boating hubs, indoor and outdoor sports facilities, shaded landscaped gardens, and canal-side cafes.

Arada to buy 80% stake in London waterfront project

Arada to acquire an 80% stake in Thameside West to expand its residential presence in the London market. The project valued at AED 12 Bn (USD 3.26 Bn) and expected to delivery at least 5,000 residential units, with nearly half the area allocated to green space and around one kilometre of active waterfront. Furthermore, Arada's London development pipeline reached around 15,000 homes, with plans to scale this to 30,000 units over the next three years.

Aldar recorded full sell-out of Yas Living with strong buyer participation

Aldar completed full sell-out of Yas Living within days of launch due to demand for canal-facing homes on Yas Island. Total sales reached AED 1.3 Bn, equivalent to around USD 354 Mn, from 678 apartments across three buildings offering studio to three-bedroom units. Buyer participation remained broad as expatriate and international buyers formed 65% of sales, with demand from the UAE, China, Jordan, India, and the UK.

Emaar reviewed China entry while maintaining focus on existing regions

Emaar is considering potential entry into China's real estate market but preferring to wait for a clearer market recovery before progressing. The Company's current development strategy remains focused on the Middle East, Eastern Europe, and India. Whereas, India remained a key market after 20 years of operations. Activity in Eastern Europe continues to progress steadily, while growth conditions in the Middle East remain stable. Furthermore, China engagement already existed through a May 2019 MoU linked to development at the Beijing Daxing International Airport zone. The planned project value stands at AED 40.5 Bn (USD 11 Bn), with development planned over a ten-year period.

Sharjah real estate transactions reached record levels in November 2025

Sharjah real estate activity accelerated in November 2025 due to higher participation across sales, mortgages, and registrations. Total transaction value reached AED 9.5 Bn (USD 2.58 Bn), the highest

monthly level recorded in the emirate, with total transactions stood at 15,131, with traded sales area covering about 34.9 Mn sq. ft. Furthermore, sales transactions totaled 2,126, accounting 14% of total activity, while mortgage transactions stood at 698, valued at AED 1.6 Bn, representing 4.6% of the total activity. Initial sale contracts reached 1,088, while property statements stood 6,670, and ownership deeds at 4,549. Land transactions led with 1,320 deals, followed by 374 built-in land and 432 tower units. The highest single sale reached AED 3.7 Bn in Al-Menhaz, while the largest mortgage reached AED 328 Mn in Al-Nahda, with activity spread across Sharjah city, Central Region, Khorfakkan, and Kalba.

Abu Dhabi's real estate sector finished 2025 with robust performance

Abu Dhabi's property market closed 2025 with strong momentum, supported by heightened buyer and investor activity across both and solid demand in the ready property segment. Average prices in prime locations saw significant gains, Yas Island recorded 17.7% growth in average price per sq ft, while mid-tier areas such as Al Reef logged a 12.7% rise in apartment prices. Villa pricing showed robust demand, with the average villa price on Al Reem Island reaching AED 608.7k. In terms of returns, Al Reef delivered the highest ROI at 9.35% for apartment, and Masdar City led villa ROI at 8.98%. Overall sales activity remained elevated, with total transaction values reportedly exceeding AED 164 Bn in 2025, reflecting sustained investor confidence and broad buying interest across both ready and off-plan markets.

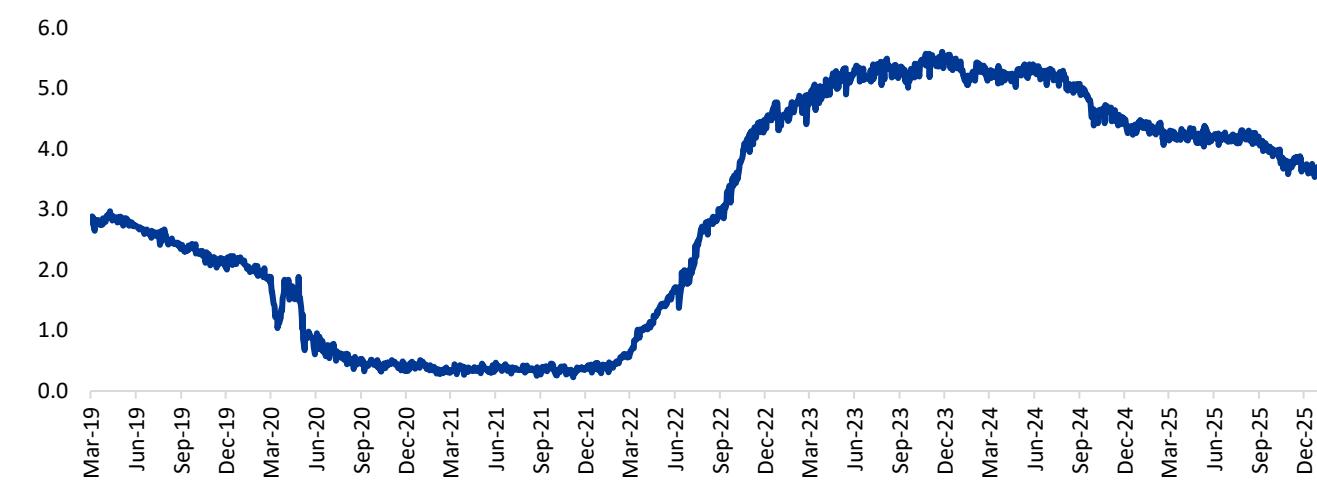
Dubai's real estate sector reached a new milestone as transactions surpassed USD 250 Bn in 2025

Dubai's real estate sector delivered a robust performance in 2025, with transaction volumes exceeding 270,000 deals and total transaction value reaching AED 917 Bn, representing 20% YoY growth. Overall real estate activity totaled 3.11 Mn transactions, while investment value surpassed AED 680 bn, supported by strong demand and an increasingly diversified investor base. Investment activity remained a key growth driver, with 258.6k investment deals, reflecting 20% YoY growth in volume and 29% growth in value, alongside a 24% expansion in the investor base to 193k participants. This performance underscores sustained demand, a supportive regulatory framework, and continued progress toward the Dubai Real Estate Sector Strategy 2033 target of AED 1 Tn in annual transactions.

EIBOR

During its December 2025 policy meeting, the US Federal Reserve delivered its third rate cut of the year, lowering the federal funds rate by 25 bps to 3.50%–3.75%. The move reflects the Fed's response to moderating global growth, easing inflationary pressures, and signs of labour-market softening. Looking ahead, markets anticipate roughly one additional rate cut in 2026, though the extent of further easing will depend on upcoming economic data. Given the AED's peg to the US dollar, the Central Bank of the UAE (CBUAE) aligned its policy stance, reducing the overnight deposit facility rate to 3.65% in December. The 3-month EIBOR eased from 4.44% at the start of the year (1st January 2025) to 3.63% by end-December 2025. This downward trajectory in rates is expected to reduce borrowing costs for consumers and businesses, thereby supporting loan growth in the coming period.

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

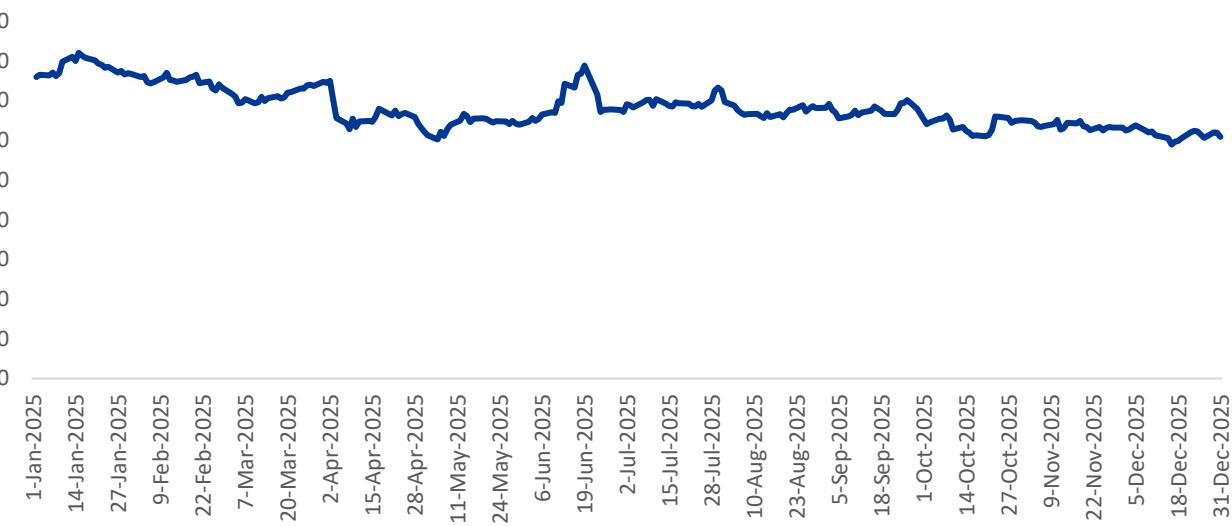


Source: CBUAE

Oil Outlook

During the quarter, Brent crude oil prices declined 10.5% QOQ, ending the period at USD 60.85/bbl on 31 December 2025. The quarterly weakness reflected a sustained softening in market fundamentals, as the market remained well supplied and macroeconomic uncertainty weighed on demand expectations. Investor sentiment stayed cautious amid rising inventories, expectations of higher OPEC+ output, and currency headwinds, which continued to outweigh periodic price support from geopolitical developments and opportunistic stockpiling. The easing of regional tensions and the absence of a structural supply shortfall further limited upside. According to the EIA, global oil inventories are expected to continue building through 2026, exerting sustained downward pressure on crude prices over the near to medium term. Brent crude prices are forecast to decline to an average of USD 55/bbl in 1Q26 and are expected to remain broadly around this level through the rest of 2026. While the near-term price trajectory remains biased to the downside, the extent of further declines is likely to be moderated by OPEC+ production management and ongoing inventory accumulation by China, which should provide a partial floor to prices despite the prevailing oversupply environment.

Brent Crude Prices (USD/bbl), January 2025 – December 2025



Source: IEA

Relative valuation and rating

We maintain MARKET WEIGHT on the real-estate companies under our coverage with 4x BUY rating. The 2026F P/B multiples for the below stocks range between Emaar Properties (1.3x) and Tecom Group (2.1x). Emaar Properties 2026F dividend yield is the highest at 6.8%, followed by Tecom Group at 5.2%, Emaar Development at 4.8%, and Aldar Properties at 2.6%.

Stocks (In AED)	TP	CMP	Gain	Rating	P/B (2025F)	Div. Yld (%) 2025F
Emaar Properties	19.25	14.30	+34.6%	BUY	1.30	6.8%
Emaar Development	18.50	16.00	+15.6%	BUY	1.50	4.8%
Aldar Properties	11.00	8.73	+26.0%	BUY	1.57	2.6%
TECOM GROUP	4.10	3.39	+20.9%	BUY	2.14	5.2%

Source: FABS Estimate

4Q25 preview: Emaar properties

Decline in sale of residential units & commercial units to impact bottom line

Current Price AED 14.30	12-m Target Price AED 19.25	Upside/Downside (%) +34.6%	Rating BUY
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4Q25 estimate

Emaar Properties (EMAAR/the Company) net profit is expected to decline 12.1% YOY to AED 4,385 Mn in 4Q25, owing to an expected fall in revenue, other income coupled with an estimated rise in other operating expense, depreciation on PPE and tax charges, partially offset by a decrease in the cost of revenue, finance cost, and profit attributable to NCI, along with a forecasted rise in other operating income, finance income, and fall in Depreciation of IP. The Company's revenue is projected to decrease 13.8% YOY to AED 10,100 Mn in 4Q25, driven by an anticipated decline in revenue across all its segments, except for revenue from leased properties, retail and related income. Cost of revenue is expected to decline as well from AED 4,963 Mn in 4Q24 to AED 3,784 Mn in 4Q25. As a result, gross profit is likely to decrease 6.4% YOY to AED 6,316 Mn in 4Q25. The Company's other operating income is anticipated to rise 13.7% YOY to AED 214 Mn in 4Q25. At the same time, the other operating expenses are expected to grow from AED 63 Mn in 4Q24 to AED 77 Mn in 4Q25. Furthermore, the selling and G&A expenses are projected to increase marginally 0.8% YOY to AED 987 Mn in 4Q25. Thus, EBITDA is estimated to decrease from AED 6,641 Mn in 4Q24 to AED 6,155 Mn in 4Q25, with a margin expected to rise 424 bps YOY to 60.9% in 4Q25. The Company's operating profit is anticipated to decline 7.7% YOY to AED 5,072 Mn in 4Q25. Depreciation on PPE is expected to rise 9.1% YOY to AED 178 Mn, while depreciation on IP is estimated to fall 9.1% YOY to AED 216 Mn in 4Q25. Finance income is predicted to rise 49.9% YOY to AED 784 Mn, whereas the finance cost is projected to decline 12.1% YOY to AED 238 Mn in 4Q25. Moreover, the Company is expected to record a decline in other income of 4.4% YOY to AED 653 Mn in 4Q25. The Company's share of profit from associates is anticipated to reach AED 59 Mn in 4Q25, up from AED 43 Mn in 4Q24. Income tax expenses are predicted to rise significantly from AED 70 Mn in 4Q24 to AED 672 Mn in 4Q25. Profit attributable to NCI is estimated to decline 9.9% YOY to AED 1,272 Mn in 4Q25.

2025 forecast

EMAAR's net profit is predicted to grow 17.2% YOY to AED 15,838 Mn in 2025, driven by an anticipated rise in revenue, other operating income, finance income, share of associate profits and lower finance cost, partially offset by an anticipated increase in the cost of revenue, depreciation charges, coupled with higher tax expenses and higher share of profit attributable to non-controlling interest holders. EMAAR's revenue is anticipated to grow 21.7% YOY to AED 43,207 Mn in 2025, owing to an expected rise in revenue across all segments. The Company's cost of revenue is expected to increase 24.2% YOY to AED 18,785 Mn in 2025. As a result, gross profit is likely to increase 19.8% YOY to AED 24,422 Mn in 2025. EMAAR's other operating income is projected to grow 12.3% YOY to AED 735 Mn in 2025, while the other operating expenses are predicted to increase 8.3% YOY to AED 259 Mn in 2025. Selling and G&A expenses are estimated to increase 4.3% YOY to AED 3,370 Mn in 2025. Resultantly, the EBITDA is expected to grow 18.3% YOY to AED 22,801 Mn in 2025, whereas the EBITDA margin is anticipated to shrink 152 bps YOY to 52.8% in 2025. Operating profit is predicted to rise 24.0% YOY to AED 20,002 Mn in 2025. Depreciation of PPE is estimated to increase 9.1% YOY to AED 682 Mn, while depreciation of IP is expected to rise 5.2% YOY to AED 843 Mn in 2025. Moreover, the Company's finance income is anticipated to grow 33.6% YOY to AED 2,808 Mn in 2025. On the other hand, the finance cost is predicted to fall 2.8% YOY to AED 914 Mn in 2025. Other income is expected to significantly decline 45.9% YOY to AED 864 Mn in 2025. Furthermore, the Company's share of associates is projected to increase substantially from AED 6 Mn in 2024 to AED 313 Mn in 2025. Income tax expenses are expected to rise from AED 1,451 Mn in 2024 to AED 2,769 Mn in 2025. Profit attributable to NCI is projected to rise 13.5% YOY to AED 4,467 Mn in 2025.

3Q25 outturn

Emaar Properties revenue boosted 41.4% YOY AED 13,273 Mn in 3Q25, mainly driven by a solid rise in UAE Development sales and recognition of backlog, along with robust performance across retail, hospitality, and international operations. Revenue from the sale of residential units increased 54.6%

YOY to AED 10,712 Mn in 3Q25, supported by the launch of new projects across the UAE, with the highest property sales in the UAE of AED 52.9 Bn in 9M25. Additionally, the revenue backlog from property sales in the UAE rose to AED 130 Bn as of 3Q25. However, revenue from the sale of Commercial units declined significantly, 15.6% YOY, to AED 306 Mn in 3Q25. The Hospitality segment reported a 12.3% YOY increase in revenue to AED 515 Mn in 3Q25, driven by strong tourism activity and high domestic demand. Additionally, average hotel occupancy across Emaar's UAE properties reached 80% in 9M25. Revenue from leased properties, retail, and related income increased by 6.4% YOY to AED 1,741 Mn in the 3Q25, primarily driven by continued growth in tenant sales and strong occupancy rates across key assets. Emaar's cost of revenue increased from AED 4,133 Mn in 3Q24 to AED 6,302 Mn in 3Q25. This is higher than the growth in revenue owing to a change in the revenue mix. As a result, gross profit rose 32.7% YOY to AED 6,971 Mn in 3Q25. Other operating income increased 5.9% YOY to AED 196 Mn in 3Q25, while other operating expenses decreased 15.1% YOY to AED 80 Mn. SG&A expenses increased 14.7% YOY to AED 916 Mn in 3Q25 due to an increase in construction-related costs. Emaar's total EBITDA grew 34.5% YOY to AED 6,282 Mn in 3Q25. However, EBITDA margin declined 244 bps to 47.3% in 3Q25. The Company's operating profit rose 38.1% YOY to AED 5,799 Mn in 3Q25. Depreciation on PPE grew 12.2% YOY to AED 168 Mn in 3Q25, while depreciation on investment properties rose 4.7% YOY to AED 203 Mn. Meanwhile, finance income rose 23.0% YOY to AED 680 Mn in 3Q25, with finance costs also increasing 27.9% YOY to AED 229 Mn in 3Q25. Furthermore, the Company reported a profit from associates of AED 62 Mn in 3Q25 compared to a loss of AED 13 Mn in 3Q24. Other income decreased to AED 8 Mn in 3Q25 compared to AED 111 Mn in 3Q24. Income tax expense increased 20.1% YOY to AED 554 Mn in 3Q25. Additionally, the share of profit attributable to non-controlling interest holders increased 35.5% YOY to AED 1,395 Mn in 3Q25. As a result, net profit increased 37.4% YOY to AED 4,373 Mn in 3Q25.

Target price and recommendation

We maintain our BUY rating on Emaar Properties with a revised target price of AED 19.25. Emaar delivered strong financial and operational performance in 9M25, building upon the solid performance achieved in 1H25. Emaar's revenue backlog stands at AED 150.3 Bn in 3Q25, out of which UAE development accounts for the majority of the backlog amounting to AED 130 Bn. Emaar's diversified portfolio and strategic focus on quality, customer experience, and sustainability have driven consistent growth across its property development, retail, hospitality, and international businesses. Emaar's UAE property sales rose 10% YOY to AED 52.9 Bn in 9M25, including JVs. Emaar successfully launched three projects under the newly unveiled Grand Polo Club and Resort, one project each under the Dubai Creek Harbour and The Valley in 3Q25, which are 100% owned by the Company. Additionally, the Company also launched four projects with the JV's in 3Q25. Emaar has c. 60K units under construction across the UAE and International development segments, which will also be delivered in the next four years, making the land bank to c. 660 Mn sqft. Emaar also announced the Emaar Hills project, an ultra-luxury residential community, adjacent to Dubai Hills Estate, expected to launch in the next 9 to 12 months. Within Emaar Hills, Dubai Mansions is currently under development, poised to offer an exclusive collection of mansions designed for an elite global clientele upon launch. This property will feature a mix of ultra-luxury villas and apartments, comprising c. 40K units and an overall development size of c. AED 100 Bn. Emaar's international development business recorded sales of AED 6.5 Bn in 9M25 with particularly strong performance in Egypt and India. Emaar India announced to invest INR 16.0 Bn and build a new luxury housing project Serenity Hills in Gurugram, offering around 997 apartments and emphasising green-building design, further adding value to its growing real-estate portfolio. The revenue backlog for global development is AED 20.3 Bn as at 9M25, with more than 12,600 units under construction, which is anticipated to be recognised in the next 3-4 years. Emaar also launched a new landmark mixed-use masterplan, "Marassi Red Sea", with a land area of c. 110 Mn sqft and estimated investment of EGP 900 Bn in partnership with Sky Tower. Recurring revenue streams, including malls, hospitality, leisure, entertainment, and commercial leasing, continued to deliver stable and growing cash flows, underlining the strength of the Company's diversified business model. Mall assets maintained a healthy average occupancy rate of 98% with a footfall of over 147 Mn visitors in 9M25, while overall hotel occupancy averaged at 80% as of 9M25. The Company invested AED 1.5 Bn for the expansion of Dubai Mall, which is expected to open in 2H28. This expansion features over 240 new luxury stores and F&B outlets, with

an expansion towards Grand Drive covering a GLA of 440K sqft. Additionally, Emaar is also expanding the Dubai Expo Mall, which is anticipated to open in 2H27, offering over 190 retail and F&B outlets. This mall provides excellent access & infrastructure to support the high volume of visitors with a GLA of c. 385K sqft. The hospitality segment saw strong performance, supported by the addition of three new hotels comprising over 650 keys and 1 VEO gym as of 9M25. The Company has a healthy pipeline of 23 hotels, with more than 75% under management contracts. Emaar focuses on expanding the recurring revenue portfolio to double the contribution from 2022 by 2030. The Company also plans to deliver over 59.8K residential units between 2025-2029 in both domestic and international markets. Thus, based on our analysis, we assign a BUY rating on the stock.

Emaar Properties – Relative Valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE (X)	48.71	30.88	18.56	10.91	9.39	8.01
PB (X)	1.85	1.90	1.84	1.63	1.48	1.37
EV / EBITDA	40.05	17.03	15.25	8.33	6.62	5.74
BVPS (AED)	7.754	7.545	7.806	8.794	9.665	10.456
EPS (AED)	0.295	0.465	0.773	1.316	1.529	1.792
DPS (AED)	0.100	0.150	0.250	0.500	1.000	1.000
Dividend yield (%)	0.7%	1.0%	1.7%	3.5%	7.0%	7.0%

FABS estimate & Co Data

Emaar Properties - P&L

AED Mn	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	11,712	13,273	10,100	-13.8%	-23.9%	35,505	43,207	21.7%
Cost of revenue	-4,963	-6,302	-3,784	-23.8%	-40.0%	-15,124	-18,785	24.2%
Gross profit	6,749	6,971	6,316	-6.4%	-9.4%	20,381	24,422	19.8%
Other operating income	188	196	214	13.7%	9.3%	654	735	12.3%
Other operating expenses	-63	-80	-77	21.2%	-4.2%	-239	-259	8.3%
SG&A expenses	-979	-916	-987	0.8%	7.7%	-3,232	-3,370	4.3%
EBITDA	6,641	6,282	6,155	-7.3%	-2.0%	19,277	22,801	18.3%
EBIT	5,494	5,799	5,072	-7.7%	-12.5%	16,136	20,002	24.0%
Depreciation of PPE	-163	-168	-178	9.1%	6.3%	-625	-682	9.1%
Depreciation of IP	-238	-203	-216	-9.1%	6.2%	-802	-843	5.2%
Finance income	523	680	784	49.9%	15.2%	2,102	2,808	33.6%
Finance cost	-271	-229	-238	-12.1%	4.1%	-941	-914	-2.8%
Other income	683	8	653	-4.4%	NM	1,596	864	-45.9%
Share of assoc. profits/(-loss)	43	62	59	37.4%	-5.3%	6	313	NM
Profit before tax	6,473	6,322	6,329	-2.2%	0.1%	18,900	23,074	22.1%
Income tax	-70	-554	-672	NM	21.4%	-1,451	-2,769	NM
Profit for the period	6,403	5,768	5,657	-11.6%	-1.9%	17,449	20,305	16.4%
Non-controlling interests	-1,412	-1,395	-1,272	-9.9%	-8.8%	-3,935	-4,467	13.5%
Profit to shareholders	4,991	4,373	4,385	-12.1%	0.3%	13,514	15,838	17.2%

FABS estimate & Co Data

Emaar Properties - Margins

	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	57.6%	52.5%	62.5%	491	1,001	57.4%	56.5%	-88
EBITDA	56.7%	47.3%	60.9%	424	1,361	54.3%	52.8%	-152
Operating Profit	46.9%	43.7%	50.2%	331	652	45.4%	46.3%	85
Net Profit	42.6%	32.9%	43.4%	80	1,047	38.1%	36.7%	-141

FABS estimate & Co Data

4Q25 preview: Emaar Development

Decline in revenue to impact the net profit

Current Price AED 16.00	12-m Target Price AED 18.50	Upside/Downside (%) +15.6%	Rating BUY
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4Q25 Estimate

Emaar Development's (EMAARDEV/the Company) net profit is estimated to decline 11.3% YOY to AED 2,717 Mn in 4Q25. The fall in net profit is due to an anticipated decrease in revenue, share of results from JV, coupled with a rise in S&G expenses and tax expenses, partially offset by a marginal decrease in cost of revenue, finance cost, and NCI, coupled with an increase in finance income and other income. The Company's revenue is anticipated to decrease 2.4% YOY to AED 6,507 Mn in 4Q25, mainly due to an expected decline in sales of residential and commercial units. The Company's residential unit sales are expected to fall 2.1% YOY to AED 5,993 Mn in 4Q25, whereas sales of commercial units and plots of land and development services expected to fall 6.3% YOY to AED 514 Mn in 4Q25. The Company's cost of revenue is predicted to fall marginally 0.1% YOY to AED 2,856 Mn in 4Q25. As a result, gross profit is projected to fall 4.2% YOY to AED 3,651 Mn in 4Q25. Moreover, we anticipate the gross margins to shrink 104 bps YOY to 56.1% in 4Q25. S&G expenses are estimated to rise 2.1% YOY to AED 535 Mn in 4Q25. Operating profit is expected to fall from AED 3,287 Mn in 4Q24 to AED 3,116 Mn in 4Q25. EMAARDEV's EBITDA is forecasted to decline 5.1% YOY to AED 3,246 Mn in 4Q25, while the EBITDA margin is projected to contract 142 bps YOY to 49.9% in 4Q25. EMAARDEV's finance income is estimated to rise 27.4% YOY to AED 350 Mn in 4Q25. Finance cost is expected to decrease from AED 75 Mn in 4Q24 to AED 63 Mn in 4Q25. The Company's other income is likely to grow from AED 21 Mn in 4Q24 to AED 54 Mn in 4Q25. The share of results from joint ventures is anticipated to decrease from AED 110 Mn in 4Q24 to AED 74 Mn in 4Q25. Tax expenses are projected to reach to AED 246 Mn in 4Q25, compared to tax reversal of AED 96 Mn in 4Q24. EMAARDEV's profit share to NCI is estimated to decrease 12.8% YOY to AED 568 Mn in 4Q25.

2025 Forecast

EMAARDEV's net profit is expected to rise 27.4% YOY to AED 9,723 Mn in 2025, mainly driven by an anticipated increase in revenue, finance income, other income, and share of result of joint venture, coupled with a decrease in finance cost, partially offset by an expected rise in cost of revenue, S&G expenses, share of NCI and tax expenses. EMAARDEV's revenue is anticipated to rise 26.1% YOY to AED 24,150 Mn in 2025, supported by an anticipated increase in the sale of residential and commercial properties. The Company's residential unit sales are expected to rise 28.2% YOY to AED 22,503 Mn in 2025, whereas sales of commercial units and plots of land and development services are expected to increase 3.0% YOY to AED 1,648 Mn in 2025. The cost of revenue is forecasted to increase 25.2% YOY to AED 10,626 Mn in 2025. Thus, gross profit is expected to grow 26.9% YOY to AED 13,524 Mn in 2025. The Company's S&G expenses are likely to grow 17.1% YOY to AED 1,884 Mn in 2025. Resultantly, operating profit is anticipated to increase from AED 9,047 Mn in 2024 to AED 11,640 Mn in 2025. EMAARDEV's EBITDA is forecasted to expand 29.3% YOY to AED 12,188 Mn in 2025. The Company's finance income is estimated to increase 16.5% YOY to AED 1,350 Mn in 2025. Finance cost is expected to contract 48.5% YOY to AED 207 Mn in 2025. EMAARDEV's other income is anticipated to increase from AED 174 Mn in 2024 to AED 205 Mn in 2025. Share of results of joint ventures is projected to rise significantly from AED 194 Mn in 2024 to AED 330 Mn in 2025. The Company's corporate tax is forecasted to increase significantly from AED 486 Mn in 2024 to AED 1,332 Mn in 2025. Share of NCI is expected to increase 10.3% YOY to AED 2,264 Mn in 2025.

3Q25 Outturn

Emaar Development's revenue surged 50.1% YOY to AED 7,714 Mn in 3Q25, primarily due to the recognition of revenue for the bookings of properties done in the previous period. Revenue from the sale of residential units rose substantially from AED 4,651 Mn in 3Q24 to AED 7,311 Mn in 3Q25, while revenue from commercial unit sales, plots of land, and development services fell from AED 489 Mn in 3Q24 to AED 403 Mn in 3Q25. The Company's cost of revenue rose substantially from AED 2,202 Mn in 3Q24 to AED 3,356 Mn in 3Q25. As a result, gross profit rose sharply 48.3% YOY to AED

4,358 Mn in 3Q25, while gross margins contracted from 57.2% in 3Q24 to 56.5% in 3Q25. Selling and general expenses rose 41.0% YOY to AED 569 Mn in 3Q25. Operating profit surged by 49.5% YOY to AED 3,790 Mn in 3Q25. Operating margin contracted 20 bps YOY to 49.1% in 3Q25. Moreover, EBITDA rose sharply 51.7% YOY to AED 3,970 Mn in 3Q25. EBITDA margin improved 54 bps YOY to 51.5% in 3Q25. Finance income increased 2.8% YOY to AED 365 Mn in 3Q25, while finance costs strongly declined 38.7% YOY to AED 52 Mn in 3Q25. Other income increased significantly from AED 38 Mn in 3Q24 to AED 67 Mn in 3Q25. Share of results from JVs rose from AED 43 Mn in 3Q24 to AED 112 Mn in 3Q25. Meanwhile, the share of profit attributable to non-controlling interest holders rose 33.4% YOY to AED 748 Mn in 3Q25. Additionally, the Company recorded a tax charge of AED 283 Mn in 3Q25, compared to AED 255 Mn in 3Q24. As a result, net profit attributable to shareholders increased 57.1% YOY to AED 3,250 Mn in 3Q25.

Target price and rating

We maintain our BUY rating on Emaar Development with a revised target price of AED 18.50. The Company unveiled the Dubai Mansions project in 3Q25, showcasing luxury living and innovative design, reinforcing its leadership in the UAE property market. Property sales surged 10% YOY to AED 52.9 Bn in 9M25, compared to AED 48 Bn during 9M24, driven by sustained demand across master communities and the successful launch of 33 new projects during 9M25. This translated into a 44% YOY increase in sales backlog to AED 120.4 Bn, as of September 2025, offering revenue visibility over the next four to five years, with 47,200 residential units under construction. Emaar Development launched four fully owned projects in 3Q25: Selvara 3, Selvara 4, Chevalia Estate 2 at Grand Polo Club & Resort, and Vindera in the Valley, expanding its premium residential portfolio. Projects launched through joint ventures in 3Q25 include Rosehill in Dubai Hills Estate, Baystar by Vida, Sera 1 & 2 in Rashid Yachts & Marina, and Montiva in Dubai Creek Harbour. EMAARDEV's construction model minimizes financial risk through a strong land bank and JV contributions, requiring little upfront investment. Pre-sales funds most construction, with c. 60-70% of units sold and c. 20-30% cash collected before work begins. With c. 94% of projects sold off plan, this ensures strong cash flows and low reliance on debt. The model is further strengthened by a low default rate of c. 0.5%. In comparison, existing regulations permit forfeiture of up to 40% of sales value in default cases, allowing properties to be resold and protecting profitability. The Company had delivered over 78,900 residential units since 2002, demonstrating a strong execution track record. It also holds a substantial land bank of c. 339 Mn sqft (GLA) in the UAE, supporting future development. Demand dynamics remain healthy, with 61% of buyers in 9M25 being UAE residents, while 39% were international investors, led by Indians, followed by UK and Chinese buyers, highlighting the continued appeal of Dubai real estate to both domestic and overseas segments. The Company's balance sheet remains strong, with AED 35.1 Bn of cash and negligible debt, as of 3Q25, resulting in a net cash position that provides ample financial flexibility. Given these factors, we assign a BUY rating on the stock.

Emaar Development - Relative Valuation

	2020	2021	2022	2023	2024	2025F
PE (X)	39.58	20.22	17.23	9.90	8.59	6.75
PB (X)	5.83	4.53	3.79	2.87	2.31	1.85
EV / EBITDA	29.43	14.83	13.47	6.36	4.80	5.26
BVPS	2.813	3.623	4.332	5.710	7.097	8.848
EPS	0.414	0.811	0.952	1.657	1.908	2.431
DPS	NM	NM	0.520	0.521	0.680	0.730
Dividend Yield (%)	NM	NM	3.3%	3.3%	4.3%	4.6%

FABS estimate & Co Data

Emaar Development - P&L

	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	6,668	7,714	6,507	-2.4%	-15.7%	19,147	24,150	26.1%
Cost of Revenue	-2,858	-3,356	-2,856	-0.1%	-14.9%	-8,490	-10,626	25.2%
Gross Profit	3,811	4,358	3,651	-4.2%	-16.2%	10,657	13,524	26.9%
S&G Expenses	-524	-569	-535	2.1%	-5.9%	-1,609	-1,884	17.1%
Operating Profit	3,287	3,790	3,116	-5.2%	-17.8%	9,047	11,640	28.7%
EBITDA	3,421	3,970	3,246	-5.1%	-18.2%	9,424	12,188	29.3%
Finance Income	275	365	350	27.4%	-4.2%	1,160	1,350	16.5%
Finance Cost	-75	-52	-63	-15.3%	20.9%	-402	-207	-48.5%
Other Income	21	67	54	NM	-18.9%	174	205	18.2%
Share of results of Joint Ventures	110	112	74	-32.6%	-33.3%	194	330	70.0%
Profit before tax	3,619	4,281	3,531	-2.4%	-17.5%	10,173	13,319	30.9%
Tax	96	-283	-246	NM	-13.2%	-486	-1,332	NM
NCI	652	748	568	-12.8%	-24.0%	2,053	2,264	10.3%
Net profit to equity holders	3,063	3,250	2,717	-11.3%	-16.4%	7,633	9,723	27.4%

FABS estimate& Co Data

Emaar Development-Margins

	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	57.1%	56.5%	56.1%	-104	-39	55.7%	56.0%	34
EBITDA	51.3%	51.5%	49.9%	-142	-159	49.2%	50.5%	125
Operating Profit	49.3%	49.1%	47.9%	-141	-124	47.3%	48.2%	95
Net Profit	45.9%	42.1%	41.8%	-417	-37	39.9%	40.3%	39

FABS estimate& Co Data

4Q25 preview: Aldar Properties

Robust profit growth led by strong segmental revenue momentum

Current Price AED 8.73	12-m Target Price AED 11.00	Upside/Downside (%) +26.0%	Rating BUY
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4Q25 Estimate

Aldar Properties (Aldar/the Company) is estimated to grow 22.4% YOY in net profit to AED 2,007 Mn in 4Q25, owing to anticipated higher revenue, finance income, other income and lower impairment charges and decline in NCI. However, it is partially offset by a forecasted rise in direct costs, general and administrative expenses, selling and marketing expenses, finance costs and income tax charges. Aldar's Revenue is forecasted to grow 32.0% YOY to AED 8,575 Mn in 4Q25, due to expected rise in revenue from Development and Investment segments. Aldar Development segment revenue is projected to rise 44.4% YOY to AED 6,262 Mn in 4Q25. Similarly, Aldar Investments revenue is forecasted to grow 7.0% YOY to AED 2,313 Mn in 4Q25. The Company's direct cost is anticipated to increase 37.9% YOY to AED 5,694 Mn in 4Q25. As a result, gross profit is expected to improve 21.6% YOY to AED 2,881 Mn in 4Q25, however, gross profit margin is anticipated to decrease 286 bps to 33.6% in 4Q25. General expenses are estimated to rise 10.3% YOY to AED 606 Mn in 4Q25, while the selling and marketing expenses are projected to grow from AED 45 Mn in 4Q24 to AED 61 Mn in 4Q25. Aldar's EBITDA is anticipated to expand 22.1% YOY to AED 2,822 Mn in 4Q25, with an EBITDA margin estimated to decline 267 bps YOY to 32.9% in 4Q25. Furthermore, the Company's operating income is projected to increase 24.7% YOY to AED 2,214 Mn in 4Q25. Additionally, the operating profit margin is anticipated to fall from 27.3% in 4Q24 to 25.8% in 4Q25. Aldar's provisions are expected to fall 7.3% YOY to AED 160 Mn in 4Q25. Aldar's finance income is expected to rise 16.1% YOY to AED 220 Mn in 4Q25. Conversely, finance cost is projected to grow 41.2% YOY to AED 347 Mn in 4Q25. Additionally, total other income is anticipated to increase 13.3% YOY to AED 605 Mn in 4Q25. The Company's tax expense is expected to increase significantly from AED 150 Mn in 4Q24 to AED 283 Mn in 4Q25. Furthermore, the Company's non-controlling interest is projected to decline 15.5% YOY to AED 244 Mn in 4Q25.

2025 Forecast

Aldar's net profit is expected to surge 27.7% YOY to AED 7,149 Mn in 2025, attributed to an anticipated growth in revenue coupled with higher finance income and other income, partially offset by expected rise in direct costs, general and S&M expenses, finance cost, taxes and NCI. Aldar's revenue is expected to boost 39.7% YOY to AED 32,128 Mn in 2025, primarily due to the estimated rise in demand expected across both segments. Aldar Development's revenue is projected to grow 48.7% YOY to AED 23,367 Mn, and Aldar Investment is anticipated to rise 20.2% YOY to AED 8,762 Mn in 2025. The Company's direct cost is expected to increase from AED 14,953 in 2024 to AED 21,153 Mn in 2025. Thus, gross profit is likely to rise 36.4% YOY to AED 10,975 Mn in 2025. While gross profit margin is anticipated to decline 82 bps YOY to 34.2% in 2025. The Company's general expenses are estimated to rise 12.5% YOY to AED 2,024 Mn in 2025. On the other hand, the selling & marketing expenses are anticipated to grow 24.1% YOY to AED 161 Mn in 2025. As a result, EBITDA is projected to boost 37.7% YOY to AED 10,615 Mn in 2025, whereas the EBITDA margin is estimated to shrink 48 bps YOY to 33.0% in 2025. Furthermore, operating profit is expected to increase 43.7% YOY to AED 8,790 Mn, with an operating profit margin anticipated to expand 76 bps YOY to 27.4% in 2025. The Company's impairment losses are expected to rise 12.9% YOY to AED 225 Mn in 2025. Aldar's finance income is projected to grow 14.3% YOY to AED 817 Mn, while finance cost is forecasted to increase from AED 943 Mn in 2024 to AED 1,391 Mn in 2025. Moreover, the Company's other income is expected to grow 16.6% YOY to AED 1,365 Mn in 2025. Aldar's tax expenses are anticipated to surge from AED 355 Mn in 2024 to AED 1,142 Mn in 2025. The share to NCI holders is estimated to increase 17.7% YOY to AED 1,068 Mn in 2025.

3Q25 Outturn

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 tax rate. Furthermore, profits attributable to non-controlling interest doubled from AED 166 Mn in 3Q24 to AED 332 Mn 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, totaling 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. Additionally, Aldar's AED 570 Mn acquisition of two fully leased, Grade A logistics assets in KEZAD strengthens earnings visibility and accelerates portfolio diversification. The Company also launched Yas Riva Residences on Yas Island offering 950 homes. Furthermore, Aldar and Mubadala Capital planned to launch Aldar Capital, an investment platform to connect global investors with GCC real asset opportunities, targeting a USD 1 Bn fund in 2026. The company has entered a landmark joint venture with Mubadala to develop over AED 60 Bn expansion of Al Maryah Island, supporting Aldar's leadership in large-scale mixed-use developments while significantly boosting its exposure to Grade A offices. The Company successfully completed pricing of USD 1.0 Bn hybrid notes strengthening its balance sheet and supporting its long-term growth and strategic expansion plans. 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
PE	37.76	31.51	25.22	19.11	13.28	10.36
PB	2.85	2.71	2.57	2.35	2.09	1.80
EV/EBITDA	30.66	26.13	20.88	15.73	10.65	7.49
BVPS	3.260	3.424	3.606	3.951	4.438	5.162
EPS	0.246	0.295	0.368	0.486	0.699	0.896
DPS	0.145	0.150	0.160	0.170	0.185	0.227
Dividend Yield	1.7%	1.7%	1.8%	1.9%	2.1%	2.6%

FABS estimate & Co Data

Aldar - P&L

AED (Mn)	4Q24	3Q25	4Q25F	YOY Ch	QoQ Ch	2024	2025F	Change
Revenue	6,498	8,026	8,575	32.0%	6.8%	22,998	32,128	39.7%
Direct costs	-4,129	-5,274	-5,694	37.9%	8.0%	-14,953	-21,153	41.5%
Gross profit	2,369	2,752	2,881	21.6%	4.7%	8,045	10,975	36.4%
General expenses	-549	-490	-606	10.3%	23.8%	-1,799	-2,024	12.5%
Sell & Mktg Exp	-45	-26	-61	36.4%	134.2%	-129	-161	24.1%
EBITDA	2,312	2,488	2,822	22.1%	13.4%	7,708	10,615	37.7%
EBIT	1,775	2,236	2,214	24.7%	-1.0%	6,117	8,790	43.7%
Share of assoc.	-1	-2	2	-240.1%	-200.0%	-2	1	NM
Provision/(reversal)	-173	-58	-160	-7.3%	176.1%	-199	-225	12.9%
Finance income	190	210	220	16.1%	5.0%	715	817	14.3%
Finance cost	-246	-368	-347	41.2%	-5.7%	-943	-1,391	47.4%
Total other income	533	129	605	13.3%	367.2%	1,171	1,365	16.6%
Profit before tax	2,079	2,148	2,534	21.9%	18.0%	6,859	9,359	36.4%
Income tax	-150	-287	-283	89.0%	-1.2%	-355	-1,142	NM
Profit after tax	1,929	1,861	2,251	16.7%	20.9%	6,504	8,217	26.3%
Non-controlling interest	289	332	244	-15.5%	-26.4%	908	1,068	17.7%
Net profit	1,640	1,529	2,007	22.4%	31.2%	5,596	7,149	27.7%

FABS estimate & Co Data

Aldar - Margins

	4Q24	3Q25	4Q25F	YOY Ch	QoQ Ch	2024	2025F	Change
Gross Profit	36.5%	34.3%	33.6%	-286	-69	35.0%	34.2%	-82
EBITDA	35.6%	31.0%	32.9%	-267	191	33.5%	33.0%	-48
Operating Profit	27.3%	27.9%	25.8%	-150	-204	26.6%	27.4%	76
Net Profit	25.2%	19.1%	23.4%	-184	435	24.3%	22.3%	-208

FABS estimate & Co Data

4Q25 preview: Tecom Group

Double-digit growth in leasing revenue to increase bottom line

Current Price AED 3.39	12-m Target Price AED 4.10	Upside/Downside (%) +20.9%	Rating BUY
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4Q25 estimate

Tecom Group's (TECOM/the Company) net profit is anticipated to grow 28.2% YOY to AED 366 Mn in 4Q25, mainly due to an estimated growth in sales and lower G&A expenses, marketing expenses, and finance cost, partially offset by an anticipated rise in direct costs, other expenses, depreciation expenses, tax expenses coupled with decline in other income and finance income. TECOM's sales are estimated to rise 14.1% YOY to AED 734 Mn in 4Q25, due to solid double-digit estimated growth across all the revenue segments, except service segment. The direct cost is projected to grow 4.6% YOY to AED 252 Mn in 4Q25. As a result, gross profit is estimated to expand 19.8% YOY to AED 482 Mn in 4Q25 with an expected expansion in gross profit margin of 311 bps YOY to 65.7% in 4Q25. G&A expenses are anticipated to fall 16.3% YOY to AED 45 Mn in 4Q25. Similarly, marketing and selling expenses are estimated to decline from AED 26 Mn in 4Q24 to AED 21 Mn in 4Q25. Moreover, other income is forecasted to decline from AED 25 Mn in 4Q24 to AED 22 Mn in 4Q25. Other expenses are projected to rise substantially from AED 3 Mn in 4Q24 to AED 7 Mn in 4Q25. Thus, TECOM's operating profit is estimated to rise 24.8% YOY to AED 431 Mn in 4Q25. Depreciation & amortisation is anticipated to expand 8.6% YOY to AED 123 Mn in 4Q25. Hence, EBITDA is projected to rise 20.8% YOY to AED 554 Mn in 4Q25, with an expected expansion in EBITDA margin from 71.3% in 4Q24 to 75.4% in 4Q25. The Company's finance income is anticipated to decline 9.2% YOY to AED 10 Mn in 4Q25, whereas the finance cost is expected to fall 1.4% YOY to AED 63 Mn in 4Q25. TECOM's tax expense is anticipated to rise from AED 7 Mn in 4Q24 to AED 12 Mn in 4Q25.

2025 forecast

TECOM's net profit is projected to rise 20.2% YOY to AED 1,477 Mn in 2025, owing to an estimated increase in sales, lower G&A expenses, and marketing & selling expense, partially offset by an anticipated rise in direct costs, other expenses, D&A expenses, finance cost and tax expenses coupled with lower other income and finance income. The Company's sales are anticipated to rise 18.5% YOY to AED 2,848 Mn in 2025, due to a solid performance expected across all its revenue segments. Revenue from Commercial Leasing is forecasted to rise 18.1% YOY to AED 1,438 Mn in 2025, and revenue from Industrial Leasing is estimated to grow 23.9% YOY to AED 442 Mn in 2025. On the other hand, revenue from Land Leasing is projected to grow 12.4% YOY to AED 598 Mn in 2025, and Services Revenue is estimated to increase 25.0% YOY to AED 369 Mn in 2025. Direct cost is anticipated to increase 13.5% YOY to AED 964 Mn in 2025. Thus, gross profit is estimated to rise 21.3% YOY to AED 1,884 Mn in 2025, with an expected expansion of margin by 152 bps YOY to 66.1% in 2025. G&A expenses are expected to shrink 13.1% YOY to AED 178 Mn in 2025, while the marketing and selling expenses are expected to fall marginally by 0.4% YOY to AED 54 Mn in 2025. Other income is expected to decline 30.2% YOY to AED 96 Mn in 2025. During the same period, other expenses are estimated to increase 14.9% YOY to AED 7 Mn in 2025. Thus, operating profit is expected to grow 22.2% YOY to AED 1,740 Mn in 2025. D&A expenses are anticipated to rise 12.8% YOY to AED 484 Mn in 2025. Tecom's EBITDA is forecasted to increase 20.0% YOY to AED 2,225 Mn, also EBITDA margin is expected to rise 95 bps YOY to 78.1% in 2025. The Company's finance income is projected to fall 42.4% YOY to AED 38 Mn in 2025, and finance cost is expected to rise 14.2% YOY to AED 255 Mn in 2025. The Company is estimated to incur income tax expenses of AED 46 Mn in 2025 compared to AED 38 Mn in 2024.

3Q25 outturn

TECOM's revenue soared 18.5% YOY to AED 724 Mn in 3Q25, attributed to continued capitalization on Dubai's robust economic fundamentals and strong demand for premium Commercial, Industrial, and Land assets. Commercial Leasing segment revenue rose 15.8% YOY to AED 367 Mn in 3Q25, with an occupancy level of 96% in September 2025. On the other hand, the Industrial Leasing segment revenue surged 24.6% YOY to AED 113 Mn in 3Q25, with an occupancy level of 96%. TECOM's revenue from land leasing grew 14.7% YOY to AED 150 Mn in 3Q25, with a healthy

occupancy level of 98%. The service revenue rose from AED 73 Mn in 3Q24 to AED 95 Mn in 3Q25. The Company's direct costs increased 12.6% YOY to AED 261 Mn in 3Q25. Thus, the gross profit grew 22.2% YOY to AED 463 Mn in 3Q25 and the gross profit margin also expanded by 192 bps YOY to 63.9% in 3Q25. The Company's G&A expenses declined 12.7% YOY to AED 49 Mn in 3Q25, whereas the selling and marketing expenses remained flat YOY to AED 9 Mn. Moreover, the other income declined significantly from AED 76 Mn in 3Q24 to AED 34 Mn in 3Q25. Other expenses remained steady at Nil in 3Q25. Thus, TECOM's total operating expenditure increased to AED 23 Mn in 3Q25, mainly due to a decline in other income. As a result, the operating profit rose 12.5% YOY to AED 440 Mn in 3Q25, while the operating margin declined from 63.9% in 3Q24 to 60.7% in 3Q25. The Commercial leasing segment EBITDA improved significantly to AED 283 Mn in 3Q25, up from AED 199 Mn in 3Q24, while the Industrial Leasing segment EBITDA grew 27.8% YOY to AED 75 Mn in 3Q25. However, TECOM's Land leasing EBITDA decreased 27.6% YOY to AED 133 Mn in 3Q25, while the Service segment EBITDA grew 25.7% YOY to AED 72 Mn in 3Q25. As a result, the Company's EBITDA surged 12.7% YOY to AED 563 Mn in 3Q25, with an EBITDA margin declined to 77.7% in 3Q25 compared to 81.8% in 3Q24. TECOM's finance income fell from AED 16 Mn in 3Q24 to AED 8 Mn in 3Q25, whereas the finance cost grew 17.4% YOY to AED 63 Mn in 3Q25. The Company recorded an income tax charge of AED 11 Mn in 3Q25.

Target price and recommendation

We maintain our BUY rating on TECOM with a revised target price of AED 4.10. The Company's top line grew at a healthy rate in 9M25, driven by increased occupancy, higher rental rates, and portfolio expansion, coupled with ongoing economic development across all economic sectors in Dubai and the UAE. EBITDA grew 20% YOY, reaching AED 1.7 Bn in 9M25 amid continued operational efficiencies across the portfolio. Funds from operations also improved to 16.0% YOY to AED 1,467 Mn in 9M25. In August 2025, TECOM Group invested AED 1.6 Bn to acquire 138 land plots spanning 33 Mn sqft in Dubai Industrial City. This investment addresses the strong and growing demand in the industrial sector. With this strategic expansion, TECOM's land lease portfolio now exceeds 209 Mn sqft, further solidifying Dubai Industrial City's status as a preferred destination for manufacturing and logistics companies. The expansion enhances the hub's capacity to cater to both existing and new clients, aligning with the UAE's industrial growth initiatives under Operation 300bn, "Make it in the Emirates," and the Dubai Economic Agenda 'D33'. Furthermore, the acquisition of Dubai Industrial City in 3Q25 brings TECOM Group's total strategic investments to AED 4.3 Bn since 2024, highlighting the effectiveness of the roadmap focused on long-term shareholder value creation and sustainable business growth. The Company maintained strong occupancy levels in 2025, with Commercial and Industrial occupancy rising to 96%, as of September 2025 from 94% in September 2024, and Land lease occupancy increasing by 8% YOY to 98% for the similar period. TECOM Group has launched Phase 4 of its Innovation Hub in Dubai Internet City, investing AED 615 Mn to build more high-quality (Grade-A) office space for global technology and digital companies. This has resulted in total investment in innovation hub project to AED 2 Bn. This reflects robust demand for the Group's high-quality assets, including Grade-A offices, logistics and storage facilities, and industrial land, supported by growing global investor interest in Dubai. TECOM Group maintains a diversified and high-quality portfolio spanning commercial, industrial, and land leasing assets across Dubai, supported by strong occupancy and consistent rental growth. The commercial leasing segment, with a total GLA of 10.9 Mn sqft and average rental rates of AED 164 per sqft in the CBD and AED 104 per sqft in non-CBD areas during 3Q25, driven by rent escalations, new leases, and strong tenant retention. The industrial leasing portfolio, comprising 11.9 Mn sqft of GLA with average rental rates rising to AED 29 per sqft for warehouses and AED 414 per bed for worker accommodation during 3Q25, supported by continued demand from logistics and manufacturing tenants. Meanwhile, the land leasing segment, with 186 Mn sqft of industrial land, saw rental rates increase to AED 3.1 per sqft in 3Q25. TECOM Group announced that 55% of its commercial GLA is now LEED-certified, following 12 new certifications in H1 2025. This brings its total to 55 certified buildings. The current portfolio of Tecom includes 1,177 warehouses, 155 commercial buildings, and 92 worker accommodation buildings. The management expects 15-17% YOY revenue growth during 2025, along with 18-20% YOY EBITDA expansion. The Company also distributed a dividend of AED 400 Mn (AED 8 fils per share) for the period of 1H25. Additionally, Tecom is expected to pay AED 440 Mn (10% higher) in dividends for 2H25, as per the revised policy. Thus, considering the above-

mentioned factors, we assign a BUY rating on the stock.

Tecom Group – Relative Valuation

(at CMP)	2020	2021	2022	2023	2024	2025E
PE (X)	29.44	22.66	17.77	15.81	13.88	11.54
PB (X)	2.76	2.30	2.16	2.69	2.54	2.31
EV / EBITDA	18.04	14.55	13.21	13.11	12.43	10.09
BVPS (AED)	1.234	1.485	1.579	1.266	1.342	1.477
EPS (AED)	0.116	0.150	0.192	0.216	0.246	0.295
DPS (AED)	0.130	0.370	0.345	0.160	0.160	0.168
Dividend yield (%)	3.8%	10.9%	10.2%	4.7%	4.7%	5.0%

FABS estimate & Co Data

Tecom Group - P&L

AED Mn	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Sales	643	724	734	14.1%	1.4%	2,402	2,848	18.5%
Direct cost	-241	-261	-252	4.6%	-3.5%	-850	-964	13.5%
Gross profit	402	463	482	19.8%	4.2%	1,552	1,884	21.3%
G&A expenses	-53	-49	-45	-16.3%	-8.0%	-205	-178	-13.1%
Marketing & Selling exp.	-26	-9	-21	-17.5%	140.3%	-54	-54	-0.4%
Other income	25	34	22	-10.5%	-35.0%	138	96	-30.2%
Other expenses	-3	0	-7	183.8%	NA	-6	-7	14.9%
Total OPEX	-57	-23	-51	-10.6%	119.4%	-128	-143	12.0%
Operating profit	346	440	431	24.8%	-1.9%	1,424	1,740	22.2%
Depreciation & Amortization	113	123	123	8.6%	-0.5%	429	484	12.8%
EBITDA	458	563	554	20.8%	-1.6%	1,854	2,225	20.0%
Finance income	11	8	10	-9.2%	28.9%	66	38	-42.4%
Finance cost	-64	-63	-63	-1.4%	-0.9%	-224	-255	14.2%
Profit before zakat	293	384	379	29.2%	-1.5%	1,267	1,523	20.2%
Income tax	-7	-11	-12	66.4%	11.5%	-38	-46	19.5%
Profit to shareholders	286	373	366	28.2%	-1.8%	1,228	1,477	20.2%

FABS estimate & Co Data

Tecom group - Margins

	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	62.5%	63.9%	65.7%	311	175	64.6%	66.1%	152
EBITDA	71.3%	77.7%	75.4%	418	-229	77.2%	78.1%	95
Operating Profit	53.7%	60.7%	58.7%	502	-198	59.3%	61.1%	181
Net Profit	44.4%	51.5%	49.9%	549	-163	51.1%	51.9%	73

FABS estimate & Co Data

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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