FAB SECURITIES
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First Look Note | 2Q26

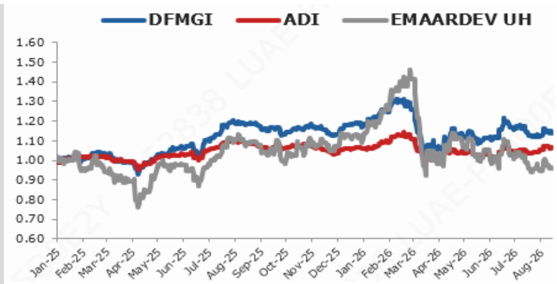
UAE Equity Research | Sector: Real Estate | Market: DFM

Emaar Development

Strong revenue growth and execution drive robust profitability

Current Price	Target Price	Upside/Downside (%)	Rating
AED 13.12	AED 18.00	+37%	BUY

- Property sales stood at AED 22.4 Bn in H1 2026, while revenue backlog increased to AED 127.7 Bn, providing revenue visibility over the coming four to five years.
- EMAARDEV has c. 51,400 residential units under construction as of 2Q26, with projects substantially sold at around 94%.
- Maintained a strong balance sheet with AED 46.0 Bn cash and cash equivalents incl. fixed deposits (as of June 2026).
- The Company also launched new landmarks with a total value of AED 200 Bn in 1H26, further strengthening its development pipeline.



Stock Information	
Market Cap (AED, Mn)	52,480.00
Paid Up Capital (Mn)	4,000.00
52 Week High	20.70
52 Week Low	12.05
3M Avg. daily value (AED)	46,862,330

2Q26 Result Review (AED, Mn)	
Total Assets	89,375
Total Liabilities	45,384
Total Equity	43,991
EBITDA	3,366
Net Profit	2,639

Financial Ratios	
Dividend Yield (12m)	7.59
Dividend Pay-out (%)	35.35
Price-Earnings Ratio(x)	4.00
Price-to-Book Ratio (x)	1.35
Book Value (AED)	9.71
Return on Equity (%)	38.45

Stock Performance	
5 Days	-1.35%
1 Months	0.00%
3 Months	-4.37%
6 Months	-32.72%
1 Year	-11.65%
Month to Date (MTD%)	1.23%
Quarter to Date (QTD%)	-5.07%
Year to Date (YTD%)	-13.40%

2Q26 Net Profit in-line with our estimate

Emaar Development PJSC (EMAARDEV/The Company) reported a 43.6% YOY increase in net profit attributable to equity shareholders to AED 2,639 Mn in 2Q26, in-line with our estimate of AED 2,586 Mn. The growth in net profit is primarily driven by a substantial rise in revenue due to strong project execution and operational efficiencies, an increase in finance income, and significant increase in the share of results of joint ventures. This was partially offset by a rise in costs of revenue, SG&A expenses, finance cost, share of profit to non-controlling shareholders and tax charges coupled with decline in other income.

P&L Highlights

Emaar Development's revenue surged 32.1% YOY to AED 6,480 Mn in 2Q26, primarily driven by higher revenue recognition from the sale of residential units and the sale of commercial units. Revenue from the sale of residential units rose 30.3% YOY to AED 5,944 Mn in 2Q26, while revenue from commercial unit sales, plots of land, and development services increased from AED 345 Mn in 2Q25 to AED 536 Mn in 2Q26. The Company's cost of revenue increased 26.3% YOY to AED 2,739 Mn in 2Q26. As a result, gross profit grew 36.7% YOY to AED 3,741 Mn in 2Q26, and gross margins expanded 194 bps YOY to 57.7% in 2Q26. Selling, general and administrative expenses expanded from AED 400 Mn in 2Q25 to AED 725 Mn in 2Q26, due to an increase in sales & marketing expenses, payroll & related expenses and other expenses partially offset by decline in property management expenses and depreciation. Thus, operating profit increased 29.1% YOY to AED 3,017 Mn in 2Q26. However, operating margin declined 108 bps YOY to 46.6% in 2Q26. EBITDA rose 36.6% YOY to AED 3,366 Mn in 2Q26. Finance income increased 28.6% YOY to AED 425 Mn in 2Q26, due to an increase in income on fixed and call deposits with banks partially offset by decline in other finance income. Finance costs increased significantly from AED 46 Mn in 2Q25 to AED 79 Mn in 2Q26. Other income decreased 17.8% YOY to AED 39 Mn in 2Q26. In 2Q26, share of results from JVs rose sharply from AED 74 Mn in 2Q25 to AED 308 Mn in 2Q26. Meanwhile, the share of profit attributable to non-controlling interest holders also rose by 9.8% YOY to AED 561 Mn in 2Q26. Additionally, the Company recorded a tax charge of AED 509 Mn in 2Q26, compared to tax of AED 393 Mn in 2Q25.

Balance Sheet Highlights

Emaar Development's total debt remained unchanged at AED 3.7 Mn in 2Q26 compared to 1Q26. Cash and cash equivalents declined from AED 46.8 Bn in 1Q26 to AED 41.1 Bn in 2Q26. Total assets also remained stable at AED 89.4 Bn in 2Q26 as compared to AED 89.1 Bn in 1Q26. The value of development properties increased 3.8% QOQ to AED 22.8 Bn in 2Q26.

Target Price and Rating

We maintain our rating on Emaar Development to BUY with a revised target price of AED 18.00. Despite lower quarterly property sales, the Company maintained strong revenue visibility, with revenue backlog reaching AED 127.7 Bn as of 2Q26, to be recognised over the next four to five years. This backlog is supported by c. 51,400 residential units under construction. The Company's property sales stood at AED 22.4 Bn in 1H26, reflecting a moderation amid regional geopolitical uncertainty. The slowdown was primarily attributable to a deliberate moderation in new project launches rather than a structural deterioration in underlying demand. EMAARDEV remains focused on protecting pricing and backlog quality, while calibrating the pace of launches in line with market absorption. During 1H26, the Company continued to expand its project portfolio across key master-planned communities. Earlier in 2026, the Company launched Serro, Serro II and Salva under The Heights Country Club & Wellness, with project values of AED 2.9 Bn, AED 3.1 Bn and AED 4.0 Bn, respectively, while Palmiera Collective under The Oasis had a project value of AED 655 Mn. The Company has sold 4,096 units in 1H26, reflecting strong customer trust and brand loyalty. The Company also launched new landmarks with a total value of AED 200 Bn in 1H26, further strengthening its development pipeline. As of 2Q26, c. 51,400 residential units were under construction, with projects substantially sold at around 94%, while more than 84,000 residential units have been delivered since 2002. The Company continues to operate a de-risked business model, with construction funded through pre-sales. On average, 60-70% of units are pre-sold and 20-30% cash collection is achieved before construction commencement. EMAARDEV c. 92% of off-plan projects are sold, while the default rate remains below 1% of sales value. The Company's financial position remained robust in 2Q26, with AED 46.0 Bn cash and cash equivalents incl. fixed deposits, while debt remained stable at AED 3.7 Mn, providing significant financial flexibility to support future development and growth. Given these factors, we maintain BUY rating on the stock.

Emaar Development - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	16.20	13.80	7.93	6.89	4.64	4.19
PB	3.63	3.03	2.30	1.85	1.41	1.15
EV/EBITDA	11.86	10.39	4.73	3.42	1.17	1.01
BVPS	3.623	4.332	5.710	7.097	9.318	11.454
EPS	0.811	0.952	1.657	1.908	2.829	3.136
DPS	NM	0.520	0.521	0.680	1.000	1.050
Dividend yield	NM	4.0%	4.0%	5.2%	7.6%	8.0%

FABS Estimates & Co Data

Emaar Development – P&L

AED Mn	2Q25	1Q26	2Q26	2Q26F	Var	YOY Ch	QOQ Ch	2025	2026F	Change
Revenue	4,905	6,856	6,480	6,583	-1.6%	32.1%	-5.5%	27,486	31,940	16.2%
Cost of Revenue	-2,169	-3,074	-2,739	-2,963	-7.5%	26.3%	-10.9%	-11,948	-14,373	20.3%
Gross Profit	**2,737**	**3,782**	**3,741**	**3,621**	3.3%	**36.7%**	**-1.1%**	**15,537**	**17,567**	**13.1%**
S&G Expenses	-400	-546	-725	-533	35.9%	NM	32.8%	-2,119	-2,619	23.6%
Operating Profit	**2,336**	**3,236**	**3,017**	**3,088**	-2.3%	**29.1%**	**-6.8%**	**13,419**	**14,948**	**11.4%**
EBITDA	**2,464**	**3,697**	**3,366**	**3,448**	-2.4%	**36.6%**	**-8.9%**	**14,332**	**16,621**	**16.0%**
Finance Income	331	409	425	361	17.8%	28.6%	3.8%	1,459	1,492	2.2%
Finance Cost	-46	-54	-79	-84	-5.6%	NM	46.2%	-284	-304	7.1%
Other Income	47	32	39	59	-34.8%	-17.8%	22.2%	182	224	22.5%
Share of results of JVs	74	427	308	297	3.6%	NM	-27.8%	717	1,434	NM
Profit for the year	**2,742**	**4,049**	**3,709**	**3,721**	-0.3%	**35.3%**	**-8.4%**	**15,493**	**17,792**	**14.8%**
Tax	-393	-543	-509	-540	-5.6%	29.5%	-6.1%	-1,885	-2,580	36.8%
NCI	511	584	561	595	-5.8%	9.8%	-4.0%	2,291	2,669	16.5%
Net Profit	**1,838**	**2,923**	**2,639**	**2,586**	**2.0%**	**43.6%**	**-9.7%**	**11,316**	**12,543**	**10.8%**

FABS estimate & Co Data

Emaar Development - Margins

	2Q25	1Q26	2Q26	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	55.8%	55.2%	57.7%	194	258	56.5%	55.0%	-153
EBITDA	50.2%	53.9%	51.9%	172	-197	52.1%	52.0%	-10
Operating Profit	47.6%	47.2%	46.6%	-108	-65	48.8%	46.8%	-202
Net Profit	37.5%	42.6%	40.7%	326	-190	41.2%	39.3%	-190

FABS estimate & Co Data

Key Developments:

- **29th July 2026:** Emaar Development and ADCB have partnered to offer streamlined financing solutions for ready and off-plan properties in Dubai, including up to 50% financing for eligible off-plan buyers with annually renewable pre-approval until handover. ADCB is also offering rates starting at 3.49% p.a. for three years, with nil processing and valuation fees, supporting affordability and home-buying demand.

Emaar Properties – Project Launches

Project Name	Units	Project Value (AED Mn)	Launch Period
Mareva	311	6,070	Dec-25
Mareva 2	346	6,473	Dec-25
Equestra	361	1,712	Nov-25
Equiterra	547	2,466	Nov-25
Equiterra 2	384	1,501	Nov-25
Lyvia	478	1,363	Oct-25
Creek Haven	273	820	Nov-25
Creek Bay	219	749	Nov-25
Ovelle	132	1,203	Nov-25
Avelia	139	1,305	Dec-25
Avarra by Palace	688	3,028	Nov-25

FABS Estimates & Co Data

UAE DEVELOPMENT: LAND BANK DETAILS

Project Name	Gross Land Area (Mn sq. ft)
The Heights Country Club & Wellness	59.8
Dubai Creek[1]	50.9
The Valley Garden	48.2
The Oasis - EP & ED[3]	34.5
Grand Polo Club & Resort	31.0
Ras Al Khor Plot	2.4
Address Al Marjan Island	0.4
Emaar Beachfront	0.1
UAE Wholly Owned	**227.3**
Expo Living	1.7
Dubai Estate[4]	33.4
Emaar South & Others	24.7
Dubai Hills	21.7
Rashid Yachts & Marina[2]	7.6
Total UAE Available Land Bank	**316.4**

FABS Estimates & Co Data

***Note**: [1] Emaar Properties PJSC has fully acquired Dubai Creek Harbour in December 2022 from JDA partner; [2]Rashid Yachts & Marina, formerly Mina Rashid, and 'Address Marjan Island', formerly 'Ras Al Khaimah'; [3] Includes ~27.8 Mn sq. ft. land under Emaar Properties PJSC and ~6.7 Mn sq. ft. land under Emaar Development PJSC; [4]Dubai Estate, formerly Emaar Estate.*

UAE DEVELOPMENT: EXPECTED DELIVERY SCHEDULE

Project Name	Total Delivered until 2026	Under Development	2026	2027	2028	2029	2030	2031
Downtown[1]	21,746	1,132	35	-	1,097	-	-	-
Dubai Creek Harbour[2]	11,959	7,673	806	1,901	755	2,856	1,355	-
Emaar Beachfront	3,612	2,261	-	697	1,337	860	227	-
Dubai Marina	5,298	666	-	440	-	-	226	-
Arabian Ranches	4,360	-	-	-	-	-	-	-
Arabian Ranches II	1,665	-	-	-	-	-	-	-
Arabian Ranches III	3,067	1,152	1,152	-	-	-	-	-
The Valley	1,948	6,668	406	1,816	2,736	-	850	-
Emirates Hills	14,968	277	277	-	-	2,502	-	-
Emaar Towers	168	-	-	-	-	-	-	-
Dubai Hills Estate	11,450	9,040	996	3,326	2,216	659	-	-
Umm Al Quwain	277	-	-	-	-	38	-	-
Rashid Yachts & Marina[3]	282	4,290	521	789	1,266	-	1,055	-
The Oasis - EP	-	671	-	380	253	1,013	-	-
Address Marjan Island	-	1,184	-	-	1,184	3,101	-	-
The Oasis - ED	-	1,670	-	-	-	-	657	-
Grand Polo Club and Resort	-	3,101	-	-	-	-	-	-
Business Bay	-	688	-	-	-	-	-	688
The Heights	-	1,263	-	-	-	-	1,263	-
A - Emaar Properties (Consolidated)	**80,800**	**41,736**	**4,193**	**9,349**	**10,844**	**11,029**	**5,633**	**688**
Emaar South	3,456	5,569	-	381	2,546	1,620	1,022	-
Zabeel Square	-	1,748	-	-	-	1,748	-	-
Expo Living	-	2,388	-	-	-	1,004	1,384	-
B - Joint Ventures	**3,456**	**9,705**	**0**	**381**	**2,546**	**4,372**	**2,406**	**0**
Total (A + B)	**84,256**	**51,441**	**4,193**	**9,730**	**13,390**	**15,401**	**8,039**	**688**

FABS Estimates & Co Data

Note: *[1]Downtown includes Burj Royale Project (Old Town LLC) where Group's share is 61.25%; [2]Emaar Properties PJSC has fully acquired Dubai Creek Harbour in December 2022 from JDA partner; [3]'Rashid Yachts & Marina', formerly 'Mina Rashid'.*

Valuation:

We use Discounted Free Cash Flow (DCF) and Relative Valuation (RV) to value Emaar Development. We have assigned 70% weight to DCF and 30% to the RV method.

Valuation Method	Target	Weight	Weighted Value
DCF Method	19.88	70.0%	13.92
Relative Valuation (RV)	13.62	30.0%	4.08
Weighted Average Valuation (AED)			**18.00**
Current market price (AED)			13.12
Upside/Downside (%)			+37%

1) DCF Method:

Emaar Development is valued using free cash flow to Equity since there is negligible debt in the company. We have discounted the cash flow using the cost of equity of 9.3%. The cost of equity is calculated by using a 10-year government bond yield of 5.1%, a beta of 1.00 and an equity risk premium of 4.2%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	27,257
Terminal value (AED, Mn)	51,861
FV to Common shareholders (AED, Mn)	**79,118**
Net debt as of June 2026	409
Equity Value	**79,528**
No. of share (Mn)	4,000
Current Market Price (AED)	13.12
Fair Value per share (AED)	**19.88**

DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Cash flow from operations	9,821	8,045	8,428	6,655	5,483
(-) Capex	-19	-32	-29	-19	-6
Free Cash Flow to Equity (FCFE)	**9,801**	**8,012**	**8,399**	**6,636**	**5,477**
Discounting Factor	*0.97*	*0.88*	*0.81*	*0.74*	*0.68*
Discounted FCFE	**4,740**[1]	**7,090**	**6,800**	**4,916**	**3,712**

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

2) Relative Valuation:

We have considered both domestic and international peers to value Emaar Development. The Company is valued at a 2026 PB multiple of 0.9x.

Company	Market	EV/EBITDA (x)		P/B (x)	
	(USD Mn)	2026F	2027F	2026F	2027F
Peers					
Dar Al Arkan	5,135	16.6	15.7	0.8	0.8
Aldar Properties	24,103	7.9	7.1	1.8	1.5
Palm Hills Developments	540	2.9	2.0	0.9	0.6
Sixth of October for Development Company	540	2.9	NA	0.9	NA
Saudi Real Estate Company	1,430	NA	NA	0.9	0.9
Tecom	5,418	10.3	10.1	2.2	2.2
Average		**8.1x**	**8.7x**	**1.3x**	**1.2x**
Median		**7.9x**	**8.6x**	**0.9x**	**0.9x**
Max		**10.3x**	**11.5x**	**1.6x**	**1.5x**
Min		**2.9x**	**5.8x**	**0.9x**	**0.8x**

Source: FAB Securities

Research Rating Methodology:

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

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