

Aldar Properties

Topline growth supported profitability, despite higher costs

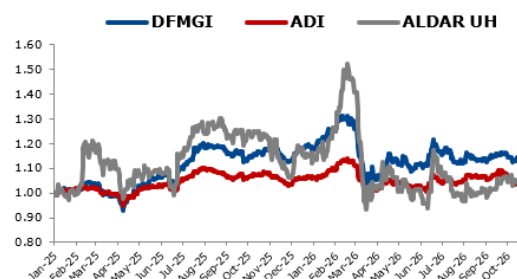
Current Price
AED 7.90

Target Price
AED 11.00

Upside/Downside (%)
+39%

Rating
BUY

- ALDAR's Development sales declined 33.3% YOY to AED 6.8 Bn in 3Q26.
- Backlog stood at AED 71.6 Bn as of 3Q26, providing clear visibility on revenue recognition over the next two to three years.
- Maintained a robust liquidity position of AED 38.2 Bn as of 9M26, comprising AED 18.3 Bn of free and unrestricted cash and AED 19.9 Bn of committed undrawn credit facilities.
- Maintained its FY2026 guidance in 3Q26, with Development sales expected at AED 30-34 Bn and Development EBITDA at AED 8.9-9.3 Bn, supported by stronger sales anticipated in 4Q26.



Stock Information

Market Cap (AED, Mn)	62,114.77
Paid Up Capital (Mn)	7,862.63
52 Week High	11.80
52 Week Low	7.03
3M Avg. daily value (AED)	91,416,780

3Q26 Result Review (AED, Mn)

Total Assets	131,671
Total Liabilities	75,935
Total Equity	55,736
EBITDA	3,024
Net Profit	1,913

Financial Ratios

Dividend Yield (12m)	2.59
Dividend Pay-out (%)	21.47
Price-Earnings Ratio(x)	7.29
Price-to-Book Ratio (x)	1.38
Book Value (AED)	5.74
Return-on Equity (%)	20.00

Stock Performance

5 Days	0.00%
1 Months	-3.78%
3 Months	3.27%
6 Months	-3.07%
1 Year	-16.40%
Month to Date (MTD%)	-3.19%
Quarter to Date (QTD%)	-3.19%
Year to Date (YTD%)	-9.20%

3Q26 Net Profit lower than our estimate

Aldar Properties PJSC (ALDAR/the Company) net profit attributable to equity shareholders increased 25.1% YOY to AED 1,913 Mn in 3Q26, lower than our estimate of AED 2,201 Mn. The increase in net profit was primarily driven by revenue growth, higher finance income and share of profit of associates, along with lower impairment provisions. This was partially offset by higher direct costs, general expenses, selling and marketing expenses, finance costs, income tax expenses and profit attributable to non-controlling interests, coupled with a decline in total other income.

P&L Highlights

ALDAR's revenue grew 16.4% YOY to AED 9,345 Mn in 3Q26. This growth was primarily driven by growth in revenue from both segments. Additionally, Aldar Development's backlog stood at AED 71.6 Bn as of 3Q26, providing clear visibility on revenue recognition over the next two to three years, including sizeable UAE backlog of AED 59.3 Bn. ALDAR's development revenue grew 20.1% YOY to AED 6,990 Mn in 3Q26, primarily supported execution of backlog. Investment revenue increased 6.6% YOY to AED 2,354 Mn in 3Q26, supported by increase in investment properties, Education and Estate. The Company's direct costs increased 13.0% to AED 5,958 Mn in 3Q26. As a result, gross profit grew 23.1% YOY to AED 3,387 Mn in 3Q26 with gross margin expanding from 34.3% in 3Q25 to 36.2% in 3Q26. The Company's general expenses increased 16.6% YOY to AED 571 Mn in 3Q26, while the selling and marketing expenses increased from AED 26 Mn in 3Q25 to AED 39 Mn in 3Q26. ALDAR's EBITDA increased 21.5% YOY to AED 3,024 Mn in 3Q26, with EBITDA margin increasing 136 bps YOY to 32.4% in 3Q26. Operating profit increased 24.2% YOY to AED 2,777 Mn in 3Q26, with operating margin expanding 185 bps to 29.7% in 3Q26. The share of profit of associates stood at AED 8 Mn in 3Q26 compared to loss of AED 2 Mn in 3Q25.

The Company's impairment provision decreased from AED 58 Mn in 3Q25 to AED 20 Mn in 3Q26. ALDAR's finance income increased 30.9% YOY to AED 275 Mn in 3Q26, and finance cost increased 37.0% YOY to AED 504 Mn in 3Q26. Also, the total other income decreased from AED 129 Mn in 3Q25 to AED 39 Mn in 3Q26, due to loss from revaluations of investment properties, decline in income from financial assets at FVTPL and gain on disposal of investment properties. The Company's income tax expenses increased 12.9% YOY to AED 324 Mn in 3Q26. Furthermore, profit attributable to non-controlling interest increased 1.9% YOY to AED 338 Mn in 3Q26.

Balance Sheet Highlights

ALDAR maintained a robust liquidity position as of September 2026, supported by AED 18.3 Bn of free and unrestricted cash and AED 19.9 Bn of committed undrawn credit facilities, resulting in total available liquidity of AED 38.2 Bn. The Project Management Services PMS backlog stood at AED 78.0 Bn, with AED 60.2 Bn of projects currently under construction, reflecting a healthy pipeline of government-led infrastructure and housing developments. Shareholders' equity increased from AED 43.2 Bn in 2Q26 to AED 45.1 Bn in 3Q26. The Company's total debt rose from AED 33.3 Bn in 2Q26 to AED 33.9 Bn in 3Q26. Additionally, cash and bank balances increased from AED 22.7 Bn in 2Q26 to AED 23.2 Bn in 3Q26.

Target Price and Rating

We maintain BUY rating with a target price of AED 11.00. Aldar Properties delivered a resilient financial and operating performance in 3Q26, supported by backlog conversion and resilient earnings from a diversified investment properties portfolio. However, the Company's Development sales declined 33.3% YOY to AED 6.8 Bn in 3Q26. UAE sales stood at AED 5.0 Bn in 3Q26 compared to AED 9.1 Bn in 3Q25. Despite the slowness in UAE sales, ALDAR continued to strengthen its development pipeline through seven launches in 3Q26- Al Ghadeer Gardens II, The Canopies, Sei Saadiyat, Al Ghadeer Parks I & II, Talay, Talay Beach, and Yas Riva. International Development maintained strong sales momentum during 9M26, with ALDAR's Egyptian development business recording sales of AED 3.0 Bn, increasing 99% YOY, supported by new project launches. London Square reported sales of AED 1.4 Bn, increasing 177% YOY during the same period, driven by four new project launches and continued expansion in the UK. The strong performance reflected continued execution of Aldar's international development strategy. Aldar's D-Hold pipeline expanded to AED 21.3 Bn in 3Q26, supported by AED 6.6 Bn of new projects added during 9M26 across residential, retail and education assets, strengthening future recurring income. ALDAR reported a 5-10% increase in construction costs for new contracts in 9M26. However, 89% of its UAE development backlog has already been awarded, largely under fixed-price contracts, limiting exposure to further cost increases. The Company also partnered with Arada on an AED 11 Bn development JV and announced an AED 1.1 Bn residential portfolio acquisition in Sharjah during the period. ALDAR acquired Masdar City Square for AED 918 Mn through its Mubadala JV, adding over 41,000 sq. m. of Grade A office space with 99% occupancy in 9M26, strengthening recurring income. The Company also continued expanding its industrial and logistics portfolio amid strong warehousing demand. ALDAR maintained a strong balance sheet in 3Q26, with liquidity increasing to AED 38.2 Bn from AED 37.1 Bn in 2Q26, comprising AED 18.3 Bn of unrestricted cash and AED 19.9 Bn of undrawn facilities as of 9M26. Net Debt-to-Adjusted EBITDA improved to 1.3x in 3Q26 from 1.4x in 2Q26, reflecting prudent leverage and financial flexibility. Management lowered its FY26 handover target to 2,600 units from 3,700 units due to construction delays, with some units now expected to be delivered in 2027. Management expects double-digit growth across Development and Investment businesses in 2027, supported by an AED 71.6 Bn development backlog, expanding recurring income portfolio and strong balance sheet. ALDAR maintained its FY26 guidance in 3Q26, with Development sales expected at AED 30-34 Bn and Development EBITDA at AED 8.9-9.3 Bn, supported by stronger sales anticipated in 4Q26. UAE Property Development Services gross profit margin guidance remained at 37-39%, despite higher construction costs. Group Adjusted EBITDA guidance stood at AED 12.3-12.7 Bn, while Investment Adjusted EBITDA guidance remained at AED 3.7-3.9 Bn. M&A contribution to Adjusted EBITDA is expected at AED 0.9-1.0 Bn for Aldar Development and AED 0.14-0.18 Bn for Aldar Investment. The Company also maintained M&A capital deployment and D-Hold capex guidance at AED 3-4 Bn each. Thus, we maintain a BUY rating to the stock.

Aldar - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	25.70	20.58	15.59	10.84	7.93	6.93
PB	2.21	2.10	1.92	1.71	1.46	1.24
EV/EBITDA	21.33	17.23	13.10	9.99	6.17	6.19
BVPS	3.424	3.606	3.951	4.438	5.182	6.083
EPS	0.295	0.368	0.486	0.699	0.955	1.092
DPS	0.150	0.160	0.170	0.185	0.205	0.233
Dividend yield	1.9%	2.0%	2.2%	2.3%	2.6%	2.9%

FABS Estimates & Co Data

Aldar - P&L

AED Mn	3Q25	2Q26	3Q26	3Q26F	Var	YOY Ch	QOQ Ch	2025	2026F	Change
Revenue	8,026	8,109	9,345	9,389	-0.5%	16.4%	15.2%	33,818	37,173	9.9%
Direct costs	-5,274	-5,183	-5,958	-5,956	0.0%	13.0%	14.9%	-22,243	-23,659	6.4%
Gross profit	2,752	2,925	3,387	3,433	-1.3%	23.1%	15.8%	11,575	13,513	16.7%
General expenses	-490	-491	-571	-498	14.8%	16.6%	16.2%	-2,021	-2,208	9.2%
Selling & Marketing exp.	-26	-20	-39	-28	38.6%	49.8%	NM	-133	-145	NM
EBITDA	2,488	3,327	3,024	3,216	-6.0%	21.5%	-9.1%	11,230	12,943	15.2%
EBIT	2,236	2,414	2,777	2,907	-4.5%	24.2%	15.0%	9,421	11,160	18.5%
Share of assoc.	-2	4	8	0	NM	NM	NM	0	13	NM
Provision/(reversal)	-58	21	-20	-19	5.0%	NM	NM	-460	-409	-11.1%
Finance income	210	255	275	264	4.0%	30.9%	7.7%	848	1,131	33.4%
Finance cost	-368	-492	-504	-412	22.3%	37.0%	2.5%	-1,397	-1,919	37.3%
Total other income	129	677	39	141	NM	-70.0%	NM	1,552	1,413	-9.0%
Profit before tax	2,148	2,881	2,575	2,882	-10.6%	19.9%	-10.6%	9,964	11,389	14.3%
Income tax	-287	-312	-324	-327	-1.1%	12.9%	3.6%	-1,131	-1,292	14.3%
Profit after tax	1,861	2,568	2,251	2,555	-11.9%	21.0%	-12.3%	8,834	10,097	14.3%
Non-controlling interest	332	403	338	354	-4.4%	1.9%	-16.0%	1,223	1,403	14.8%
Net Profit	1,529	2,166	1,913	2,201	-13.1%	25.1%	-11.7%	7,611	8,693	14.2%

FABS estimate & Co Data

Aldar - Margins

	3Q25	2Q26	3Q26	YOY Ch	QOQ Ch	2025	2026F	Change
Gross margin	34.3%	36.1%	36.2%	195	16	34.2%	36.4%	212
EBITDA margin	31.0%	41.0%	32.4%	136	-867	33.2%	34.8%	161
Operating margin	27.9%	29.8%	29.7%	185	-6	27.9%	30.0%	217
Net Profit margin	19.1%	26.7%	20.5%	142	-623	22.5%	23.4%	88

FABS estimate & Co Data

Key Developments:

- **30 September 2026** - Aldar entered into an AED 15 Bn strategic partnership with Arada to jointly develop a mixed-use community spanning up to 1.5 Mn sqm at Seih Sdeirah, while Arada acquired three residential development plots on Yas Island covering over 27,500 sqm of land with a total gross floor area of c.130,000 sqm.
- **29 September 2026** - Aldar recorded over AED 5 Bn in sales from the launches of Talay and Yas Riva Reserve, with first-time Aldar customers accounting for 54% of buyers, while UAE nationals represented 31% and expatriate residents and overseas buyers accounted for 69% of sales.
- **18 September 2026** - Aldar launched Yas Riva Reserve, a gated waterfront community northeast of Yas Island comprising 292 four-, five- and six-bedroom villas, including 45 waterfront homes, with sales having commenced on 26 September 2026 at prices starting from AED 8.5 Mn.
- **17 September 2026** - Aldar launched Talay, the first residential community at Marsa Al Saadiyat, comprising 351 standalone four-, five- and six-bedroom villas, with sales having commenced on 23 September 2026.
- **16 September 2026** - Aldar and Mubadala acquired Masdar City Square for AED 918 Mn through their joint venture, adding over 47,000 sqm of commercial space across seven buildings with 99% occupancy and increasing the JV's Masdar City real estate portfolio to AED 4.7 Bn.
- **07 September 2026** - Aldar launched Sei Saadiyat, a residential development in Saadiyat Cultural District comprising 778 homes across six buildings, with the first phase featuring 265 homes across two buildings and sales having commenced on 16 September 2026.
- **04 September 2026** - Aldar completed Abu Dhabi's first off-plan mortgage registration under ADREC's new framework, with ADCB facilitating the initial transactions, allowing eligible customers who have paid at least 50% of the property value to secure financing for the remaining installments before handover.
- **31 July 2026** - Aldar generated AED 1.5 Bn in sales from the launch of The Canopies at Yas Point, with first-time Aldar customers representing 84% of buyers, while UAE nationals accounted for 40% and expatriate residents and overseas buyers contributed 60% of sales.
- **22 July 2026** - Aldar unveiled Marsa Al Saadiyat, an AED 100 Bn waterfront development spanning 6.4 Mn sqm with 8 km of coastline, Abu Dhabi's largest marina and residential communities planned to accommodate over 58,000 residents, alongside retail, hospitality, cultural and recreational amenities.
- **21 July 2026** - Aldar launched The Canopies, the first residential community at its AED 6 Bn Yas Point waterfront development, comprising 592 apartments across six buildings and over 10,000 sqm of landscaped open space, with sales having commenced on 29 July 2026.
- **22 June 2026** - Aldar announced a AED 385.8 Mn investment to relocate Cranleigh Abu Dhabi to a new purpose-built campus on Saadiyat Island, increasing capacity to 2,178 students from the 2027–28 academic year. The investment strengthens the Group's premium education platform, supports future enrolment growth and enhances long-term recurring income generation.
- **14 May 2026** - Aldar Properties PJSC has acquired a AED 1.1 bn residential rental development in Dubai Studio City, comprising 312 residential units and community retail space. The acquisition expands Aldar's recurring income portfolio, strengthens its presence in Dubai's residential rental market, and supports sustainable earnings growth through stable rental cash flows
- **12 May 2026** - Aldar Properties PJSC has entered into a partnership with Abu Dhabi's Department of Municipalities and Transport to develop integrated communities across more than 20 mn sqm. The partnership expands Aldar's development pipeline, reinforces its master developer position and creates long-term opportunities for sustainable revenue growth.
- **23 April 2026** - Aldar Properties PJSC has acquired an industrial and logistics portfolio in KEZAD for AED 650 Mn, adding 163,000 SQM of high-occupancy logistics assets to its investment portfolio, this can expand

Aldar's recurring income platform, strengthens its exposure to the fast-growing industrial and logistics segment and this positions the company to benefit from rising trade and manufacturing activity.

- **17 April 2026** - Aldar Properties PJSC has partnered with the Department of Municipalities and Transport to develop 9,000 value housing rental units across Abu Dhabi under the Value Housing Programme. The project expands Aldar's develop-to-hold pipeline, strengthens its recurring rental income base amid addressing growing housing demand.
- **20 February 2026** - Aldar Properties PJSC has raised USD 1.0 bn through hybrid notes issued to Apollo to strengthen its capital structure and increase its ownership in Aldar Investment Properties. This issue will improve financial flexibility, increase recurring income exposure and support future growth investments.
- **03 February 2026** - Aldar Properties PJSC has formed a AED 10 bn retail joint venture with Mubadala, combining Yas Mall and The Galleria Luxury Collection under a single platform. The transaction is expected to create operational synergies and reinforce Aldar's leadership in premium retail assets.
- **09 January 2026** - Aldar Properties PJSC priced USD 1.0 Bn subordinated dated hybrid notes. The 30.25-year notes are non-callable for 7.25 years and carry an initial yield of 5.95% with a 5.875% semi-annual coupon. The issuance was oversubscribed, with a peak orderbook of USD 4.2 Bn. Moreover, allocations comprised the Middle East 31%, the UK 27%, North America 24%, Asia 10%, and Europe 8%. Moody's assigned a Baa3 rating, coupled with disclosed liquidity of AED 29.7 Bn as of 30 September 2025.

Valuation:

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

Valuation Method	Target	Weight	Weighted Value
DCF Method	11.05	70.0%	7.73
Relative Valuation (RV)	10.89	30.0%	3.27
Weighted Average Valuation (AED)			11.00
Current market price (AED)			7.90
Upside/Downside (%)			+39%

1) DCF Method:

Aldar is valued using free cash flow to the firm. We have discounted the cash flow using the weighted average cost of capital of 7.9%. It is arrived after using the cost of equity of 9.5% and the after-tax cost of debt of 5.0% with a debt-to-equity ratio of 55.9%. The cost of equity is calculated by using a 10-year government bond yield of 4.8%, a beta of 1.00 and an equity risk premium of 4.1%. Government bond yield is calculated after adding Abu Dhabi's 10-year spread over a 10-year US risk-free rate. The cost of debt is calculated using the cost of debt of 5.6% after adjusting for a tax rate, arriving at an after-tax cost of debt of 5.0%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	21,910
Terminal value (AED, Mn)	87,645
Net Debt as of 2Q26 (AED, Mn)	(22,679)
Equity value of shareholders (AED, Mn)	86,876
No. of share (Mn)	7,863
Current Market Price (AED)	7.90
Fair Value per share (AED)	11.05

DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
NOPAT	9,868	10,416	11,181	11,823	12,258	12,751
D&A	766	804	849	897	948	1,000
Change in working capital	-6,523	-1,170	-2,359	-2,044	-1,917	-1,440
(-) Capex	-6,474	-5,326	-5,315	-4,908	-4,630	-4,755
Free Cash Flow to Firm (FCFF)	-2,362	4,725	4,356	5,768	6,658	7,555
Discounting Factor	0.99	0.91	0.85	0.79	0.73	0.67
Discounted FCFF	-583¹	4,320	3,692	4,531	4,849	5,100

Source: FAB Securities, ¹Adjusted for partial year

2) Relative Valuation:

We have used local peers to value Aldar, and it is valued using the EV/EBITDA multiple. It is valued at an EV/EBITDA multiple of 8.2x for FY2027, in line with peers.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)		P/B (x)	
		2026F	2027F	2026F	2027F	2026F	2027F
Emaar Properties	26,807	2.1	1.9	5.7	5.1	1.0	0.9
Dar Al Arkan Real Estate	5,145	15.0	13.0	19.8	13.8	0.8	0.8
Arabian Centres	1,734	14.6	10.5	7.0	5.5	0.4	0.4
Deyaar Development	839	1.1	0.9	5.1	4.6	0.0	0.0
TECOM Group	4,274	8.5	8.2	9.8	9.4	1.8	1.7
Average		8.3x	6.9x	9.5x	7.7x	0.8x	0.7x
Median		8.5x	8.2x	7.0x	5.5x	0.8x	0.8x
Max		14.6x	10.5x	9.8x	9.4x	1.0x	0.9x
Min		2.1x	1.9x	5.7x	5.1x	0.4x	0.4x

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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