Property Developers

Strong demand for residential and commercial spaces to boost profit

Sector Weighting:
MARKET WEIGHT

Property Market Outlook

The UAE Real Estate market continued its momentum in 3Q24 amid resilient global economic growth despite an uptick in inflation. Robust off-plan sales, an increase in residential sales transactions, and solid demand for quality spaces in the industrial segment and Grade A offices coupled with strong demand for Fashion and F&B segments across retail spaces drove the market for the UAE real estate sector in 3Q24. Rising rental rates across the retail, residential, office, and industrial spaces owing to limited availability of quality space and growing inquiries from occupiers led the market to stay in the favour of owners. According to data from DXB interact, the volume of off-plan sales in Dubai increased significantly from 22.5 thousand in 3Q23 to 31.8 thousand during 3Q24. The value of property sales grew from AED 64 Bn in 3Q23 to AED 69 Bn in 3Q24.

Rental rates in both Abu Dhabi and Dubai continue to increase across residential, industrial, office, and retail spaces. The average rent of Grade A offices within the Dubai Central Business District (CBD) rose 15% YOY to AED 2,630 per square meter per annum, while the average rent for Grade A offices in Abu Dhabi grew 10% YOY to AED 2,085 per square meter per annum in 2Q24. This growth is mainly attributable to a strong demand for quality office spaces and an increase in leasing activity. The vacancy rate for office spaces in the CBD region dropped to 8% in 2Q24 while Abu Dhabi witnessed a decline in vacancy rate to 21% driven by fierce competition to secure prime office spaces.

Similarly, apartment rents in Dubai experienced robust growth, outpacing the growth in villas. According to the data from Dubai Land Department (DLD) and Quanta, apartment rental rates in Dubai rose 10.1% YOY in 2Q24, while villa rents grew 9.7% YOY in 2Q24. In Abu Dhabi, apartment rental rates rose 6.6% YOY in 2Q24, while villa rental rates grew 2.5% during the same period. On the other hand, average villa sales prices in Dubai stood 27% higher than its peak prices in 2014, while rents were up 26%. Moreover, the hospitality segment witnessed strong occupancy across Dubai and Abu Dhabi during 2Q24. The occupancy rate in Dubai rose 1.0% YOY to 81% YTD in May 2024, while occupancy rates in Abu Dhabi grew 10.0% YOY to 80% during the same period. Additionally, Average Daily Rates in Dubai and Abu Dhabi increased 5% YOY and 13% YOY to AED 209 and AED 159 YTD in May 2024. The average rental rate of retail spaces in Dubai and Abu Dhabi rose 16% YOY & 11% YOY, respectively, across secondary and primary malls in 2Q24. This growth is mainly due to strong demand from the Fashion and Food & Beverages Segment and increased competition among retailers to secure prime retail spaces. Mall owners in Dubai and Abu Dhabi are adapting to changing consumer trends by introducing experiential concepts, unique dining options, and new fashion brands. Furthermore, mall operators continue to diversify their offerings by integrating clinics, workspaces, and other consumer services. This further intensifies the market competition, resulting in increasing rental rates and encouraging landlords to implement more stringent lease terms with tenants. The average rental rate for warehouses in Dubai rose 14% YOY to AED 411 per sq. meter per annum in 2Q24 while the average rental rate for warehouses in Abu Dhabi grew 10% YOY to AED 374 per sq. meter per annum. The increase in Industrial rental rates is mainly attributable to demand for Grade A warehouses that offer a solid trunk infrastructure.

The Central Bank of UAE (CBUAE) revised its 2024 real GDP growth projection from 3.9% to 4.0% in 3Q24. This revision is attributable to an improved performance in the oil sector. As a result, UAE's real GDP is projected to increase from 3.6% in 2023 to 4.0% in 2024, primarily due the improvement in oil activity. In addition, the CBUAE estimates the UAE's real GDP to grow 6.0% in 2025, a downward revision by 0.2%. The bounce back in the oil economy in 2025 will be mainly driven by a rebound in oil activity supported by solid momentum in the non-oil sector. The UAE's GDP rose 3.4% YOY in 1Q24, lower than the growth of 4.3% in the previous quarter. This decline in GDP compared to the last quarter is attributable to a moderated growth in the non-oil sector. The Central Bank estimates non-oil GDP growth to remain strong at 5.2% in 2024, while CBUAE revised its oil GDP forecast and expects it to rebound to 0.7% in 2024 and 7.7% in 2025. The growth of the non-oil sector will be backed by a strong performance in the construction, real estate, transportation, tourism, financial, and telecom sectors.

The number of real estate transactions in Dubai rose 37.9% YOY to 50,423 in 3Q24, while the transaction value grew 30.1% YOY to AED 141.9 Bn in 3Q24. Out of the total transactions, the apartment transactions rose significantly from 27,147 in 3Q23 to 39,054 in 3Q24, whereas villa transactions grew from 6,996 in 3Q23 to 8,156 in 3Q24. Commercial transactions rose from 992 in 3Q23 to 1,111 in 3Q24, while plots transactions increased substantially from 1,441 in 3Q23 to 2,102 in 3Q24. On the other hand, the number of residential real estate transactions in Abu Dhabi grew 2.3% YOY in 1H24. The apartment sales grew 39.0% YOY in 1H24, while villa sales declined 34.8% YOY during the same period. The increase in apartment sales was primarily due to the sales of ready units, which rose 32.7% YOY in 1H24 partially offset by a 9.4% YOY decline in off-plan sales.

The UAE's currency is pegged to the US dollar, and the UAE central bank closely follows the monetary policy of the US Federal Reserve. CBUAE reduced its benchmark rates by 50 bps to 4.9% in September 2024. The US Federal Reserve in its latest policy meeting, held in September 2024, reduced the benchmark interest rate by 50 bps, to a range of 4.75% to 5.0%. This marks the first rate cut by the Fed in four years. Additionally, policymakers are expecting further interest rate cuts equivalent to 50 bps by the end of 2024. We expect the demand for the real estate sector to prop up owing to the decline in interest rate cuts as borrowing rates will get cheaper, attracting more investors.

On the supply front in Dubai, the office market saw the addition of c.20,000 square meters of new office space during 2Q24. As a result, office stock in Dubai stood c.9.3 Mn square meters in 2Q24, while an additional 18,000 square meters of office GLA is expected to be delivered in Dubai during 2024. Additionally, to meet the increasing demand for commercial spaces, commercial real estate developers are launching new projects such as the Immersive Tower in Dubai which is expected to add approximately 59,000 sq. m. of Grade A offices in the Central Business District (CBD) by 2027. Besides, Aldar Properties announced its intention to develop office spaces across Saadiyat, Al Maryah, and Yas Islands. Abu Dhabi recorded an addition of c.7,500 square meters of new office space during 2Q24, resulting in a total office stock of 3.9 Mn square meters during 2Q24. In addition, there are plans to add a new office space spanning 125,000 square meters in 2024. Moreover, healthy demand for quality office spaces and limited supply will further pressurize rental rates in Dubai and Abu Dhabi. On the residential side, c.6,600 units were added in Dubai and 625 units in Abu Dhabi in 2Q24. Dubai is expected to witness delivery of c.20,000 residential units during 2024, whereas 4,000 residential units are anticipated to be added to Abu Dhabi. There were no additions in the retail spaces in both Dubai and Abu Dhabi in 2Q24. Resultantly, the total stock remained stable in both Dubai and Abu Dhabi at 4.8 Mn Sq. meter and 3.2 Mn respectively. Additionally, Dubai will deliver c.58,000 square meters of new retail spaces in 2024, while Abu Dhabi is expected to add 85,000 square meters of Gross Leasable Area (GLA) during the same period. The hospitality sector witnessed an addition of 122 keys in Dubai, resulting in a total stock of 154,800 keys in 2Q24, with an additional 4,500 rooms scheduled to be added throughout the year. Additionally, Abu Dhabi witnessed the delivery of 140 keys, resulting in a total stock of 32,600 rooms in 2Q24, with an additional 800 rooms scheduled to be added throughout the year.

UAE's real estate market is expected to see robust growth in office activity, with rising demand for Grade A office spaces. Though commercial real estate developers are launching new projects, the limited supply of these premium offices is expected to drive growth in rental rates. Turning to the residential sector, both Dubai & Abu Dhabi are expected to witness a rise in property prices and rental rates. Additionally, transaction volume for residential spaces is projected to rise, owing to an increase in UAE's population and strong demand for high-quality residential spaces. Furthermore, as competition in the retail market intensifies, real estate owners are expected to implement more stringent lease terms with tenants, resulting in higher rental rates in the retail sector.

Stock	TP	CMP	Gain	Rating	P/B (2024F)	Div. Yld (%) 2024F
Emaar Properties (AED)	11.25	8.59	**31.0%**	**BUY**	0.9	5.9%
Emaar Development (AED)	11.00	8.75	**25.7%**	**BUY**	1.3	6.0%
Aldar Properties (AED)	8.00	7.28	**9.9%**	**HOLD**	1.6	3.3%
TECOM GROUP (AED)	3.45	3.20	**7.8%**	**HOLD**	1.0	5.0%
RAK PROPERTIES (AED)	1.45	1.20	**20.8%**	**BUY**	0.5	2.9%

Source: FABS Estimate

Contents:

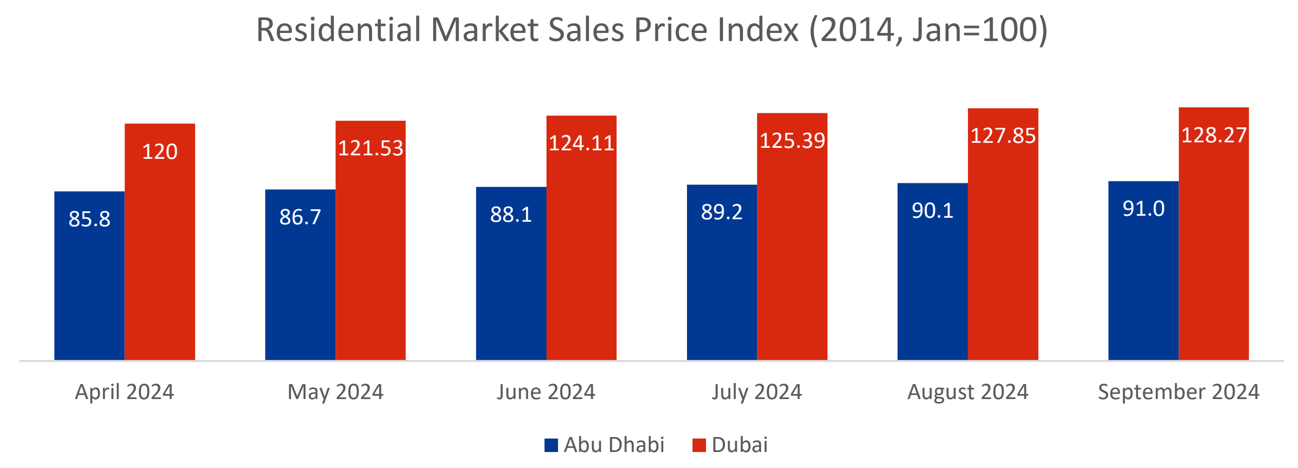
Real Estate Overview

Sales and Rent Price Indices for Residential Property

1. All Residential Market

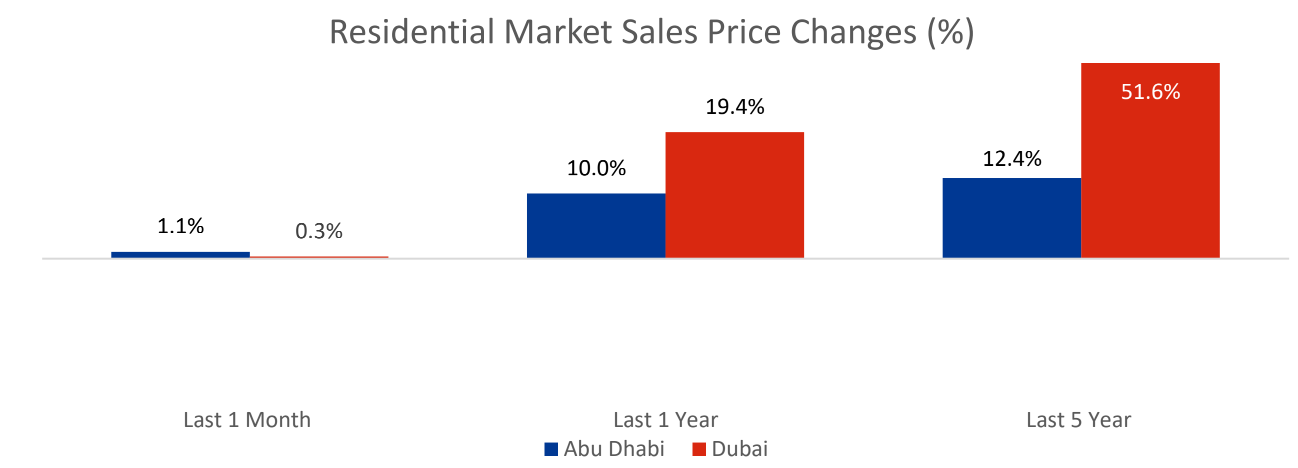
The Abu Dhabi Residential Property Sales Price Index rose from 90.1 in August 2024 to 91.0 in September 2024, while prices rose 10.0% YOY in September 2024. Furthermore, the Dubai Residential Property Sales Price grew from 127.9 in August 2024 to 128.3 in September 2024, while prices rose strongly 19.4% YOY during September 2024.

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



Source: Reidin

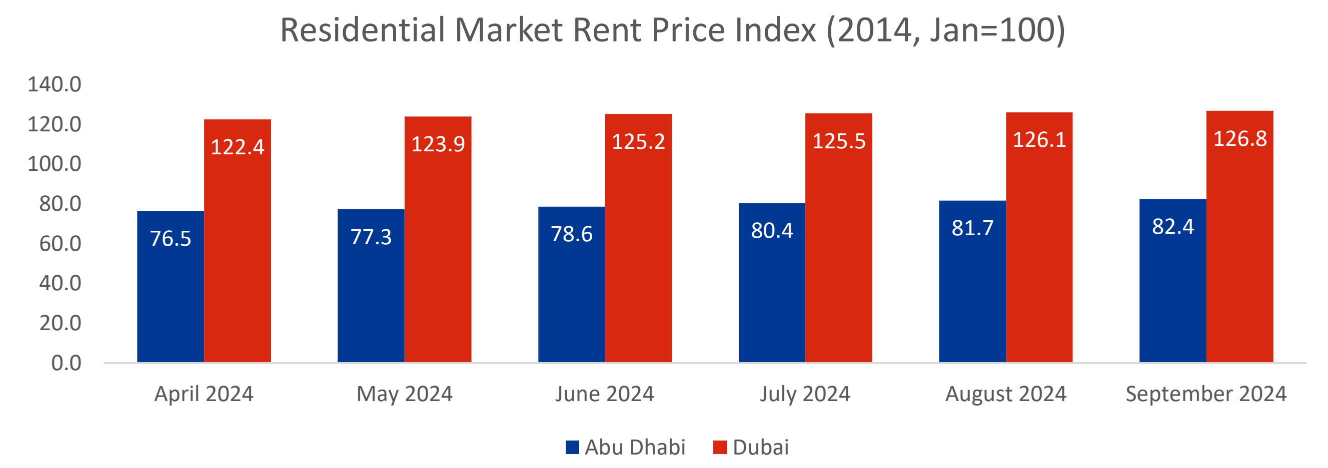
Residential Market Sales Price Changes



Source: Reidin

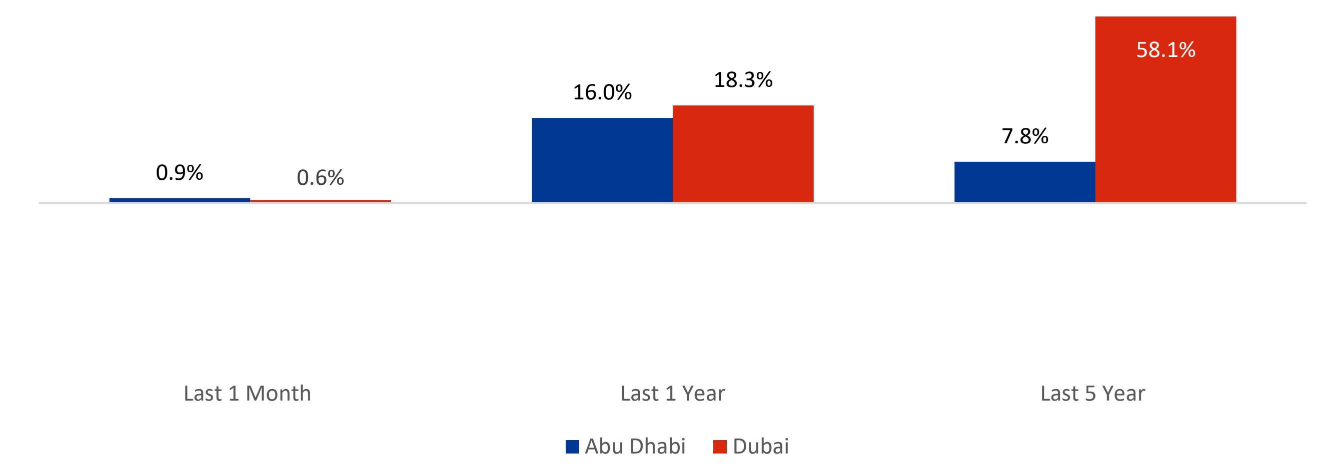
Both Abu Dhabi and Dubai experienced growth in rental rates on a YOY and MOM basis. The Abu Dhabi Residential Property Rent Price Index grew 0.9% MOM to 82.4 in September 2024, while prices rose 16.0% YOY during the same period. Likewise, the Dubai Residential Property Rent Price Index grew 0.6% MOM to 126.8, along with a strong price growth of 18.3% YOY during September 2024.

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



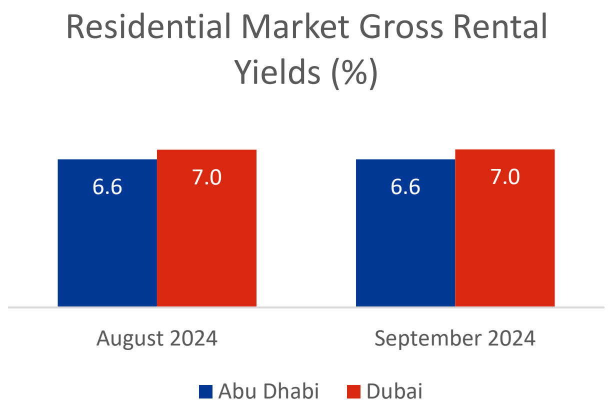
Source: Reidin

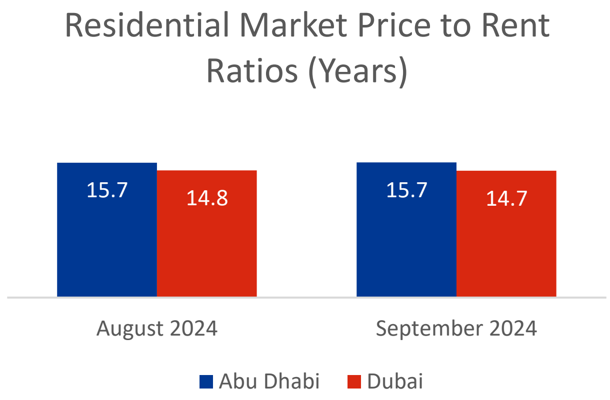
Residential Market Rent Price Changes (%)



Source: Reidin

Residential Gross Rental Yield (%)	Residential Price to Rent Ratio (Years)



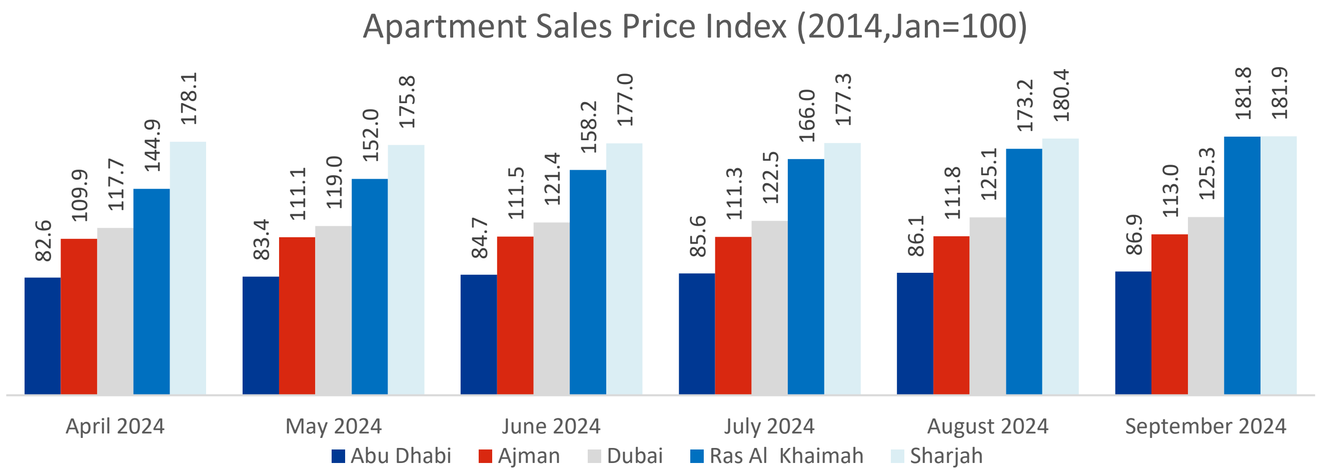


Source: Reidin

2. Apartments

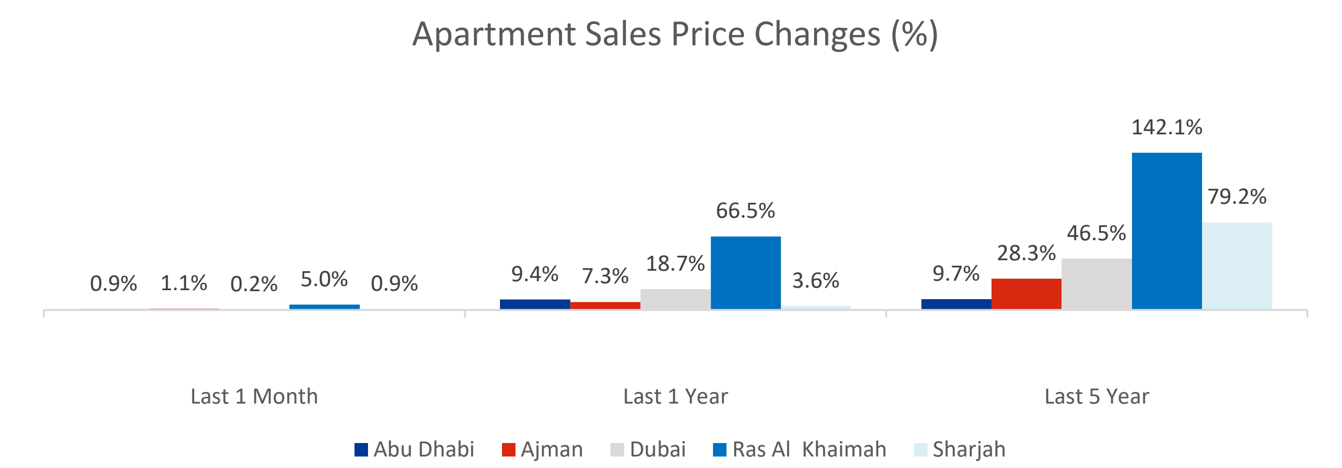
The Apartment sales price index in the UAE grew in all the regions on a MOM and YOY basis in September 2024. Sharjah's Sales Price Index for apartments grew 0.8% MOM to 181.9 in September 2024. Abu Dhabi Sales Price Index for apartments rose 0.9% MOM to 86.9 in September 2024. In Ajman, the index grew 1.1% MOM, reaching 113.0 in September 2024. Dubai's Apartments Sales Price Index rose 0.2% MOM, reaching 125.3 in September 2024. In Ras Al Khaimah, the Sales Price Index climbed 4.9% MOM to 181.8 in September 2024. Moreover, Apartment sales prices grew on a YOY basis in all the regions in the UAE. Ras Al Khaimah had the most significant growth in price of 142.1% YOY, followed by Sharjah of 79.2% YOY, and Dubai at 46.5% YOY in September 2024. Ajman and Abu Dhabi also recorded a growth in prices of 28.3% YOY and 9.7% YOY, respectively, in September 2024.

Apartment Sales Price Index (2014, Jan=100)



Source:Reidin

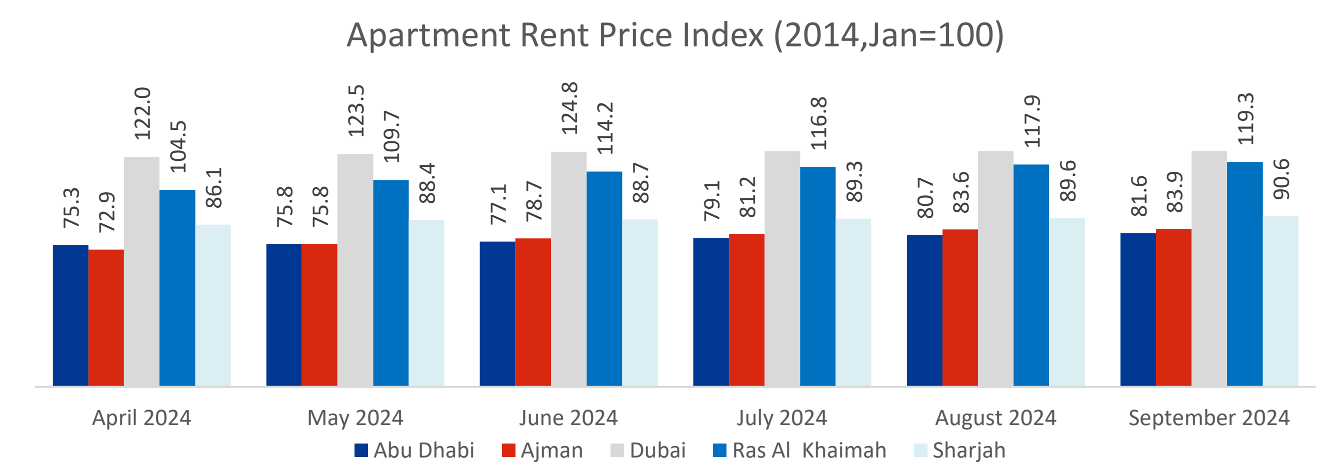
Apartment Sales Price Changes



Source:Reidin

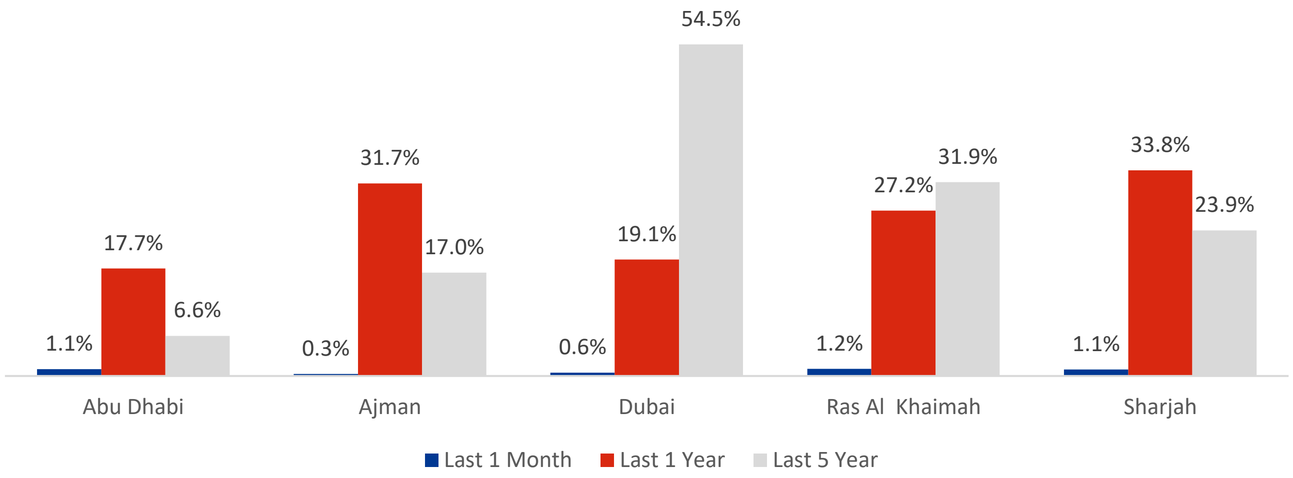
The apartment rent price index grew in all the regions in UAE on a MOM and YOY basis in September 2024. Ras Al Khaimah recorded the highest MOM growth in the apartment rental price index rising 1.2% MOM to 119.3 in September 2024, prices also recorded a growth of 27.2% YOY during September 2024. The Abu Dhabi Residential Property Rent Price Index for Apartments rose 1.1% MOM to 81.6 in September 2024 and rents also grew 17.7% on a YOY basis in September 2024. Sharjah Residential Property Rent Price Index for apartments grew 1.1% MOM to 90.6 in September 2024, while prices recorded a significant growth of 33.8% on YOY basis. Dubai Residential Property Rent Price Index for apartments grew 0.6% MOM to 126.2, prices also rose strongly 19.1% YOY in September 2024. Ajman Residential Property Rent Price Index for apartments also grew 0.3% MOM to 83.9 in September 2024, while prices rose 31.7% on YOY basis.

Apartment Rent Price Index (2014, Jan=100)



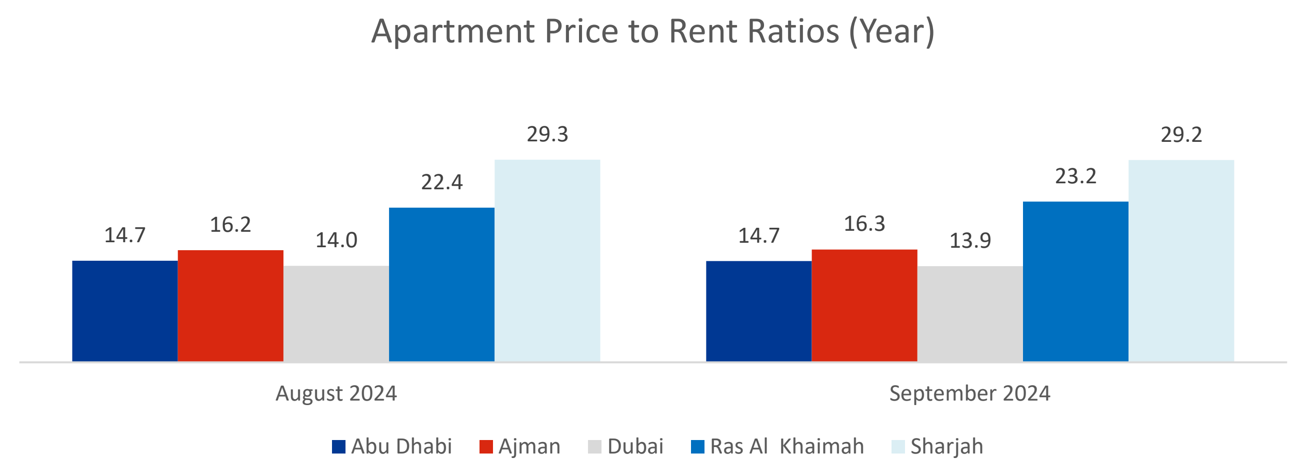
Source:Reidin

Apartment Rent Price Changes (%)



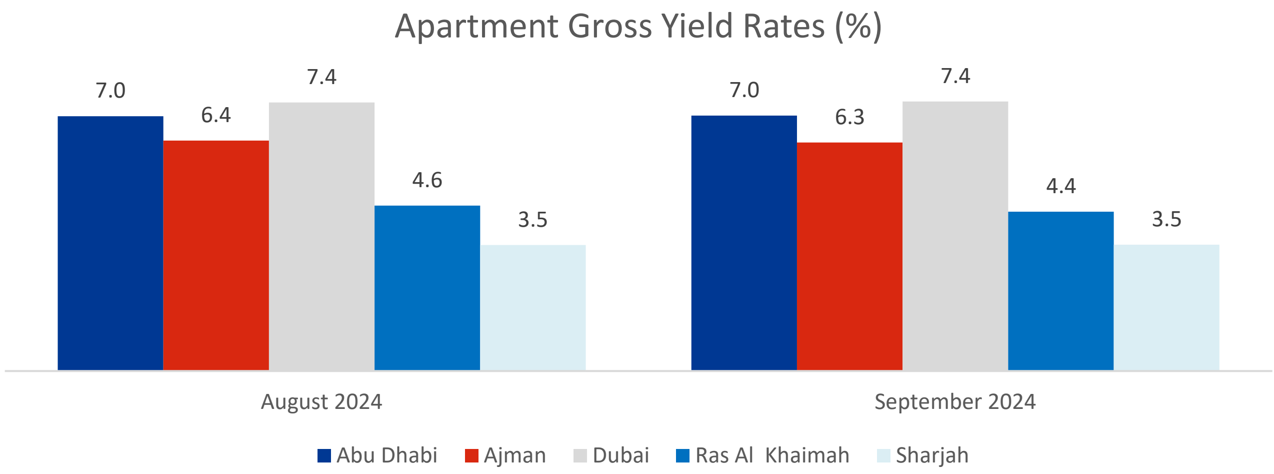
Source: Reidin

Apartment Price to Rent Ratios (Year)



Source: Reidin

Apartment Gross Yield Rates (%)

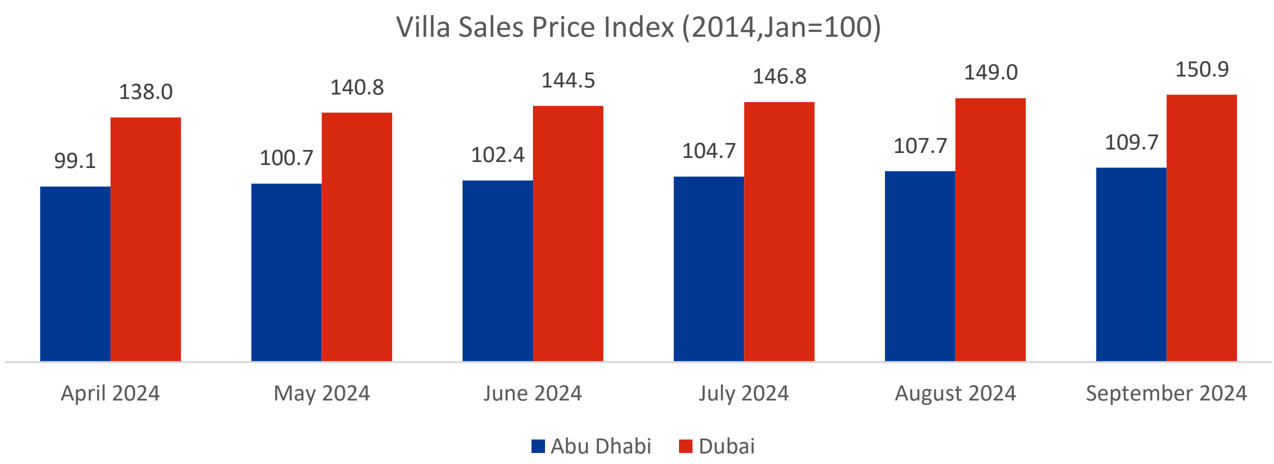


Source: Reidin

3. Villas

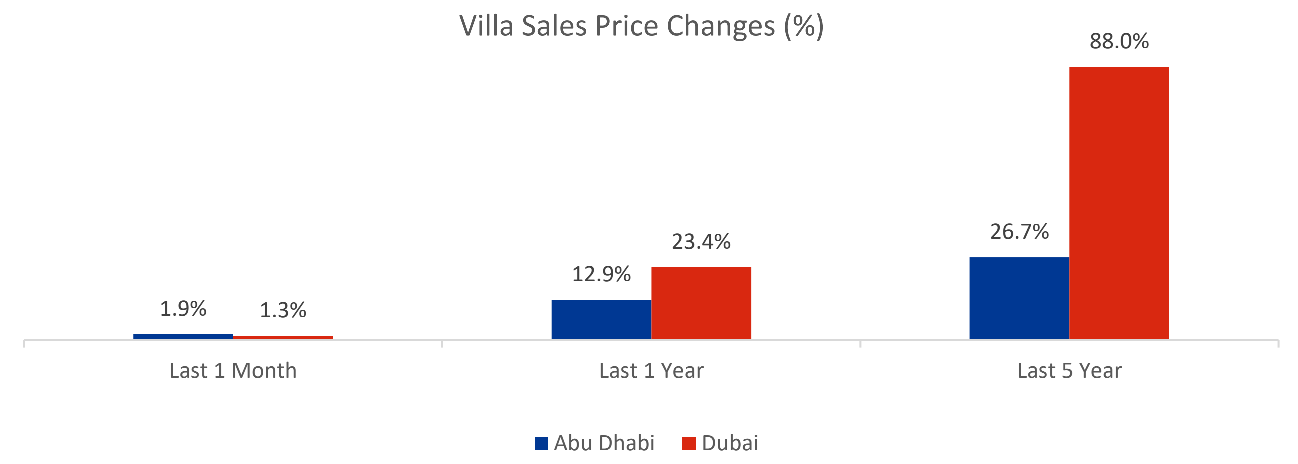
The Villa Sales price index grew in both Dubai and Abu Dhabi on a MOM basis in September 2024. The Abu Dhabi Sales Price Index for Villa rose 1.9% MOM to 109.7 in September 2024, moreover the prices grew 12.9% YOY during the same period. Whereas, Dubai Sales Price Index for Villa grew 1.3% MOM to 150.9 in September 2024. Prices also rose strongly 23.4% on YOY basis.

Villa Sales Price Index (2014, Jan=100)



Source: Reidin

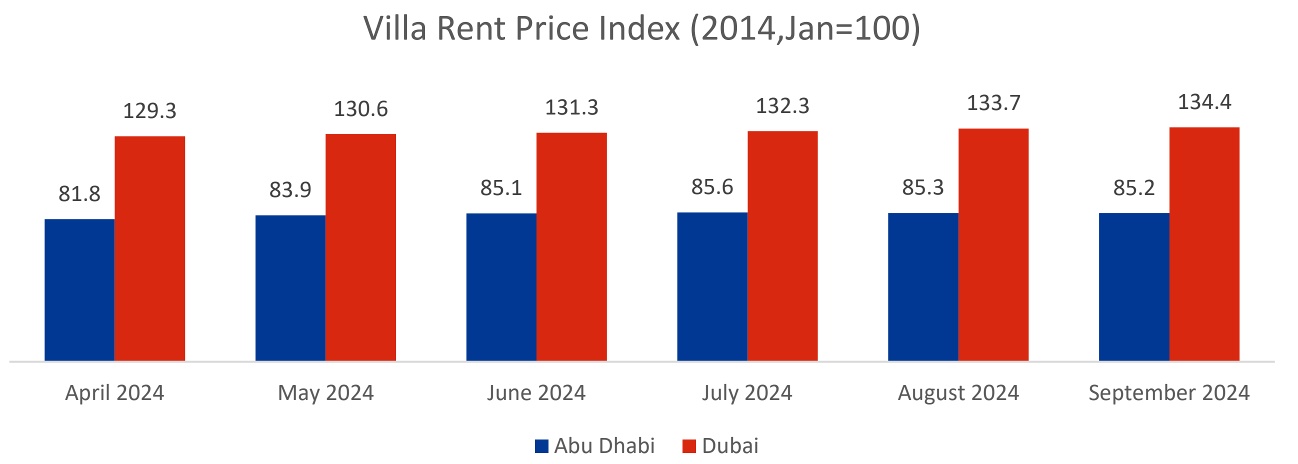
Villa Sales Price Changes



Source: Reidin

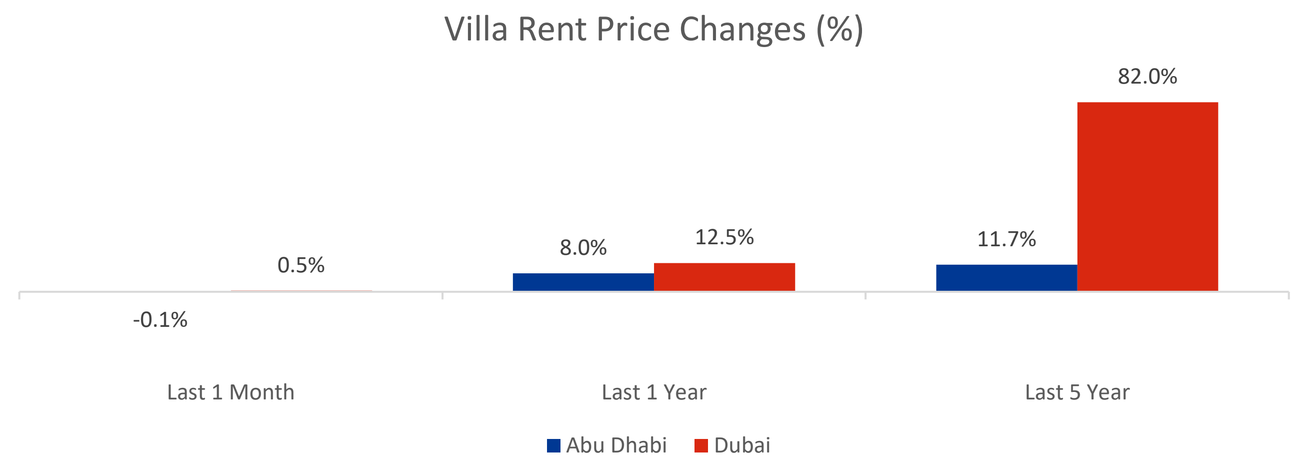
Dubai and Abu Dhabi witnessed growth in Villa rent on a MOM basis and YOY basis while Abu Dhabi witnessed a marginal decline. The Abu Dhabi Rent Price Index for Villa fell marginally 0.1% MOM to 85.2 in September 2024. The prices also rose 8.0% on a YOY basis in September 2024. Moreover, the Dubai Residential Property Rent Price Index for Villa grew marginally 0.5% MOM to 134.4 in September 2024. The Prices also rose strongly 12.5% on a YOY basis during the same period.

Villa Rent Price Index (2014, Jan=100)



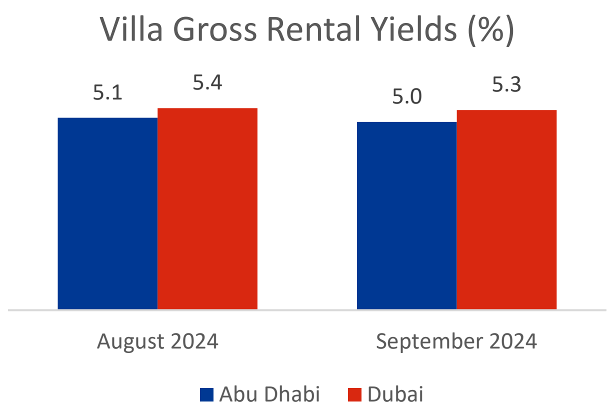
Source: Reidin

Villa Rent Price Changes

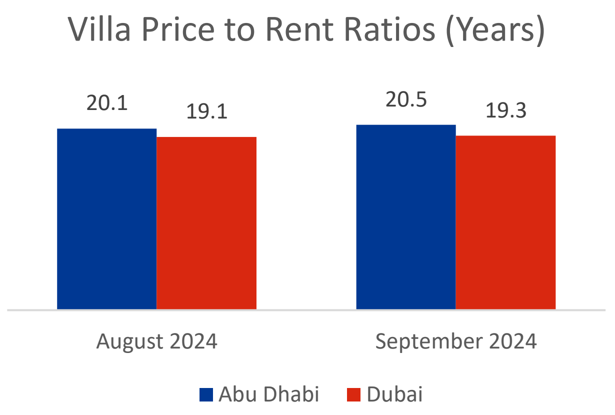


Source: Reidin

Villa Gross Rental Yield (%)



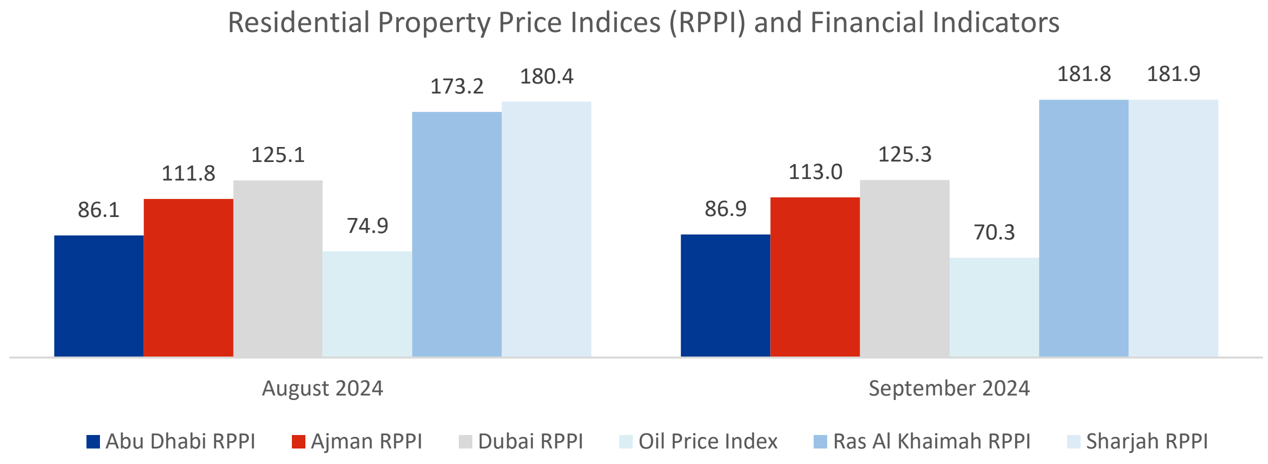
Villa Price to Rent Ratio (Year)



Source: Reidin

Different Asset Classes' Return on Investment

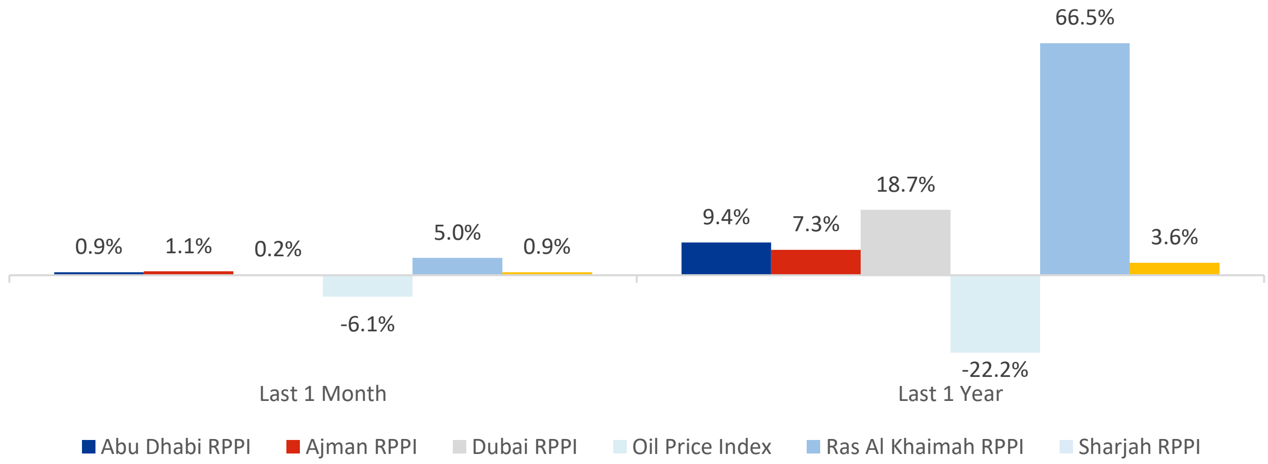
Residential Property Price Indices (RPPI) and Financial Indicators



Source: Reidin

Note: Oil price index based on OPEC basket price and Gold price index based on gold price dollar per ounce

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



Source: Reidin

Note: Oil price index based on OPEC basket price and Gold price index based on gold price dollar per ounce.

Macro Backdrop in the UAE

Real Estate and UAE Macroeconomic Outlook

Real estate trade value stood at USD 4.96 Bn in Sharjah during 1H24

The transaction value of real estate increased 35.6% YOY during 1H24 in Sharjah mainly due to an increase in sales transactions, with 10,809 transactions recorded in 1H24 compared to 6,592 in 1H23. Sharjah recorded the highest real estate transactions since 1H12 due to various developments that the emirate has observed in recent years attracting the interest of investors and buyers and gaining their confidence in the emirate's property market. The top 4 nationalities that invest in the emirate in terms of the number of properties are from UAE, India, Syria and Iraq.

Abu Dhabi records a significant increase in documented residential rental contracts during 1H24

Abu Dhabi records 102% growth in documented residential rental contracts during 1H24 with 49,135 contracts registered compared to 24,324 contracts registered during the same period in 2023. Abu Dhabi alone accounted 104.9% increase annually while AI Ain City recorded substantial growth of 77% in documented rental contracts.

Wynn Resorts contributes USD 514.4 Mn in Ras Al Khaimah (RAK) project

Wynn Resorts invested USD 514.4 Mn in the upcoming Wynn Al Marjan Island project, which will be UAE's first casino in Ras Al Khaimah. The casino resort operator expects demand from European and Indian markets after the property opens in 2027. The total equity is divided so that approximately USD 300 Mn is reserved for Wynn Al Marjan and more than USD 200 Mn for "the Marjan land bank and related infrastructure." The transaction facilitates the acquisition of a 40% pro rata share of the 155-acre Island on which the Wynn Al Marjan Island project will be constructed. As a result, the JV owns an additional land of more than 70 acres apart from the land occupied by Wynn Al Marjan which will encourage further development in future.

ENBD REIT sold two Dubai residential towers as part of the turnaround strategy

ENBD REIT sold two Dubai residential towers (Al Ramth 57 and 59), which represents 4% of the REIT's portfolio value, for growth and portfolio optimisation which is a part of their turnaround strategy and proactive asset management. Proceeds from sale have been used for reducing debt with loan being valued down to 49.4% from 51%.

ENBD REIT to rebalance its portfolio post-sale of Remraam towers

ENBD REIT is planning to rebalance its portfolio following the sale of two Al Ramth towers. The income generated from Remraam properties was lower than the amount of interest on the debt hence the REIT took advantage of high property prices and high demand to dispose of. Post-sale, the portfolio of REIT consists of 10 properties: 60% are offices and 20% are residential with a total value under USD 400 Mn. If the REIT sells an office asset next, it will consider investing across residential, retail or education sectors. So far, the REIT used the turnaround strategy to resolve the disconnect between its underlying value and share price with a strategy to deal with issues relating to the portfolio, revenue, operating costs, borrowing costs and management & fund costs.

TECOM Group to invest USD 93 Mn to develop Grade A office spaces in Dubai Internet city

TECOM Group announced investments of USD 93 Mn in Grade A office spaces with the launch of Innovation Hub Phase 3 in the Dubai Internet City, set to be completed by mid-2027. This new development will take TECOM group's total investments to USD 545 Mn.

Emirates REIT sells assets to extend sukuk

Emirates REIT will sell assets and pay down its USD 304.73 Mn sukuk to extend the instrument's maturity by 12 months as it struggled with raising funds via refinancing. However, for the extension to happen, the outstanding must be reduced to USD 230 Mn. In a market dominated by highly rated sovereign and bank credits, Emirates REIT is a stressed sukuk issuer. The REIT manager said that the outstanding will get below the USD 230 Mn threshold because of the ongoing process of selling assets.

Mubadala and Aldar partner to develop USD 8.17 Bn worth real estate assets

Mubadala and Aldar Properties will manage and develop assets worth USD 8.17 Bn in Abu Dhabi under a partnership agreement. The four new JVs will utilize Aldar's asset management expertise and Mubadala's land bank. Deal includes establishment of retail platform of AED 9 Bn which will own Aldar's Yas Mall, and Mubadala's The Galleria Luxury Collection on Al Maryah Island. The JV will build income-generating real estate assets along with wellness-focused luxury communities in prime locations of Abu Dhabi.

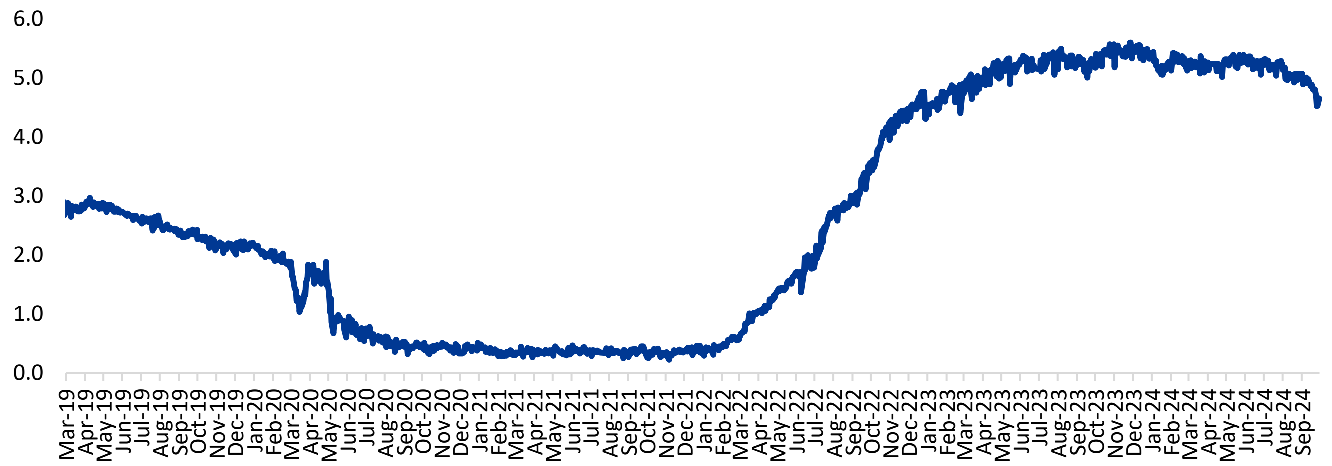
Aldar to spend USD 408 Mn on refurbishment of its existing hotels

Aldar Properties will spend USD 408 Mn on refurbishment of its existing hotels to meet the growing luxury segment standards. The Eastern Mangroves hotel will become a Waldorf Astoria branded luxury resort, while the Yas Plaza six-hotel complex will be reimagined under IHG to turn it into the largest Vignette Collection resort across the globe. Aldar's Tilal Liwa would be renovated as a Vignette Collection luxury desert escape while Nurai Island will also undergo expansion. Aldar's flagship hotels in Ras Al Khaimah, the Rixos Bab Al Bahr and DoubleTree by Hilton Resort & Spa Marjan Island will also be updated. The move aligns with Abu Dhabi's plan to increase visitor numbers to 39.3 Mn by 2030.

EIBOR

The Federal Reserve lowered the interest rates for the first time in four years in September 2024 by 50 bps to 4.75-5.00%. Additionally, policymakers are expecting further interest rate cuts equivalent to 50 bps by the end of 2024. Since the UAE's currency is pegged to the US dollar, CBUAE closely follows the Fed's monetary policy. The UAE Central Bank also lowered the interest rates by 50 bps points in September 2024, which aligns with the US Federal Reserve's move. The 3-month EIBOR rates declined 40 bps MOM and 64 bps QOQ to 4.66% on 30 September 2024. The decline in rates will be favorable for the real estate sector and help in creating additional demand for the sector.

3-month EIBOR (%), June 2019 - September 2024

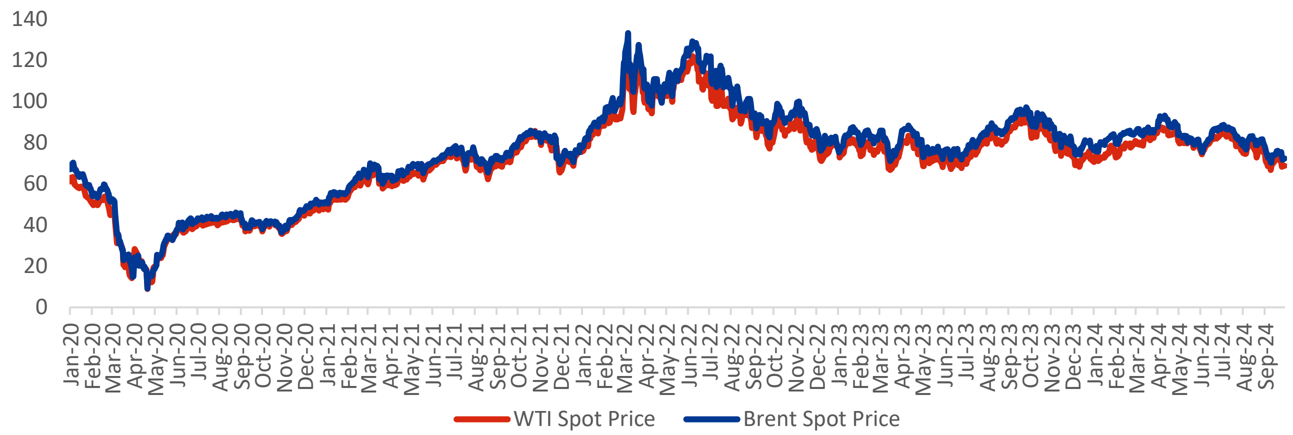


Source: CBUAE

Oil prices declined over sluggish Chinese demand and expectation of higher OPEC+ supply

Oil prices declined 16.9% QOQ during 3Q24 to USD 71.77 per barrel on 30 September 2024 due to the slowdown in the Chinese demand and expectation of higher OPEC+ supply, falling to the lowest levels in 9 months during the quarter. Oil prices averaged USD 78.71 per barrel during 3Q24 compared to USD 85.03 per barrel in 2Q24. Oil prices inched up initially during the month of July 2024 owing to the expectation of strong summer demand and supply disruption from a Hurricane in the Caribbean Sea. However, prices declined during the month due to the political uncertainty in the US after the attack on Donald Trump led to an appreciation in the US dollar coupled with the slowdown in Chinese demand. In the following month, softer global fuel demand outweighed fears of supply disruption due to the Middle East conflict. In addition, the US recession fears owing to July's weak payroll and existing demand concerns from China further led to a decline in oil prices. Prices rose above USD 80 per barrel owing to a sharp decline in US crude inventory and increased fears of an escalation in the Israel-Palestine war following Iran and Hezbollah's vow to retaliate for the assassination of Hamas chief. During the month of September 2024, oil prices further tumbled over the concerns of higher supply initially coupled with worries about the sluggish economy in China impacting oil demand. On the other hand, OPEC+ members agreed to extend a voluntary output cut of 2.2 Mn bpd for two more months until November 2024 after oil prices fell to their lowest level in 9 months. Prices were partially supported by lower expected US Crude oil output due to the impact of Hurricane Francine coupled with concerns of supply chain disruption due to the Middle East conflict and Fed's interest rate cut. Nevertheless, oil prices declined during the end of the quarter expectation of increased supply from Libya and other OPEC+ oil exporters.

Brent & WTI (USD/bbl), June 2020 – September 2024



Source: IEA

Relative valuation and rating

We maintain MARKET WEIGHT on the real-estate companies under our coverage with 3x BUY and 2x HOLD rating. The 2024F P/B multiples for the below stocks range between RAK Properties (0.5x) and Aldar Properties (1.6x). Emaar Development's 2024F dividend yield is the highest at 6.0%, followed by Emaar Properties at 5.9% and Tecom Group at 5.0%.

Stock	TP	CMP	Gain	Rating	P/B (2024F)	Div. Yld (%) 2024F
Emaar Properties (AED)	11.25	8.59	**31.0%**	**BUY**	0.9	5.9%
Emaar Development (AED)	11.00	8.75	**25.7%**	**BUY**	1.3	6.0%
Aldar Properties (AED)	8.00	7.28	**9.9%**	**HOLD**	1.6	3.3%
TECOM GROUP (AED)	3.45	3.20	**7.8%**	**HOLD**	1.0	5.0%
RAK PROPERTIES (AED)	1.45	1.20	**20.8%**	**BUY**	0.5	2.9%

Source: FABS Estimate

3Q24 preview: Emaar properties

Higher cost of revenue to impact profitability

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 8.59	AED 11.25	+31.0%	BUY

3Q24 estimate

Emaar Properties (EMAAR/the company) net profit is expected to decline 15.6% YOY to AED 2,778 Mn in 3Q24, mainly due to a significant increase expected in the cost of revenue, operating expenses, and tax expense partially offset by robust growth in revenue, rise in finance income, and lower NCI. EMAAR's revenue is expected to grow 26.9% YOY to AED 7,744 Mn in 3Q24 driven by strong growth expected in revenue from hospitality owing to the opening of four new hotels coupled with expected growth in the sale of commercial units. Cost of revenue is anticipated to more than double from AED 1,477 Mn in 3Q23 to AED 3,234 Mn in 3Q24. Thus, gross profit is forecasted to decline 2.5% YOY to AED 4,510 Mn in 3Q24. Other operating income is expected to rise 2.1% YOY to AED 155 Mn in 3Q24, whereas other operating expense is anticipated to fall 10.3% YOY to AED 54 Mn in 3Q24. SG&A expenses are estimated to increase 34.0% YOY to AED 774 Mn in 3Q24. Furthermore, depreciation on PPE is expected to inch up 0.2% YOY to AED 161 Mn in 3Q24, while the depreciation on investment property is predicted to decline 6.3% YOY to AED 189 Mn in 3Q24. EBITDA is anticipated to decrease 7.3% YOY to AED 3,836 Mn in 3Q24. Moreover, operating profit is estimated to fall from AED 3,775 Mn in 3Q23 to AED 3,486 Mn in 3Q24. Finance income is expected to rise 25.9% YOY to AED 534 Mn in 3Q24, while finance cost is anticipated to decline 2.2% YOY to AED 255 Mn in 3Q24. EMAAR's other income is forecasted to rise 35.4% YOY to AED 155 Mn in 3Q24. Furthermore, income tax expense is expected to increase from AED 65 Mn in 3Q23 to AED 347 Mn in 3Q24. In addition, the share of profit attributable to non-controlling interest holders is expected to decline from AED 810 Mn in 3Q23 to AED 728 Mn in 3Q24.

2024 forecast

Emaar's net profit is expected to fall 4.5% YOY to AED 11,100 Mn in 2024, mainly due to a predicted rise in cost of revenue, SG&A expense, and decline in other income along with an increase in tax charge. The decline in net profit is partially offset by an estimated rise in revenue, increase in finance cost, and a decline in impairments. Other income in 2023 consisted of one-off items including gain on sale of stake in a subsidiary and forfeiture income boosting the profitability. The Company's revenue is expected to increase 16.6% YOY to AED 31,189 Mn in 2024, whereas the cost of revenue is anticipated to rise 35.3% YOY to AED 13,370 Mn in 2024. Thus, gross profit is likely to grow 5.7% YOY to AED 17,819 Mn in 2024. Other operating income is expected to increase 12.7% YOY to AED 624 Mn in 2024, while other operating expense is forecasted to fall 4.3% YOY to AED 218 Mn in 2024. SG&A expenses are anticipated to grow 11.9% YOY to AED 3,119 Mn in 2024. EBITDA is expected to increase 4.9% YOY to AED 15,105 Mn in 2024. Total depreciation is anticipated to fall marginally 0.3% YOY to AED 1,393 Mn in 2024. As a result, total operating profit is likely to grow 16.7% YOY to AED 13,712 Mn in 2024. Furthermore, finance income is estimated to rise 40.0% YOY to AED 2,246 Mn in 2024, while finance cost is expected to decline 4.6% YOY to AED 991 Mn in 2024. Other income is expected to decline significantly from AED 2,508 Mn in 2023 to AED 1,092 Mn in 2024 owing to one off gains in 2023 including gain on sale of stake in subsidiaries as well as forfeiture income. Provisions and impairments are expected to decline substantially from AED 1,255 Mn in 2023 to AED 405 Mn in 2024. Income tax expense is estimated to increase from AED 232 Mn in 2023 to AED 1,648 Mn in 2024, while the share of profit attributable to non-controlling interest holders is predicted to decline 7.8% YOY to AED 2,951 Mn in 2024.

2Q24 outturn

Emaar's revenue grew 28.5% YOY to AED 7,684 Mn in 2Q24, driven by higher retail sales, a strong rise in tourism activity, and healthy real estate demand. Revenue from the sale of residential units grew substantially 50.8% YOY to AED 5,273 Mn in 2Q24 mainly driven by the launch of new projects and strong growth in property sales which led to 33% YTD growth in the UAE property sales backlog to AED 82.3 Bn, whereas revenue from the sale of commercial units rose 77.3% YOY to AED 239 Mn in 2Q24. Moreover, revenue from leasing, retail, and related activities under the Emaar Malls segment declined 11.7% YOY to AED 1,741 Mn in 2Q24. Hospitality business revenue grew 14.7% YOY to AED 432 Mn in 2Q24, owing to strong domestic spending and a rise in tourism activity in the region. Emaar's cost of revenue rose 22.6% YOY to AED 3,327 Mn in 2Q24 due to a solid rise in the cost of commercial units, plots of land, hospitality, leased properties, and retail & related activities operating costs. Thus, gross profit grew 33.4% YOY to AED 4,357 Mn in 2Q24. Other operating income declined marginally 1.3% YOY to AED 150 Mn in 2Q24, while other operating expenses fell 3.1% YOY to AED 47 Mn in 2Q24. However, the Company's selling and G&A expenses rose 22.3% YOY to AED 803 Mn in 2Q24 owing to the company's efforts to increase operational efficiencies. Emaar's total EBITDA grew 34.8% YOY to AED 3,657 Mn in 2Q24. EBITDA margins rose 222 bps YOY to 47.6% in 2Q24. Depreciation on PPE grew 12.2% YOY to AED 161 Mn in 2Q24, whereas depreciation on investment properties fell 7.5% YOY to AED 182 Mn in 2Q24. Moreover, the Company's total operating profit grew significantly from AED 1,263 Mn in 2Q23 to AED 3,314 Mn in 2Q24. Operating profit margin grew from 21.1% in 2Q23 to 43.1% in 2Q24. Finance income rose 38.2% YOY to AED 532 Mn in 2Q24 due to an increase in income from bank deposits and securities. Finance cost grew 3.9% YOY to AED 258 Mn in 2Q24. Furthermore, the Company recorded a loss from the share of associates of AED 61 Mn in 2Q24 compared to a profit of AED 58 Mn in 2Q23. Besides, Emaar recorded other income of AED 708 Mn in 2Q23 compared to a loss of AED 38 Mn in 2Q24. The Company recorded provisions of AED 1,109 Mn in 2Q23 compared to nil in 2Q24. Income tax expense increased from AED 32 Mn in 2Q23 to AED 354 Mn in 2Q24 owing to the introduction of corporate tax in the UAE and higher profitability. Additionally, the share of profit attributable to non-controlling interest holders grew from AED 393 Mn in 2Q23 to AED 716 Mn in 2Q24. Net profit rose 39.1% YOY to AED 2,419 Mn in 2Q24.

Target price and recommendation

We maintain our BUY rating on Emaar Properties with a revised target price of AED 11.25. The Company reported strong growth in profitability in 2Q24, driven by an increase in tourism activity, higher retail sales and strong real estate demand. Emaar's property sales increased from AED 10.9 Bn in 2Q23 to AED 17.9 Bn in 2Q24. In addition, the property's sales backlog grew from AED 62.8 Bn in 2Q23 to AED 90.1 Bn in 2Q24, indicating strong revenue visibility. Emaar's diverse recurring revenue portfolio consisting of malls, hospitality, leisure, entertainment, and commercial leasing stood at AED 2.3 Bn in 2Q24 and 4.6 Bn in 1H24, representing c.32% of the group's total revenue in 1H24 owing to the strong rise in tourism and increased retail sales. Furthermore, the Mall and Commercial leasing business positively benefitted due to robust tenant sales, which grew 7% YOY in 1H24, coupled with a strong average occupancy rate of c.99% in 2Q24. Likewise, the average occupancy rate in Emaar's UAE hotels stood strong at 78% in 1H24. Emaar's international business also recorded a growth in profitability, primarily driven by strong sales in Egypt and India. International sales rose 50% YOY to AED 1.8 Bn in 1H24. The Company's subsidiary Emaar Developments successfully launched 25 new projects in 1H24 and recorded the highest ever property sales of AED 29.7 Bn in 1H24. The Company is expected to benefit from the strong demand in the UAE's real estate sector, a robust influx of tourists and a high occupancy rate. Furthermore, the Company boasts strong recurring revenue assets, with c.1.4 Mn sq mt of properties generating leasing revenue and 38 hotels and resorts offering more than 9,200 rooms. Thus, based on our analysis, we maintain our BUY rating on the stock.

Emaar Properties – RV

(at CMP)	2019	2020	2021	2022	2023	2024F
PE (X)	9.78	28.75	18.23	10.96	6.44	6.74
PB (X)	1.13	1.09	1.12	1.15	0.96	0.87
EV / EBITDA	10.00	26.76	10.86	9.68	5.66	5.76
Dividend yield (%)	NM	1.2%	1.8%	3.0%	5.9%	5.9%

FABS estimate & Co data

Emaar Properties - P&L

AED mm	3Q23	2Q24	3Q24F	YOY Ch	QOQ Ch	2023	2024F	Change
Revenue	6,102	7,684	7,744	26.9%	0.8%	26,750	31,189	16.6%
Cost of revenue	-1,477	-3,327	-3,234	118.9%	-2.8%	-9,884	-13,370	35.3%
Gross profit	**4,625**	**4,357**	**4,510**	**-2.5%**	**3.5%**	**16,865**	**17,819**	**5.7%**
Other operating income	152	150	155	2.1%	3.6%	553	624	12.7%
Oher operating expenses	-60	-47	-54	-10.3%	16.4%	-228	-218	-4.3%
SG&A expenses	-578	-803	-774	34.0%	-3.5%	-2,786	-3,119	11.9%
EBITDA	**4,138**	**3,657**	**3,836**	**-7.3%**	**4.9%**	**14,405**	**15,105**	**4.9%**
EBIT	**3,775**	**3,314**	**3,486**	**-7.7%**	**5.2%**	**11,752**	**13,712**	**16.7%**
Depreciation of PPE	-161	-161	-161	0.2%	-0.1%	-616	-645	4.6%
Depreciation of IP	-202	-182	-189	-6.3%	4.0%	-780	-749	-4.1%
Finance income	424	532	534	25.9%	0.5%	1,604	2,246	40.0%
Finance cost	-261	-258	-255	-2.2%	-1.2%	-1,039	-991	-4.6%
Other income	114	-38	155	35.4%	NM	2,508	1,092	-56.5%
Share of assoc. profits/(-loss)	113	-61	-67	NM	10.0%	237	47	-80.0%
Profit before tax	**4,166**	**3,489**	**3,853**	**-7.5%**	**10.4%**	**15,062**	**15,700**	**4.2%**
Income tax	-65	-354	-347	NM	-1.9%	-232	-1,648	NM
Profit for the period	**4,101**	**3,136**	**3,506**	**-14.5%**	**11.8%**	**14,829**	**14,051**	**-5.2%**
Non-controlling interests	-810	-716	-728	-10.1%	1.7%	-3,200	-2,951	-7.8%
Profit to shareholders	**3,291**	**2,419**	**2,778**	**-15.6%**	**14.8%**	**11,629**	**11,100**	**-4.5%**

FABS estimate & Co Data

Emaar Properties - Margins

	3Q23	2Q24	3Q24F	YOY Ch	QOQ Ch	2023	2024F	Change
GPM	75.8%	56.7%	58.2%	-1,755	153	63.0%	57.1%	-592
EBITDA Margin	67.8%	47.6%	49.5%	-1,828	194	53.8%	48.4%	-542
OPM	61.9%	43.1%	45.0%	-1,686	188	43.9%	44.0%	3
NPM	53.9%	31.5%	35.9%	-1,806	439	43.5%	35.6%	-788

FABS estimate & Co Data

3Q24 preview: Emaar Development

Robust Sales Backlog and New Project Launches to Drive Revenue Growth

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 8.75	AED 11.00	+25.7%	BUY

3Q24 Estimate

Emaar Development's (EMAARDEV/the Company) net profit is estimated to decline 26.8% YOY to AED 1,378 Mn in 3Q24. The decline in net profit is mainly attributable to an expected increase in the cost of revenue, finance cost, S&G expenses, and tax expenses partially offset by an estimated increase in revenue, finance income and other income. The Company's revenue is expected to grow 38.5% YOY to AED 4,035 Mn in 3Q24, mainly due to an expected growth in the sale of residential units. Cost of revenue is anticipated to significantly grow significantly from AED 534 Mn in 3Q23 to AED 2,017 Mn in 3Q24. Thus, gross profit is forecasted to decline 15.2% YOY to AED 2,017 Mn in 3Q24. We expect the gross margins to decrease from 81.7% in 3Q23 to 50.0% in 3Q24. S&G expenses are anticipated to increase 33.3% YOY to AED 408 Mn in 3Q24. As a result, operating profit is expected to fall from AED 2,074 Mn in 3Q23 to AED 1,610 Mn in 3Q24. EBITDA is forecasted to decline 22.4% YOY to AED 1,668 Mn in 3Q24. Furthermore, finance income is estimated to grow strongly from AED 221 Mn in 3Q23 to AED 277 Mn in 3Q24, while finance cost is anticipated to rise 25.6% YOY to AED 117 Mn in 3Q24. Moreover, other income is expected to rise 15.8% YOY to AED 40 Mn in 3Q24. In addition, the profit attributable to non-controlling interest holders is anticipated to decrease from AED 390 Mn in 3Q23 to AED 282 Mn in 3Q24. The Company is expected to incur tax expense of AED 164 Mn in 3Q24 owing to the introduction of corporate tax in UAE.

2024 Forecast

Emaar Development's net profit is expected to decline 19.0% YOY to AED 5,369 Mn in 2024, mainly driven by an estimated increase in cost of revenue, S&G Expenses, finance cost, and a decrease in other income partially offset by an increase in revenue, finance income, and lower profit share to NCI. The Company's revenue is expected to increase 28.7% YOY to AED 15,339 Mn in 2024, while the cost of revenue is anticipated to grow from AED 3,513 Mn in 2023 to AED 7,133 Mn in 2024. Thus, gross profit is estimated to decline 2.4% YOY to AED 8,206 Mn in 2024. S&G expenses are expected to grow 20.5% YOY to AED 1,427 Mn in 2024. As a result, operating profit is expected to decrease 6.2% YOY to AED 6,780 Mn in 2024. EBITDA is anticipated to decline 10.5% YOY to AED 7,150 Mn in 2024. Finance income is estimated to grow 31.3% to AED 1,107 Mn in 2024. Finance cost is anticipated to rise 40.7% YOY to AED 469 Mn in 2024. In addition, other income is forecasted to decline significantly from AED 626 Mn in 2023 to AED 276 Mn in 2024. Moreover, the share of profit attributable to non-controlling interest holders is estimated to decrease 7.7% YOY to AED 1,712 Mn in 2024. The Company is expected to incur a tax expense of AED 700 Mn in 2024, owing to the introduction of tax in UAE in 2024.

2Q24 Outturn

Emaar Development's revenue grew 84.2% YOY to AED 3,831 Mn in 2Q24, mainly due to a substantial rise in the sale of residential units driven by successful launches of new properties. Revenue from the sale of residential units almost doubled from AED 1,876 Mn in 2Q23 to AED 3,595 Mn in 2Q24, whereas revenue from the sale of commercial units grew 15.3% YOY to AED 236 Mn in 2Q24. EMAARDEV's property sales grew 61.4% YOY to AED 16.8 Bn in 2Q24. The Company's cost of revenue rose 63.7% YOY to AED 1,812 Mn in 2Q24. Gross profit more than doubled from AED 974 Mn in 2Q23 to AED 2,019 Mn in 2Q24 and gross margins grew 590 bps YOY to 52.7%. SG&A expenses recorded a sharp rise of 77.4% YOY to AED 372 Mn in 2Q24. Moreover, the Company's operating profit grew significantly from AED 764 Mn in 2Q23 to AED 1,648 Mn in 2Q24. EMAARDEV's EBITDA increased 45.5% YOY to AED 1,692 Mn in 2Q24. However, EBITDA margin fell 1,175 bps YOY to 44.2% in 2Q24. Furthermore, finance income increased 33.4% YOY to AED 270 Mn in 2Q24. Finance cost rose 62.1% YOY to AED 150 Mn in 2Q24. Moreover, other income recorded a significant decline from AED 372 Mn in 2Q23 to AED 26 Mn in 2Q24. Share of results of JVs fell 31.0% YOY to AED 17

Mn in 2Q24. However, the share of profit attributable to non-controlling interest holders grew from AED 151 Mn in 2Q23 to AED 440 Mn in 2Q24. The Company incurred a tax expense of AED 162 Mn in 2Q24 owing to the introduction of UAE corporate tax. Net profit rose 8.0% YOY to AED 1,208 Mn in 2Q24.

Target price and rating

We maintain our BUY rating on Emaar Development a revised target price of AED 11.00. EMAARDEV reported a strong rise in profitability driven by robust growth in property sales owing to strong demand in UAE's real estate sector. EMAARDEV's property sales grew from AED 10.4 Bn in 2Q23 to AED 16.8 Bn in 2Q24 driven by new project launches in existing masterplans. The increase in property sales is mainly driven by the launch of 25 development projects during 1H24. The Company's sales backlog increased to AED 74.2 Bn in 2Q24, which indicates strong revenue recognition in the upcoming period due to robust performance. During 1Q24, EMARDEV launched 'Farm Gardens 2' and 'Lillia' in 'The Valley' project. The Company further launched the second phase of its master plan "The Valley' in 2Q24. Additionally, the Company handed over c.72,000 residential units since incorporation while currently, c.33,500 residential units are under development. EMAARDEV introduced two new projects in 1Q24, 'The Heights Country Club' & 'Wellness and the Grand Polo Club & Resort' spanning over 141 Mn sq ft, boasting a combined development worth of AED 96 Bn. Continuous project launches and a strong revenue backlog ensure revenue stability for the Company in upcoming years. Thus, considering the above-mentioned factors, we maintain our BUY rating on the stock.

Emaar Development - RV

(at CMP)	2019	2020	2021	2022	2023	2024F
PE (X)	12.89	21.00	10.73	9.14	5.25	6.48
PB (X)	3.6	3.1	2.4	2.0	1.5	1.33
EV / EBITDA	10.04	16.14	7.81	6.18	2.51	4.82
Dividend Yield (%)	NM	NM	NM	6.0%	6.0%	6.0%

FABS estimate

Emaar Development - P&L

AED mm	3Q23	2Q24	3Q24F	YOY Ch	QOQ Ch	2023	2024F	Change
Revenue	2,914	3,831	4,035	38.5%	5.3%	11,921	15,339	28.7%
Cost of Revenue	-534	-1,812	-2,017	NM	11.3%	-3,513	-7,133	103.0%
Gross Profit	**2,380**	**2,019**	**2,017**	**-15.2%**	**-0.1%**	**8,408**	**8,206**	**-2.4%**
S&G Expenses	-306	-372	-408	33.3%	9.7%	-1,183	-1,427	20.5%
Operating Profit	**2,074**	**1,648**	**1,610**	**-22.4%**	**-2.3%**	**7,225**	**6,780**	**-6.2%**
EBITDA	**2,150**	**1,692**	**1,668**	**-22.4%**	**-1.5%**	**7,987**	**7,150**	**-10.5%**
Finance Income	221	270	277	25.2%	2.5%	843	1,107	31.3%
Finance Cost	-93	-150	-117	25.6%	-22.1%	-333	-469	40.7%
Other Income	35	26	40	15.8%	54.9%	626	276	-55.9%
Share of results of Joint Ventures	35	17	15	-57.4%	-10.0%	124	87	-30.0%
Profit before tax	**2,272**	**1,810**	**1,825**	**-19.7%**	**0.8%**	**8,484**	**7,781**	**-8.3%**
Tax	0	-162	-164	NM	1.3%	0	-700	NM
NCI	390	440	282	-27.6%	-35.8%	1,855	1,712	-7.7%
Net profit to equity holders	**1,882**	**1,208**	**1,378**	**-26.8%**	**14.1%**	**6,629**	**5,369**	**-19.0%**

FABS estimate& Co Data

Emaar Development-Margins

	3Q23	2Q24	3Q24F	YOY Ch	QOQ Ch	2023	2024F	Change
Gross Profit	81.7%	52.7%	50.0%	-3,167	-270	70.5%	53.5%	-1,703
EBITDA	73.8%	44.2%	41.3%	-3,244	-284	67.0%	46.6%	-2,038
Operating Profit	71.2%	43.0%	39.9%	-3,128	-310	60.6%	44.2%	-1,640
Net Profit	64.6%	31.5%	34.2%	-3,044	263	55.6%	35.0%	-2,061

FABS estimate& Co Data

3Q24 preview: Aldar Properties

Strong growth in development property sales to drive the top-line

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 7.28	AED 8.00	+9.9%	HOLD

3Q24 Estimate

Aldar Properties (Aldar/the Company) is expected to report a 71% YOY growth in net profit to AED 1,358 Mn in 3Q24. The increase in net profit is mainly attributable to an expected rise in revenue, other income and an increase in finance income partially offset by an estimated rise in direct costs, and, operating expenses coupled with an increase in tax expenses and NCI. Aldar's revenue is forecasted to increase 58.7% YOY to AED 5,486 Mn in 3Q24 mainly driven by strong growth expected across the development business. The property development and sales revenue is expected to rise from AED 1,361 Mn in 3Q23 to AED 3,139 Mn in 3Q24 due to the launch of new projects and sales growth. The Company's direct cost is estimated to increase from AED 2,151 Mn in 3Q23 to AED 3,576 Mn in 3Q24. Thus, gross profit is estimated to rise 46.2% YOY to AED 1,910 Mn in 3Q24. General expenses are anticipated to increase 20.5% YOY to AED 400 Mn in 3Q24 whereas selling and marketing expenses are estimated to grow from AED 29 Mn in 3Q23 to AED 38 Mn in 3Q24. The Company's EBITDA is estimated to increase 46.5% YOY to AED 1,611 Mn in 3Q24 whereas EBITDA margin is expected to decline from 31.8% in 2Q23 to 29.4% in 3Q24. As a result, operating income is likely to grow 55.7% YOY to AED 1,471 Mn in 3Q24. Aldar's finance income is forecasted to increase significantly from AED 133 Mn in 2Q23 to AED 179 Mn in 3Q24 whereas finance cost is estimated to increase 43.2% YOY to AED 232 Mn in 3Q24. Moreover, total other income is anticipated to increase significantly from AED 66 Mn in 3Q23 to AED 219 Mn in 3Q24. In addition, the share of profit attributable to non-controlling interest holders is estimated to increase from AED 93 Mn in 3Q23 to AED 203 Mn in 3Q24. Aldar tax expense is expected to increase 7.0% YOY to AED 67 Mn in 3Q24 due to the introduction of corporate tax in the UAE. Additionally, the share of profit attributable to non-controlling interest holders is anticipated to more than double from AED 93 Mn in 3Q23 to AED 203 Mn in 3Q24.

2024 Forecast

Aldar Properties net profit is expected to rise 45.2% to AED 5,694 Mn in 2024 owing to an expected increase in revenue, finance income, other income, and a decline in provisions partially offset by a predicted rise in direct cost, operating expenses, and finance cost coupled with higher taxes and NCI. Aldar's revenue is expected to grow 56.4% YOY to AED 22,142 Mn in 2024 due to growth in property sales and multiple new project launches. Direct cost is forecasted to increase 67.0% YOY to AED 14,343 Mn in 2024. Thus, the gross profit is estimated to increase 39.9% YOY to AED 7,799 Mn in 2024. General expenses are expected to increase 12.1% YOY to AED 1,661 Mn in 2024 whereas selling and marketing expenses are estimated to increase 15.6% YOY to AED 133 Mn in 2024. EBITDA is anticipated to rise 28.3% YOY to AED 6,560 Mn in 2024. Thus, the total operating profit is expected to increase 51.0% YOY to AED 6,005 Mn in 2024. Furthermore, finance income is expected to rise 42.1% YOY to AED 709 Mn in 2024 while finance cost is anticipated to grow 46.2% YOY to AED 908 Mn in 2024. Provisions are expected to decline 60.8% YOY to AED 89 Mn in 2024. In addition, total other income is forecasted to increase 22.0% YOY to AED 1,107 Mn in 2024. Income tax expense is anticipated to more than double from AED 112 Mn in 2023 to AED 280 Mn in 2024, whereas the share of profit attributable to non-controlling interest holders is forecasted to increase significantly from AED 494 Mn in 2023 to AED 851 Mn in 2024.

2Q24 Outturn

Aldar's revenue increased significantly 63.7% YOY to AED 5,303 Mn in 2Q24 driven by robust growth in both development as well as investment business. Aldar's development revenue doubled from AED 1,969 Mn in 2Q23 to AED 3,634 Mn in 2Q24 supported by the growth in group sales and healthy contributions from the acquisitions. The growth is primarily driven by the execution of the revenue backlog new and existing projects. Development sales grew 9.6% YOY to AED 7,703 Mn in 2Q24 of which AED 6,832 Mn sales came from UAE and the remaining from Egypt and the UK. UAE sales growth is mainly driven by the strong demand for residential properties from expatriates. In addition, Aldar also launched two new projects in 2Q24. The Company's total revenue backlog stood at AED 39.0 Bn in 2Q24 out of which UAE backlog stood at AED 33.2 Bn, along with the remaining AED 5.8 Bn backlog for the international business. Moreover, revenue from project management services grew 49.5% YOY to AED 431 Mn in 2Q24 with a revenue backlog of AED 77.9 Bn wherein AED 32.9 Bn is under construction. The revenue from the international segment more than doubled to AED 349 Mn in 2Q24 from AED 158 Mn in 2Q23.On the other hand, Aldar Investments recorded a strong revenue growth of 15.0% YOY to AED 1,669 Mn in 2Q24 mainly attributable to strong operational performance, expansion of Aldar Estates, and solid contributions from acquisitions. Occupancy levels in the investment properties segment stood strong at 94% across the overall portfolio resulting from proactive asset management in 2Q24. Aldar Development's EBITDA increased substantially from AED 715 Mn in 2Q23 to AED 1,072 Mn in 2Q24 mainly driven by the growth in profitability across all segments. In addition, Property Development and Sales EBITDA increased significantly from AED 566 Mn in 2Q23 to AED 930 Mn in 2Q24. The Project Management Services EBITDA grew 32% YOY to AED 131 Mn in 1Q24 whereas the International segment EBITDA declined 78% YOY to AED 11 Mn. Aldar Investments EBITDA grew 39% YOY to AED 1,046 Mn in 2Q24. Investment Properties EBITDA rose 36% YOY to AED 832 Mn in 2Q24 driven by higher occupancy levels across the portfolio and a rise in leasing rates. Aldar Hospitality and leisure business segment EBITDA increased 8% YOY to AED 71 Mn in 2Q24. Moreover, the Aldar Education segment witnessed 19% YOY growth in EBITDA to AED 61 Mn in 2Q24 supported by an increase in the number of student enrolments and schools along with enhanced operational performance. Aldar Estate segment EBITDA grew significantly from AED 31 Mn in 2Q23 to AED 84 Mn in 2Q24 primarily attributed to significant transformation achieved through strategic mergers and acquisitions. Thus, the Company's consolidated EBITDA increased 41.8% YOY to AED 2,037 Mn in 2Q24 with an EBITDA margin of 38.4%. Moreover, Aldar's total operating profit rose 30.2% YOY to AED 1,406 Mn in 2Q24. The company recorded provisions of AED 8 Mn in 2Q24 compared to AED 123 Mn in 2Q23. Moreover, finance income rose significantly 63.9% YOY to AED 171 Mn in 2Q24 while, finance cost grew 66.8% YOY to AED 236 Mn due to higher interest rates. Total other income grew 32.6% YOY to AED 491 Mn in 2Q24 primarily due to gains on the revaluation of investment properties. In addition, income tax expense increased from AED 6 Mn in 2Q24 to AED 75 Mn in 2Q24 mainly due to the introduction of UAE corporate tax. In addition, the share of profit attributable to non-controlling interest holders more than doubled from AED 84 Mn in 2Q23 to AED 199 Mn in 2Q24.

Target price and rating

We maintain our HOLD rating on Aldar Properties with a revised target price of AED 8.00. The Company's share price rose 8.8% since out previous rating. The Company recorded solid development sales of AED 7.7 Bn in 2Q24 due to two new property launches and strong demand for new and existing properties from domestic as well as international buyers. Aldar Development's revenue backlog rose to AED 39.0 Bn in 2Q24 compared to AED 38.1 Bn in 1Q24 with an expectation to realize revenue over the next two to three years providing strong revenue visibility. Aldar launched two new projects, Source Terraces in Abu Dhabi and Athlon in Dubai. The Company received an excellent response on its launch and sold out the first two phases of Athlon on its very first day generating AED 4.1 Bn of sales. Aldar plans to develop a Grade A office tower at a prime location on Sheikh Zayed Road. In addition, the Company also signed an agreement to acquire '6 Falak', a Grade A office building in Dubai. Furthermore, Aldar signed an agreement with DP World to develop a 144 thousand square meter Grade A logistics park in Dubai. This investment is a part of the Company's commitment to invest AED 1 Bn in logistics assets. Aldar Estates platform now manages 158 thousand units across a GLA of 2 Mn square meters with contracts worth AED 1.9 Bn. The Company further plans to refurbish its assets across the hospitality business to capitalize on increasing hospitality demand. Aldar expects its land sales to grow in 2H24 which will boost its gross margins whereas the Company also raised real estate prices by 5-10% owing to the strong demand and limited supply. Aldar will continue to raise prices in Abu Dhabi with the launch of new projects. The Company's master plans in Dubai will generate a gross development value of AED 25 Bn of which it has already generated AED 7-8 Bn. Besides, Aldar has sufficient land in Dubai to meet its needs for the next two years and plans to compete for additional land acquisitions thereafter. In addition, Aldar plans to add 3,000-4,000 residential units to the recurring portfolio. The Company plans to maintain LTV lower than 25% in the development business and looks for alternate sources to fund the business. Thus, considering the abovementioned factors, we assign a HOLD rating on the stock.

Aldar- Relative Valuation

(At CMP)	2019	2020	2021	2022	2023	2024F
PE	28.93	29.71	24.79	19.84	15.03	10.08
PB	2.31	2.24	2.13	2.02	1.85	1.62
EV/EBITDA	26.12	24.34	20.58	16.65	12.69	10.14
Dividend Yield	2.0%	2.0%	2.1%	2.2%	2.3%	3.3%

FABS estimate & Co Data

Aldar - P&L

AED (Mn)	3Q23	2Q24	3Q24F	YOY Ch	QOQ Ch	2023	2024F	Change
Revenue	3,458	5,303	5,486	58.7%	3.5%	14,161	22,142	56.4%
Direct costs	-2,151	-3,478	-3,576	66.2%	2.8%	-8,588	-14,343	67.0%
Gross profit	**1,307**	**1,825**	**1,910**	**46.2%**	**4.7%**	**5,573**	**7,799**	**39.9%**
General expenses	-332	-387	-400	20.5%	3.5%	-1,482	-1,661	12.1%
Sell & Mktg Exp	-29	-32	-38	32.6%	21.5%	-115	-133	15.6%
EBITDA	**1,100**	**2,037**	**1,611**	**46.5%**	**-20.9%**	**5,113**	**6,560**	**28.3%**
EBIT	**945**	**1,406**	**1,471**	**55.7%**	**4.6%**	**3,977**	**6,005**	**51.0%**
Share of assoc.	-2	2	0	NM	NM	-7	0	NM
Provision/(reversal)	-31	-8	-11	NM	NM	-226	-89	-60.8%
Finance income	133	171	179	35.1%	4.9%	499	709	42.1%
Finance cost	-162	-236	-232	43.2%	-1.7%	-621	-908	46.2%
Total other income	66	491	219	NM	-55.3%	907	1,107	22.0%
Profit before tax	**949**	**1,826**	**1,627**	**71.5%**	**-10.9%**	**4,528**	**6,825**	**50.7%**
Income tax	-62	-75	-67	7.0%	-11.4%	-112	-280	NM
Profit after tax	**887**	**1,751**	**1,561**	**76.0%**	**-10.9%**	**4,416**	**6,545**	**48.2%**
Non-controlling interest	93	199	203	119.2%	2.0%	494	851	72.2%
Net profit	**794**	**1,552**	**1,358**	**71.0%**	**-12.5%**	**3,922**	**5,694**	**45.2%**

FABS estimate & Co Data

Aldar - Margins

	3Q23	2Q24	3Q24F	YOY Ch	QOQ Ch	2023	2024F	Change
GPM	37.8%	34.4%	34.8%	-297	41	39.4%	35.2%	-413
EBITDA Margin	31.8%	38.4%	29.4%	-245	-905	36.1%	29.6%	-648
OPM	27.3%	26.5%	26.8%	-52	30	28.1%	27.1%	-96
Net margin	23.0%	29.3%	24.7%	178	-451	27.7%	25.7%	-198

FABS estimate & Co Data

3Q24 preview: Tecom Group

Strong occupancy rates across all segments to drive top-line

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 3.20	AED 3.45	+7.8%	HOLD

3Q24 estimate

Tecom Group's (TECOM/the Company) net profit is expected to grow 10.2% YOY to AED 312 Mn in 3Q24, mainly driven by the expected increase in revenue, finance income, other income, and decline in direct cost partially offset by anticipated growth in G&A expenses, marketing & selling expenses, depreciation and amortization charges, finance cost, and higher income tax. TECOM's revenue is expected to increase 8.4% YOY to AED 586 Mn in 3Q24 due to healthy performance expected in the commercial, industrial leasing, and land leasing segments. The cost of revenue is anticipated to decline 5.5% YOY to AED 189 Mn in 3Q24. Thus, gross profit is forecasted to grow 16.6% YOY to AED 398 Mn in 3Q24. G&A expenses are estimated to increase 53.3% YOY to AED 34 Mn in 3Q24. Marketing and selling expenses are forecasted to rise from AED 7 Mn in 3Q23 to AED 11 Mn in 3Q24. Other income is estimated to increase to AED 12 Mn in 3Q24 from AED 24 thousand in 3Q23. EBITDA is anticipated to increase 13.7% YOY to AED 466 Mn in 3Q24. Furthermore, depreciation and amortization charge is expected to grow 9.8% YOY to AED 107 Mn in 3Q24. As a result, operating profit is expected to rise 14.9% YOY to AED 359 Mn in 3Q24. Finance income is expected to rise 27.2% YOY to AED 20 Mn in 3Q24, and finance cost is anticipated to grow 21.1% YOY to AED 55 Mn in 3Q24. Furthermore, income tax expense is expected to amount to AED 12 Mn in 3Q24, owing to the introduction of corporate tax in 2024.

2024 forecast

TECOM's net profit is expected to increase 10.8% YOY to AED 1,195 Mn in 2024, mainly due to an anticipated increase in revenue and a decrease in finance cost partially offset by an estimated increase in direct cost, G&A expenses, depreciation & amortization expense, and income tax expense. The Company's revenue is expected to increase 7.2% YOY to AED 2,325 Mn in 2024 due to the forecasted healthy performance of the industrial and land leasing segment. The cost of revenue is anticipated to rise 1.4% YOY to AED 771 Mn in 2024. Thus, gross profit is likely to increase 10.3% YOY to AED 1,555 Mn in 2024. G&A expenses are expected to grow 4.2% YOY to AED 161 Mn in 2024. Marketing and selling expenses are expected to increase marginally 0.8% YOY to AED 43 Mn in 2024. Other income is expected to decline 1.1% YOY to AED 47 Mn in 2024. The Company is expected to incur other expenses of AED 16 Mn in 2024. EBITDA is expected to grow 9.4% YOY to AED 1,808 Mn in 2024. Total depreciation and amortization is anticipated to rise from AED 395 Mn in 2023 to AED 427 Mn in 2024. As a result, total operating profit is likely to increase 9.7% YOY to AED 1,381 Mn in 2024. Furthermore, finance income is estimated to decline 2.0% YOY to AED 80 Mn in 2024, and finance cost is expected to decrease 16.6% YOY to AED 219 Mn in 2024. The Company is expected to incur income tax expenses of AED 47 Mn in 2024.

2Q24 outturn

TECOM's revenue increased by 9.1% YOY to AED 584 Mn in 2Q24, led by new customers, solid occupancy levels, rental rates, and a healthy retention rate coupled with strong demand across all segments. Commercial Leasing segment revenue increased 4.5% YOY to AED 290 Mn in 2Q24, primarily due to new leases, rise in rental rates, and higher occupancy. Similarly, the Industrial Leasing segment revenue grew 8.7% YOY to AED 86 Mn in 2Q24, owing to increased leasing across warehouses and workers accommodation which pushed the occupancy rates higher. Furthermore, revenue from land leasing climbed 9.8% YOY to AED 137 Mn in 2Q24, owing to higher revenues from Dubai Internet City and Dubai International Academic City, primarily from new leases, healthy retention, and higher rental rates. Services income increased 31.7% YOY to AED 71 Mn in 2Q24, mainly due to high AXS sales and increasing demand for co-working spaces. However, direct costs increased 3.1% YOY to AED 191 Mn in 2Q24. As a result, the Company's gross profit rose 12.3% YOY to AED 393 Mn in 2Q24. TECOM's G&A expenses increased substantially 59.7% YOY to AED 51 Mn in 2Q24, while selling and marketing expenses increased 59.5% YOY to AED 11 Mn. Furthermore, other income grew 36.5% YOY to AED 23 Mn in 2Q24 and other expenses recorded a sharp rise from AED 22 Mn in 2Q23 to AED 39 Mn in 2Q24. Resultantly, operating profit increased 7.9% YOY to AED 354 Mn in 2Q24. Moreover, Commercial leasing segment EBITDA grew 8% YOY to AED 202 Mn in 2Q24, while the Industrial leasing segment EBITDA fell 5% YOY to AED 55 Mn. Similarly, Service segment EBITDA improved by 23% YOY to AED 55 Mn in 2Q24. Besides, EBITDA from Land Leasing grew 6% YOY to AED 141 Mn in 2Q24. The Company's overall EBITDA increased by 7.2% YOY to AED 457 Mn, with an EBITDA margin of 78.2% in 2Q24 compared to 79.6% in 2Q23. TECOM's finance income increased 45.1% YOY to AED 19 Mn in 2Q24, while finance cost fell 49.6% YOY to AED 56 Mn in 2Q24 attributed to efficient refinancing comprising of lower borrowing and transaction costs. The Company recorded income tax expense of AED 6 Mn in 2Q24.

Target price and recommendation

We revised our rating on TECOM from ACCUMULATE to HOLD with a revised target price of AED 3.45. The Company's share price rose 11.9% since our previous rating. Strong demand and increasing rental rates across commercial as well as residential properties are driving TECOM's performance. Dubai is emerging as a global business hub as Companies across the globe set up their production units and offices in the emirate due to supportive government policies. Thus, the group expects the demand for office spaces to grow in the upcoming period due to limited supply and a rising number of businesses. Moreover, strong growth in property prices, high rental rates, and occupancy rates led to a healthy appreciation in TECOM's portfolio. TECOM's customer base increased 11% YOY to more than 11,000 in 1H24, with the addition of more than 1,000 new customers. On the other hand, TECOM Investment FZ LLC, a TECOM Group subsidiary, will buy two Grade A office buildings in the Dubai Internet City for a consideration of AED 420 Mn. Besides, TECOM also plans to acquire 73 plots across Dubai Industrial City spanning 13.9 Mn square feet for consideration of AED 410 Mn. The acquisitions are expected to positively benefit the Group's financial performance and strengthen its commercial asset portfolio. In addition, TECOM also announced phase 2 of Dubai Design District which will consist of 6 Grade A commercial buildings with a GLA of 503,076 square feet. Furthermore, TECOM inaugurated the first permanent Middle East campus of L'ÉCOLE, School of Jewelry Arts at Dubai Design District (d3) and expanded its customer base across Dubai Industrial city. The conclusion of the investment plan worth AED 1.7 Bn includes the acquisition of three land plots, two buildings, and two industrial city land plots coupled with three development projects that are expected to be completed by 2027, all three will contribute AED 190 Mn to the revenue at full occupancy. The investment will be funded through internal accruals. The strong core operations of the group resulted in a robust recurring free cash flow of AED 362 Mn in 2Q24. The board approved an interim cash dividend of AED 400 Mn for 1H24. Thus, considering the abovementioned factors, we assign a HOLD rating on the stock.

Tecom Group – Relative Valuation

(at CMP)	2019	2020	2021	2022	2023	2024F
PE (X)	25.25	27.63	21.27	16.67	14.84	13.39
PB (X)	0.98	1.10	0.82	0.80	1.03	1.05
EV / EBITDA	16.57	17.18	13.88	12.62	12.47	11.35
Dividend yield (%)	9.2%	4.1%	11.6%	10.8%	5.0%	5.0%

FABS estimate & Co Data

Tecom Group - P&L

AED mm	3Q23	2Q24	3Q24F	YOY Ch	QOQ Ch	2023	2024F	Change
Sales	541	584	586	8.4%	0.5%	2,169	2,325	7.2%
Direct cost	-200	-191	-189	-5.5%	-1.1%	-760	-771	1.4%
Gross profit	**341**	**393**	**398**	**16.6%**	**1.2%**	**1,409**	**1,555**	**10.3%**
G&A expenses	-22	-51	-34	53.0%	-34.5%	-154	-161	4.2%
Marketing & Selling exp.	-7	-11	-11	64.1%	-2.2%	-43	-43	0.8%
Other income	0	23	12	NM	-49.5%	47	47	-1.1%
Other expenses	0	0	-6	NM	NM	0	-16	NM
Operating profit	**313**	**354**	**359**	**14.9%**	**1.5%**	**1,259**	**1,381**	**9.7%**
Depreciation & Amortization	97	103	107	9.8%	3.7%	395	427	8.3%
EBITDA	**410**	**457**	**466**	**13.7%**	**2.0%**	**1,654**	**1,808**	**9.4%**
Finance income	16	19	20	27.2%	5.2%	82	80	-2.0%
Finance cost	-45	-56	-55	21.1%	-2.6%	-262	-219	-16.6%
Profit before zakat	**283**	**316**	**324**	**14.6%**	**2.5%**	**1,078**	**1,242**	**15.2%**
Income tax	0	-6	-12	NM	108.8%	0	-47	NM
Profit to shareholders	**283**	**311**	**312**	**10.2%**	**0.5%**	**1,078**	**1,195**	**10.8%**

FABS estimate & Co Data

Tecom group - Margins

	3Q23	2Q24	3Q24F	YOY Ch	QOQ Ch	2023	2024F	Change
GPM	63.0%	67.3%	67.8%	476	52	64.9%	66.9%	190
EBITDA Margin	75.8%	78.2%	79.4%	368	122	76.2%	77.8%	154
OPM	57.8%	60.6%	61.2%	345	65	58.0%	59.4%	135
NPM	52.3%	53.2%	53.2%	87	1	49.7%	51.4%	168

FABS estimate & Co Data

3Q24 preview: RAK Properties

Robust performance of all segments to drive revenue

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 1.20	AED 1.45	+20.8%	BUY

3Q24 estimate

RAK Property's (the Company) net profit is expected to grow from AED 17 Mn in 3Q23 to AED 52 Mn in 3Q24 mainly driven by a robust growth expected in revenue partially offset by an estimated rise in direct cost, SG&A expenses, finance cost, and income tax charge. RAK Property's revenue is expected to increase substantially from AED 174 Mn in 3Q23 to AED 326 Mn in 3Q24 due to the expected growth of property sales, property leasing, and hotel operations. The cost of revenue is anticipated to rise from AED 117 Mn in 3Q23 to AED 204 Mn in 3Q24. Thus, gross profit is forecasted to grow from AED 57 Mn in 3Q23 to AED 122 Mn in 3Q24. SG&A expenses are estimated to increase 60.2% YOY to AED 55 Mn in 3Q24. Also, other income is expected to increase 81.8% YOY to AED 9 Mn in 3Q24. EBITDA is anticipated to reach at AED 88 Mn in 3Q24. As a result, Operating profit is expected to increase significantly from AED 28 Mn in 3Q23 to AED 76 Mn in 3Q24. Finance income is expected to rise 24.9% YOY to AED 5 Mn in 3Q24 whereas finance cost is anticipated to increase 58.0% YOY to AED 23 Mn in 3Q24. Furthermore, income tax expense is expected to amount to AED 5 Mn in 3Q24 owing to the introduction of corporate tax in UAE.

2024 forecast

RAK Property's is expected to report marginal decline in net profit of 1.6% YOY to AED 199 Mn in 2024 mainly due to an anticipated increase in direct cost, SG&A expense, finance cost and tax charge partially offset by an estimated growth in the revenue. The Company's revenue is predicted to increase 29.6% YOY to AED 1,302 Mn in 2024 due to healthy growth expected in property sales and hotel operations revenues. The cost of revenue is anticipated to rise 23.2% YOY to AED 811 Mn in 2024. Thus, gross profit is likely to increase 41.8% YOY to AED 491 Mn in 2024. SG&A expenses are expected to grow 58.9% YOY to AED 221 Mn in 2024. Other income is expected to decline from AED 50 Mn in 2023 to AED 25 Mn in 2024. As a result, EBITDA is expected to grow 27.0% YOY to AED 353 Mn in 2024. Total operating profit is likely to increase 14.8% YOY to AED 294 Mn in 2024. Furthermore, finance income is estimated to rise 34.5% YOY to AED 18 Mn in 2024 while finance cost is expected to increase 38.5% YOY to AED 92 Mn in 2024. Income tax expense is anticipated at AED 20 Mn in 2024.

2Q24 outturn

RAK Properties recorded 26.7% YOY growth in revenue to AED 321 Mn in 2Q24 driven by strong performance of all the segments including Property sales, Property leasing, and Hotel Operations. Revenue from property sales rose 22.1% YOY to AED 257 Mn in 2Q24 owing to healthy demand for new project launches. Revenue from hotel operations grew from AED 28 Mn in 2Q23 to AED 49 Mn in 2Q24 due to the strong performance of hospitality assets owing to a rise in the ADR & Room revenue. Property Leasing segment rose from AED 7 Mn in 2Q23 to AED 14 Mn in 2Q24. On the other hand, direct cost rose 15.0% YOY to AED 199 Mn in 2Q24. Thus, the Company's gross profit increased 51.9% YOY to AED 122 Mn in 2Q24. RAK Property's SG&A expenses rose from AED 30 Mn in 3Q23 to AED 56 Mn in 3Q24. Furthermore, other income increased from AED 4 Mn in 3Q23 to AED 8 Mn in 3Q24. As a result, operating profit rose 35.2% YOY to AED 74 Mn in 2Q24. EBITDA increased 43.4% YOY to AED 92 Mn in 2Q24. RAK Property's finance income increased from AED 3 Mn in 2Q23 to AED 5 Mn in 2Q24 while finance cost rose 60.5% YOY to AED 23 Mn in 2Q24. The Company incurred a tax expense of AED 5 Mn in 2Q24 due to the introduction of corporate tax in the UAE. As a result, net profit rose 9.2% YOY to AED 48 Mn in 2Q24.

Target price and recommendation

We assign a BUY rating on RAK Properties with a revised target price of AED 1.45. RAK Properties witnessed high demand and performance across its hospitality and residential portfolio with AED 703 Mn in sales value as of June 2024. It holds approximately 50 million sq. ft. land bank in Mina Al Arab for residential property sales while it has assets under management having 1 Mn sq. ft. GLA under asset management. RAK Properties acquired additional 2 Mn sq. ft. of land along with the completion of two residential projects in Abu Dhabi. It has multiple residential projects in the pipeline like the Gateway 2, Bayviews, Bay Residence, Marbella Extension, etc. The revenue backlog of RAK Properties stood at AED 1.8 Bn as of June 2024. The extensive land bank coupled with robust demand promises revenue visibility. The Company holds 525 keys in operation as of June 2024 and it is expanding its hospitality portfolio by adding 316 keys, aligned with its aim to capitalize on the growing tourism in the region. RAK Properties launched two hospitality projects in FY2024 including Staybridge and Nikki Beach Resort & Spa, which are estimated to be completed by FY2027. Moreover, the demand for real estate is surpassing supply leading to a growth in the real estate prices. The number of real estate transactions in Ras Al Khaimah reached AED 2,535 Mn in June 2024, at its highest level since the beginning of FY2024. RAK Properties is poised to benefit from the robust demand and rising prices. The Company caters to a wider market by developing branded as well as affordable properties. The government of Ras Al Khaimah increased its stake in RAK Properties to 34%, reflecting the investor confidence in the various development projects. Thus, considering the abovementioned factors, we assign a BUY rating on the stock.

RAK Properties – Relative Valuation

(at CMP)	2019	2020	2021	2,022	2023	2024F
PE (X)	26.58	21.80	12.29	80.39	12.26	15.18
PB (X)	0.63	0.63	0.60	0.60	0.57	0.45
EV / EBITDA	26.02	22.98	14.69	32.94	11.66	9.94
Dividend yield (%)	3.2%	NA	NA	NA	2.4%	2.9%

FABS estimate & Co Data

RAK Properties- P&L

AED mm	3Q23	2Q24	3Q24F	YOY Ch.	QOQ Ch.	2023	2024F	YOY ch.
Sales	174	321	326	87.6%	1.8%	1,005	1,302	29.6%
Direct cost	-117	-199	-204	75.0%	2.7%	-658	-811	23.2%
Gross profit	**57**	**122**	**122**	**NM**	**0.4%**	**346**	**491**	**41.8%**
G&A expenses	-35	-56	-55	60.2%	-0.4%	-139	-221	58.9%
Other income/(expenses)	5	8	9	81.8%	10.3%	50	25	-50.2%
EBITDA	**0**	**92**	**88**	**NM**	**-3.8%**	**278**	**353**	**27.0%**
EBIT	**28**	**74**	**76**	**NM**	**2.0%**	**257**	**294**	**14.8%**
Finance cost	-14	-23	-23	58.0%	-3.0%	-66	-92	38.5%
Finance income	4	5	5	24.9%	-0.8%	14	18	34.5%
Other non-operating income/(exp)	0	-3	0	NM	NA	-2	-3	36.5%
Profit before tax	**17**	**52**	**58**	**NM**	**10.3%**	**202**	**218**	**8.1%**
Income tax	0	5	5	NM	10.5%	0	20	NM
Profit to shareholders	**17**	**48**	**52**	**NM**	**10.3%**	**202**	**199**	**-1.6%**

FABS estimate & Co Data

RAK Properties- Margins

	3Q23	2Q24	3Q24F	YOY Ch.	QOQ Ch.	2023	2024F	YOY ch.
GPM	32.9%	38.0%	37.4%	451	-54	34.5%	37.7%	324.1
EBITDA Margin	0.0%	28.6%	27.0%	2701	-156	27.7%	27.1%	-55.2
OPM	15.8%	23.1%	23.2%	733	4	25.5%	22.6%	-292.4
NPM	9.8%	14.9%	16.1%	632	124	20.1%	15.2%	-484.1

FABS estimate & Co Data

FAB Securities Contacts:

Research Analysts		
Ahmad Banihani	+971-2 -6161629	ahmad.banihani@Bankfab.com
Sales & Execution		
Trading Desk Abu Dhabi Head Office	+971-2 -6161777	
	+971-2 -6161700/1	
Institutional Desk	+971-4 -5658395	
Sales and Marketing	+971-2 -6161703	
Customer Service		
Abu Dhabi Office	+971-2 -6161600	Online Trading Link