

## Property Developers

Real Estate Enters Short-Term Volatility Amid Investor Caution

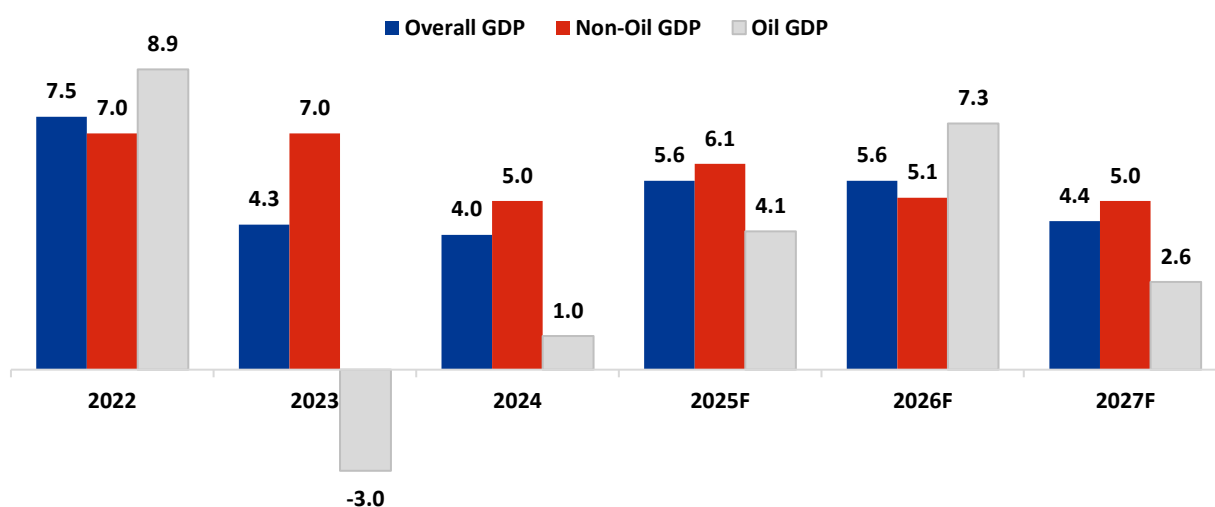
Sector Weighting:  
**MARKET WEIGHT**

### Property Market Outlook

The UAE economy has demonstrated strong resilience despite global uncertainty, regional tensions, and fluctuating oil prices, consistently achieving growth above global and regional averages. Real GDP expanded 5.1% YOY in 9M25, supported by robust 6.1% growth in the non-hydrocarbon sector. This expansion was primarily driven by strong performance across manufacturing, construction, financial services, and real estate. In line with this trend, the Central Bank of the UAE (CBUAE) projects GDP growth of 5.6% for 2025, with expectations of stabilization in 2026. The overall growth outlook is supported by continued strength in non-oil activities, alongside a rebound in oil production. Furthermore, the real estate market remained buoyant, with sustained momentum in off-plan sales and increasing property prices.

The Federal Reserve cut rates by 25 bps to 3.5%–3.75% in December 2025 and has since held them unchanged through March 2026. While markets expect one additional cut in 2026, easing remains uncertain due to a softening labor market, elevated oil prices, and ongoing Middle East tensions impacting inflation. As the UAE dirham is pegged to the US dollar, the CBUAE closely aligns its monetary policy with the Federal Reserve. Accordingly, following the December 2025 rate cuts, policy rates have remained unchanged at 3.65% through both the January and March 2026 meetings.

### Real GDP Growth in UAE (%)



Source: CBUAE

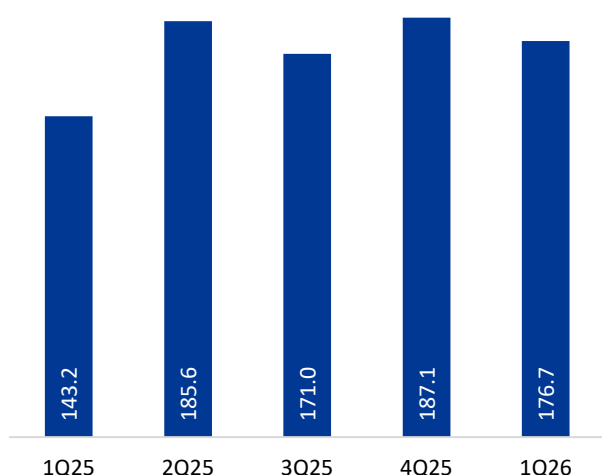
The UAE real estate sector is expected to face short-term headwinds due to ongoing Middle East tensions, with a slowdown in new launches driven by cautious buyer sentiment rather than weakening fundamentals. Leasing activity may soften as tenants delay relocation or upgrades, pressuring occupancy and rental rates. The hospitality segment is also likely to be impacted by lower tourist inflows, with Ras Al Khaimah most affected, while Dubai and Abu Dhabi are expected to recover gradually alongside business activity and international events. Dubai's residential market faces mounting oversupply pressure as new-home completions increasingly outpace demand. Supply is expected to peak in 2026–27, though ongoing construction constraints and labor shortages may

push this to 2028–29. The Iran conflict further disrupts delivery timelines while simultaneously front-loading near-term supply risk. Demand recovery remains contingent on a meaningful rebound in population growth, expected only toward the end of the decade.

Before the onset of the conflict, the UAE residential real estate market delivered strong performance in 2025, underpinned by sustained confidence from both residents and international buyers, alongside robust long-term investment appetite. Transaction activity expanded across both ready and off-plan segments, reflecting balanced market depth and broad-based demand. Villas remained a key driver of activity, while apartment demand also stayed resilient, particularly within prime and master-planned communities. Additionally, end-user participation strengthened amid improved access to financing and more accommodative mortgage conditions, complementing steady investor interest.

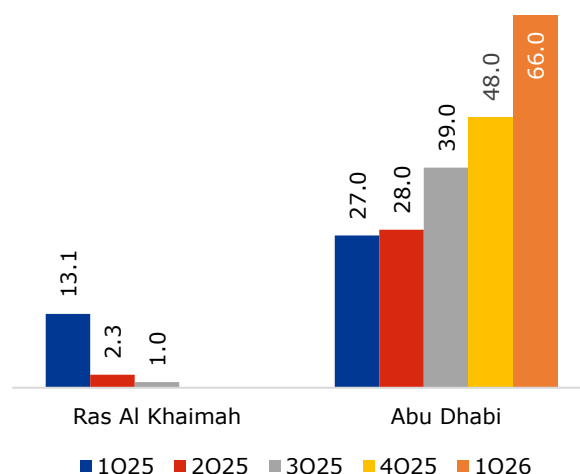
Dubai’s real estate market maintained strong momentum in 1Q26, supported by sustained investor demand and rising property values, with transaction volumes and sales value continuing to grow across key segments. In 1Q26, total sales transactions in Abu Dubai increased from 27.0K in 1Q25 to 66.0K in 1Q26. Moreover, sales value experienced a healthy double-digit growth of 23.4% YOY to AED 176.7 Bn during the same period. Apartment sales value reached AED 75.3 Bn in 1Q26, with transaction volumes rising 10.6% YOY to 36.5K in 1Q26. Villa transactions decreased 17.5% YOY to 8.5K, with sales value reaching AED 59.9 Bn in 1Q26. The Commercial property segment recorded a 69.2% YOY increase in transactions to 2.0K, with total value reaching AED 10.3 Bn in 1Q26. Likewise, plot sales value rose to AED 31.2 Bn, while transaction volumes declined 4.2% YOY to 1.0K in 1Q26. Furthermore, Abu Dhabi’s total real estate transaction value increased significantly to AED 66.0 Bn in 1Q26 compared to AED 25.3 Bn in 1Q25, along with a rise in transaction volumes to 13.5K deals in 1Q26. This strong growth was driven by robust investor confidence, rising foreign investment, increased new project launches, and sustained demand supported by Abu Dhabi’s stable economic outlook. Furthermore, mortgage activity recorded healthy growth, with transaction value increased to AED 15.0 Bn in 1Q26 from AED 10.2 Bn in 1Q25, alongside a robust 48.8% YOY rise in transaction volumes to 4.6K deals in 1Q26. In Ras Al Khaimah, the total real estate transactions totalled AED 395.4 Mn, with AED 221.3 Mn recorded in July 2025 and AED 174.1 Mn in August 2025.

**Dubai Real Estate Transactions (AED, Bn)**



Source: DXB Interact

**Real Estate Transactions - Ras Al Khaimah and Abu Dhabi (AED, Bn)**



Source: Rak Government and Abu Dhabi Real Estate Centre  
1: 3Q25 data in Ras Al Khaimah is for July and August 2025

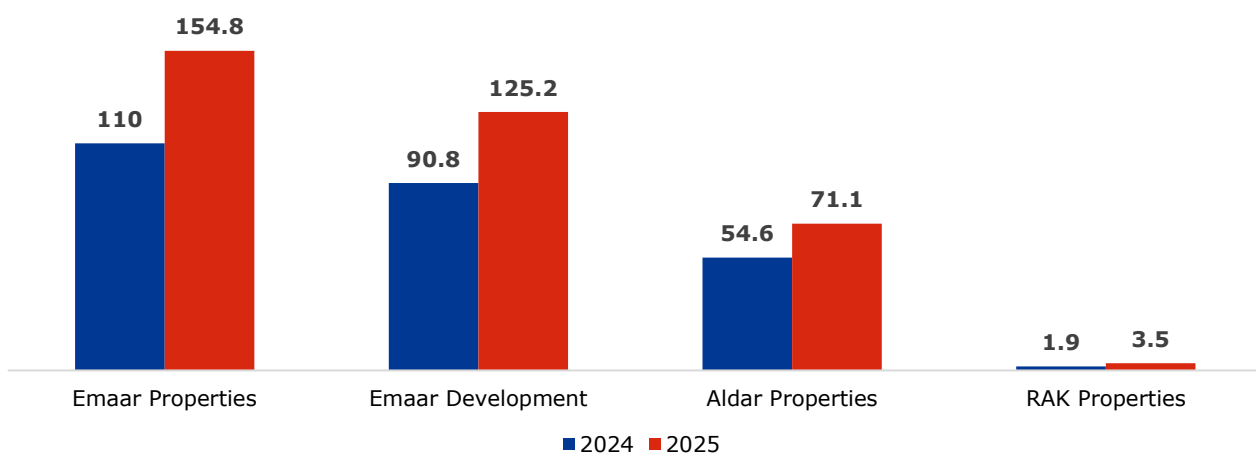
Office market conditions in both Abu Dhabi and Dubai remained tight and favourable in 4Q25, supported by declining vacancy rates, limited availability of prime space, and sustained rental growth across all segments. Additionally, demand was higher than supply, especially for premium office spaces, giving landlords stronger control over pricing, mainly in less prime areas. According to JLL, Abu Dhabi's overall office vacancy rate declined to 1.5% in 4Q25 from 2.6% in 4Q24, with Prime and Grade A segments recording exceptionally low vacancy levels of 0.1% and 1.0%, respectively. Furthermore, Dubai's office market also recorded a decline in overall vacancy rates to 7.1% in 4Q25 from 9.0% in 4Q24. Prime office spaces and Grade A properties witnessed low vacancy rates of just 0.2% and 3.4%, respectively in 4Q25. Despite a decline in transaction volumes, including a notable drop in new lease registrations in Abu Dhabi, underlying demand remains strong, with limited availability of space constraining leasing activity rather than weakening occupier interest. Office rental rates continued to rise sharply, particularly in prime assets. In Abu Dhabi, prime rents surged 22.3% YOY to AED 2,996 per sqm, while Grade A and Grade B rents increased by 3.6% YOY and 5.1% YOY to AED 1,703 and AED 1,270 in 4Q25, respectively. In Dubai, prime office rents rose 15.5% YOY to AED 373 per sqft, with Grade A and Grade B rents increasing by 23.1% YOY and 27.3% YOY to AED 261 and AED 209 in 4Q25, respectively. Overall, rental growth reflects both supply constraints and strong occupier demand across sectors, including financial services, technology, and professional services. On the supply side, Abu Dhabi and Dubai are experiencing near-term supply tightness with limited additions in 2025 and more meaningful office completions deferred to 2026-27. Abu Dhabi's total office inventory reached 4.14 Mn sqm GLA in 4Q25, with around 113K sqm added during the year, mainly Grade B. Moreover, 86K sqm of new space is expected in the near term, largely Grade B, followed by a larger addition of about 124.6K sqm in 2027, predominantly Grade A, which is expected to enhance the overall supply. Dubai's office stock stood at 100.4 Mn sqft GLA, with c. 1.5 Mn sqft scheduled for delivery in 2026 and 1.4 Mn sqft in 2027. While the upcoming supply is expected to gradually ease current tightness, strong pre-leasing activity and sustained demand are likely to maintain upward pressure on rents in the medium term.

Dubai and Abu Dhabi's residential markets recorded strong performance in 2025, supported by resilient demand and continued dominance of off-plan sales. In Abu Dhabi, sales prices increased across segments, with villa prices rising 17.6% YOY to AED 18,958 per sqm in 4Q25, while apartment prices grew 8.5% YOY to AED 19,259 per sqm in 4Q25. Abu Dhabi recorded a 47.4% YOY rise in residential transactions volumes in 2025, driven by a more than 62.7% YOY increase in off-plan sales, which accounted for 72.0% of total transactions in 2025 compared 65.3% in 2024. Similarly, Dubai also saw price appreciation, with villa prices up 15.0% YOY to AED 2,328 per sqft and apartment prices increasing 11.7% YOY to AED 1,839 per sqft in 4Q25. Dubai registered an 18.0% increase in transaction volumes, with off-plan activity also comprising 72.0% of total transactions in 2025, reflecting strong investor confidence and demand for new developments. Rental markets also showed steady growth, with Abu Dhabi apartment rents rising 17.9% YOY to AED 962 per sqm and villa rents increasing 21.5% YOY to AED 991 per sqm in 4Q25. In Dubai, apartment rents grew 6.1% YOY to AED 125 per sqft, while villa rents rose more modestly by 2.0% YOY to AED 106 per sqft in 4Q25. On the supply side, Abu Dhabi added c. 8,800 units in 2025, bringing total stock to around 296,350 units, with 15,800 units planned for 2026. Dubai delivered about 37,400 units during 2025, increasing total stock to approximately 884,800 units, with a strong pipeline of 50,800 units in 2026 and 74,700 units in 2027.

Aldar's Development revenue backlog surged to AED 71.7 Bn as of December 2025, up from AED 54.6 Bn in 2024, ensuring strong revenue visibility over the next two to three years. Additionally, the project management service segment backlog also stood firm at AED 94.8 Bn, with AED 63.6 Bn under construction, as of December 2025. Development activity remained robust, with Aldar launching three new projects, Yas Living, The Row Saadiyat, and Yas Riva Residences, in 4Q25.

Additionally, Aldar’s develop-to-hold (D-Hold) strategy continued to progress, with the total pipeline standing at around AED 17.2 Bn as of 4Q25, supported by AED 4.4 Bn worth of new projects announced and scheduled for delivery over the next four years. Emaar Properties consolidated revenue backlog of c. AED 155 Bn in 2025, up 39% YOY, with the UAE Development backlog rising c. 30.8% YOY to AED 134 Bn in 2025. During 2025, the Group launched 48 new residential projects, including Grand Polo Club and Resort, a new phase of The Valley, and Bristol at Emaar Beachfront, further broadening its development portfolio. The Group strengthened long-term growth optionality through the acquisition of 36 Mn SQFT of new land with a gross development value of c. AED 120 Bn, including plots at Emaar Hills and land adjacent to Dubai Creek Harbour. RAK Properties’ revenue backlog reached AED 3.5 Bn (excluding JV) in 2025. The Company launched Nura, a 312-unit luxury residential project at Downtown Mina’s Raha Island, benefiting from strong investor and rental demand for premium waterfront living in Ras Al Khaimah.

**Revenue Backlog (AED Bn)**



Source: Company Information

The United Arab Emirates real estate sector may face short term headwinds amid ongoing regional tensions, with a wait-and-see approach potentially shaping market dynamics. While underlying fundamentals are likely to remain intact, buyer sentiment, particularly among investors, could turn more cautious, which may result in a moderation in new project launches over the coming months. The leasing segment may also face some softening, as tenants could delay relocation or upgrade decisions until there is greater clarity on the regional outlook. In less prime locations, this may translate into some pressure on occupancy levels and rental rates, particularly if population inflows moderate. The office segment could face relatively higher risks if uncertainty persists, potentially leading to lease renegotiations and slower demand from new occupiers. The hospitality sector may remain the most immediately exposed, with leisure-driven destinations such as Ras Al Khaimah likely to be more impacted by softer tourism flows. In contrast, Dubai and Abu Dhabi could demonstrate greater resilience, supported by business travel and international events, with a gradual recovery expected as conditions stabilise. Among developers, Emaar Development may remain relatively well-insulated in the near term, supported by a strong backlog and attractive dividend profile. Meanwhile, Aldar Properties and Emaar Properties could face some challenges in achieving ambitious sales targets, although both are expected to remain supported by solid balance sheets and strategic land banks.

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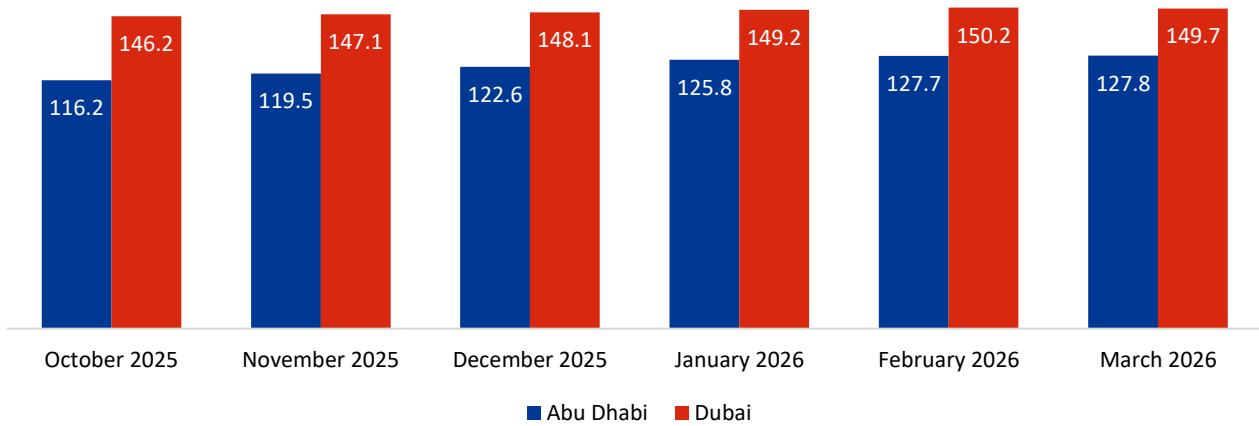
## Real Estate Overview

### Sales and Rent Price Indices for Residential Property

#### 1. All Residential Market

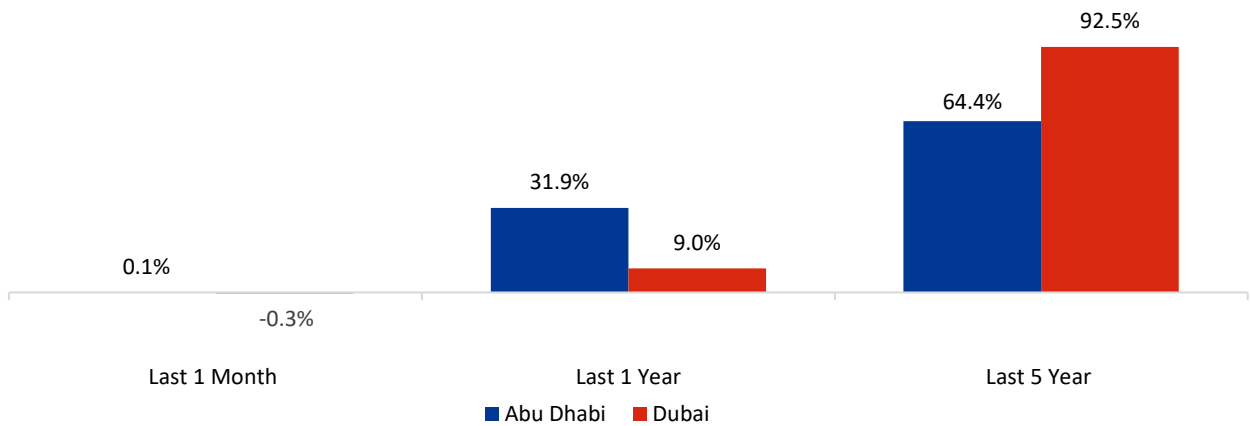
The Abu Dhabi Residential Property Sales Price Index increased from 127.7 in February 2026 to 127.8 in March 2026, while prices rose 31.9% YOY in March 2026. Furthermore, the Dubai Residential Property Sales Price decreased from 150.2 in February 2026 to 149.7 in March 2026, while prices rose 9.0% YOY during March 2026.

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



Source: Reidin

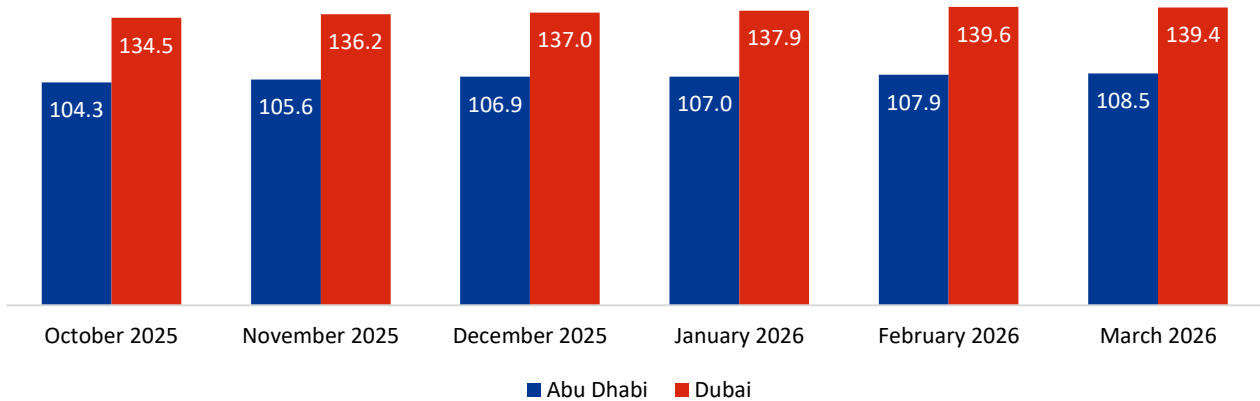
**Residential Market Sales Price Changes (%)**



Source: Reidin

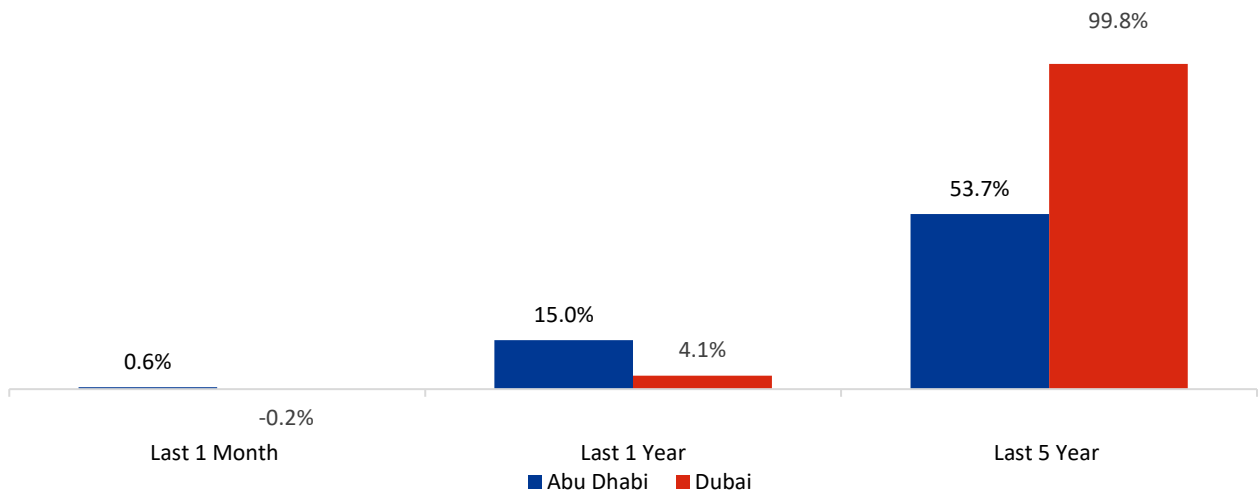
Abu Dhabi experienced growth in residential rental rates on both a YOY and a MOM basis. The Abu Dhabi Residential Property Rent Price Index increased 0.6% MOM to reach 108.5 in March 2026, while prices surged 15.0% YOY during the same period. However, the Dubai Residential Rent Price Index decreased 0.2% MOM to 139.4, while a 4.1% YOY rise in March 2026.

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



Source: Reidin

**Residential Market Rent Price Changes (%)**

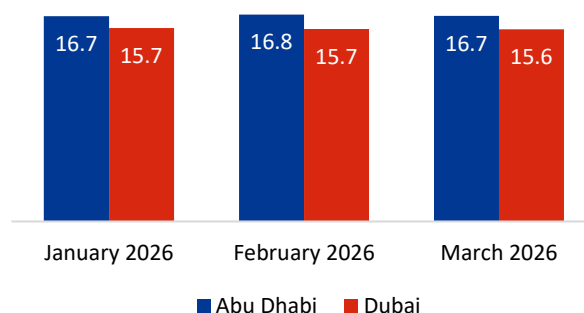
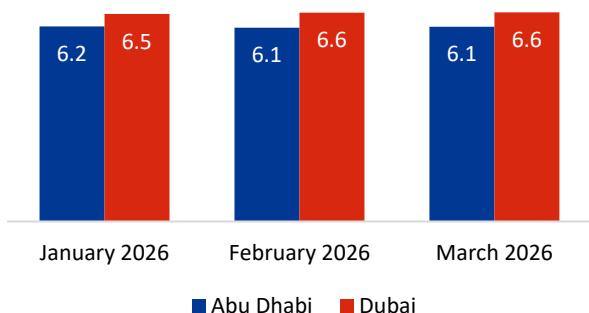


Source: Reidin

Additionally, Abu Dhabi and Dubai both remained stable in residential rental yields and price-to-rent ratios on a MOM basis in March 2026. Abu Dhabi’s gross rental yield remained at 6.1% in March 2026, while Dubai’s gross rental yield stood at 6.6% in March 2026. Meanwhile, the price-to-rent ratio (years) in Abu Dhabi decreased 0.5% MOM to 16.7 in March 2026, while Dubai’s price-to-rent ratio also decreased 0.1% MOM to 15.6 in March 2026.

**Residential Gross Rental Yield (%)**

**Residential Price to Rent Ratio (Years)**

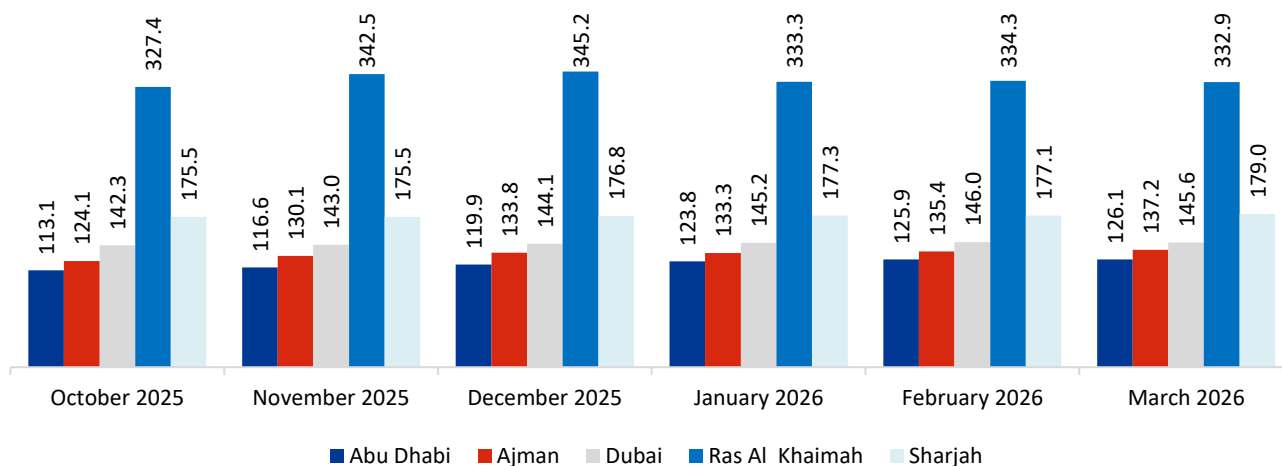


Source: Reidin

**2. Apartments**

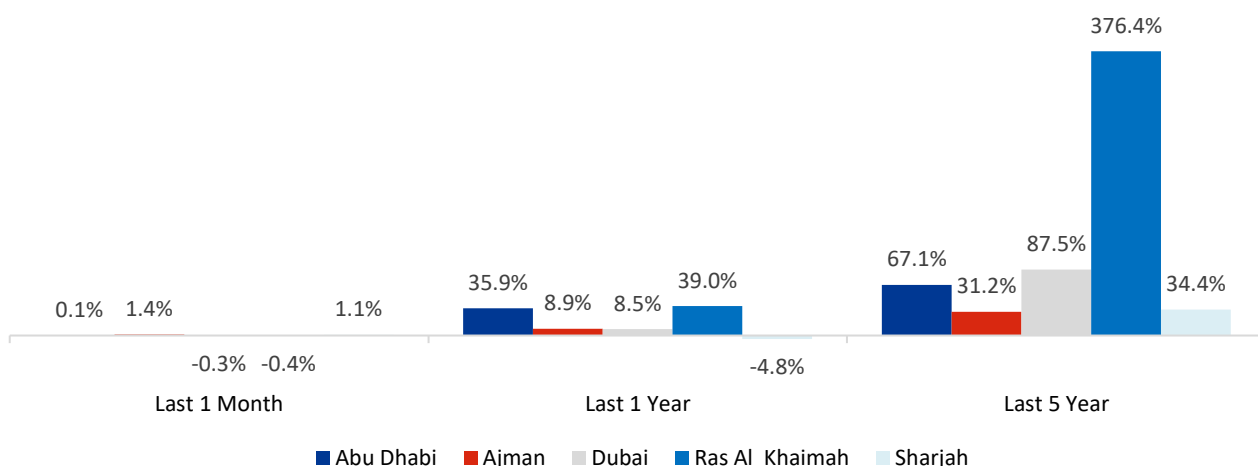
In March 2026, the apartment sale price index in the UAE recorded growth on a YOY basis across all the regions, except Sharjah. The Sales Price Index for apartments in Ajman increased 1.4% MOM to 137.2 in March 2026. Similarly, the Abu Dhabi Sales Price Index for apartments rose 0.1% MOM to 126.1 in March 2026. Sharjah increased 1.1% MOM to 179.0 in March 2026. However, the index decreased 0.3% MOM in Dubai and 0.4% MOM in Ras Al Khaimah, reaching 145.6 and 332.9, respectively, in March 2026. Ras Al Khaimah recorded the most significant price growth, rising 39.0% YOY, followed by Abu Dhabi at 35.9% YOY and Dubai at 8.9% YOY in March 2026. Ajman also recorded growth of 8.9% YOY, while Sharjah declined 4.8% YOY in March 2026.

**Apartment Sales Price Index (2014, Jan=100)**



Source: Reidin

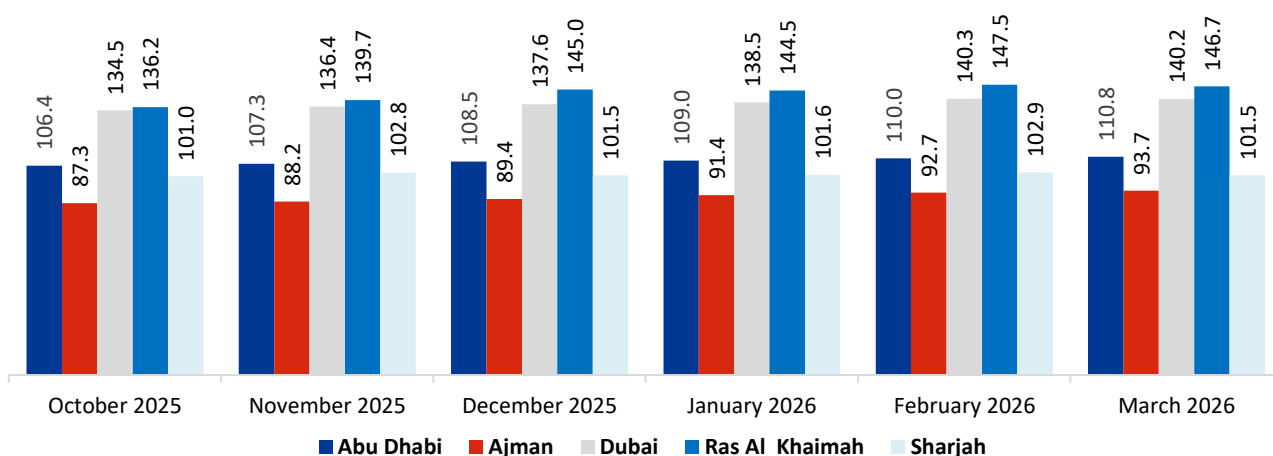
**Apartment Sales Price Changes (%)**



Source: Reidin

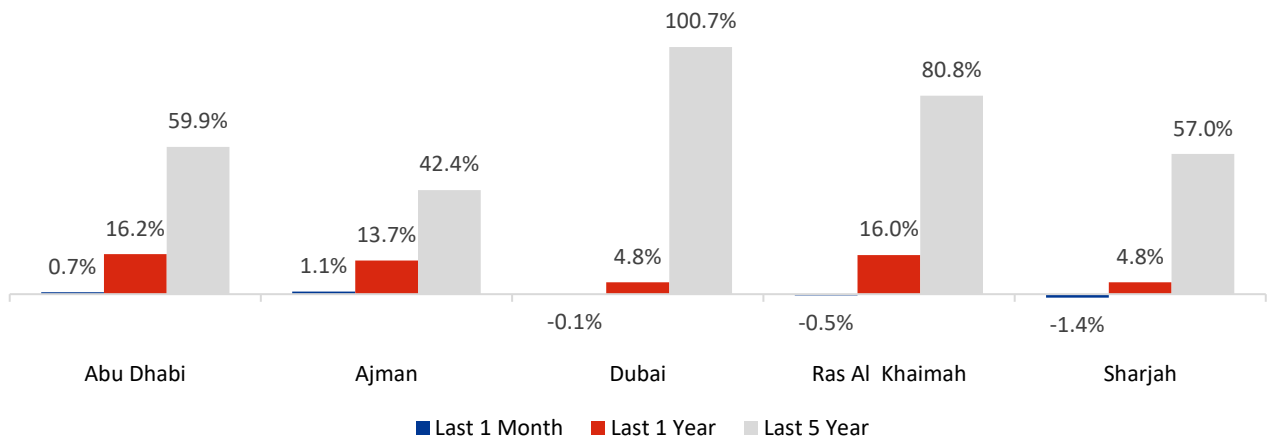
The apartment rent price index in the UAE increased on a YOY basis across all the regions in March 2026, while on a MOM basis, performance remained negative across all regions, except Abu Dhabi and Ajman. Abu Dhabi posted the strongest YOY growth in the apartment rental price index, rising 0.7% MOM to 110.8 in March 2026. Ajman’s Residential Property Rent Price Index for apartments grew 1.1% MOM and 13.7% YOY to 93.7 in March 2026. Dubai’s Residential Property Rent Price Index for apartments decreased 0.1% MOM, however increased 4.8% YOY to 140.2 in March 2026. Ras Al Khaimah recorded a growth with the apartment rent price index rising 16.0% YOY, however declining 0.5% MOM reaching 146.7 in March 2026. Sharjah recorded a 1.4% MOM decrease with 4.8% YOY growth to 101.5 in March 2026. Overall, apartment rental prices reflected broad-based annual growth across all emirates, while monthly trends indicated mixed performance.

**Apartment Rent Price Index (2014, Jan=100)**



Source: Reidin

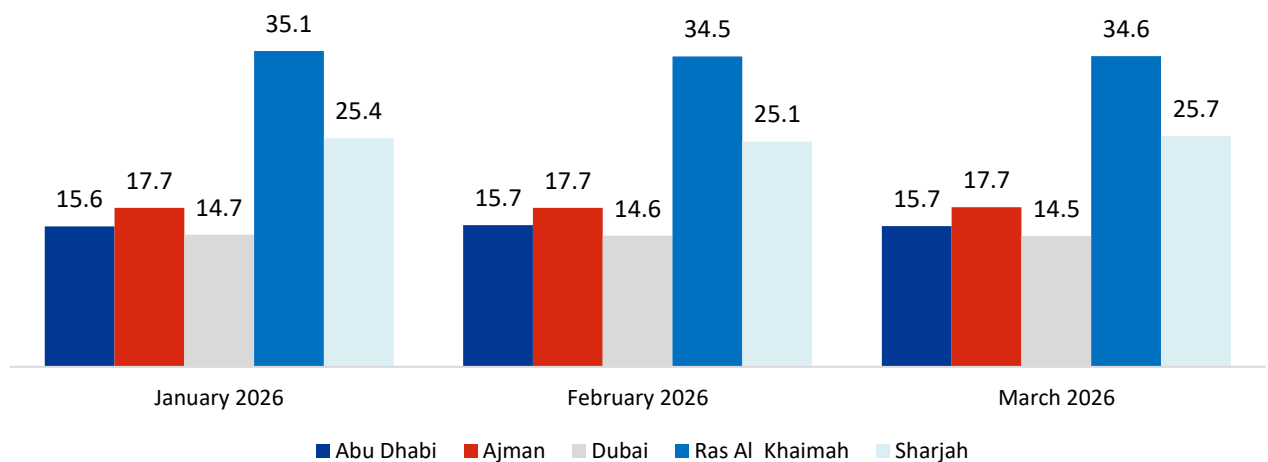
**Apartment Rent Price Changes (%)**



Source: Reidin

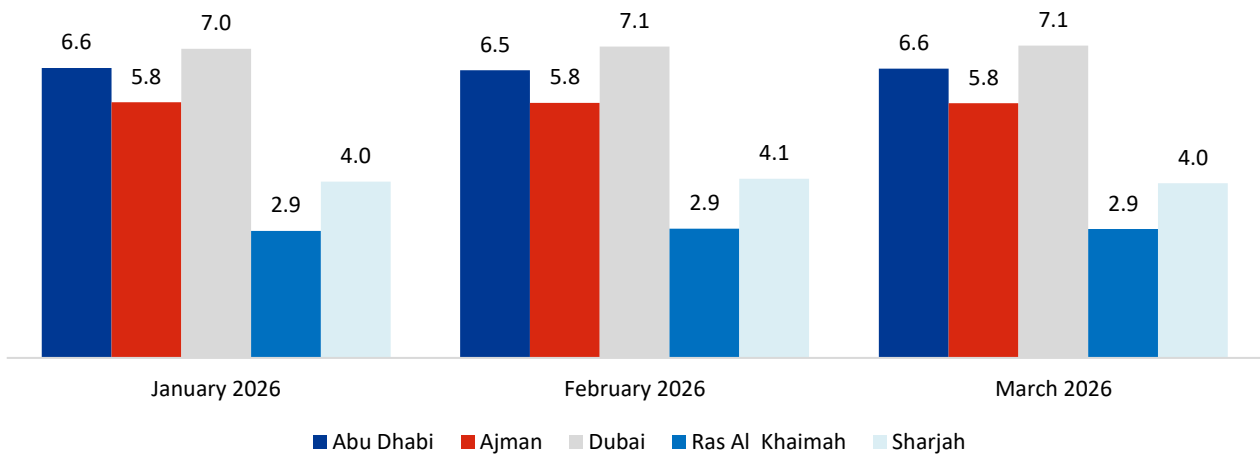
Ras Al Khaimah’s Apartment Price to Rent Ratio increased to 34.6 in March 2026 compared to 34.5 in February 2026, while Sharjah’s price to rent ratio rose from 25.1 in February 2026 to 25.7 in March 2026. Abu Dhabi’s Price to Rent Ratio remained stable at 15.7 in March 2026 compared to February 2026, while Ajman remained unchanged at 17.7 in March 2026 compared to February 2026, whereas Dubai declined marginally from 14.6 in February 2026 to 14.5 in March 2026. The Gross Rent Yield for Abu Dhabi increased from 6.5% in February 2026 to 6.6% in March 2026, whereas Ajman remained flat at 5.8% in March 2026 compared to February 2026, while Dubai remained stable at 7.1% in March 2026 compared to February 2026. Meanwhile, Ras Al Khaimah remained unchanged at 2.9% in March 2026 compared to February 2026, while Sharjah declined from 4.1% in February 2026 to 4.0% in March 2026.

**Apartment Price to Rent Ratios (Year)**



Source: Reidin

**Apartment Gross Yield Rates (%)**

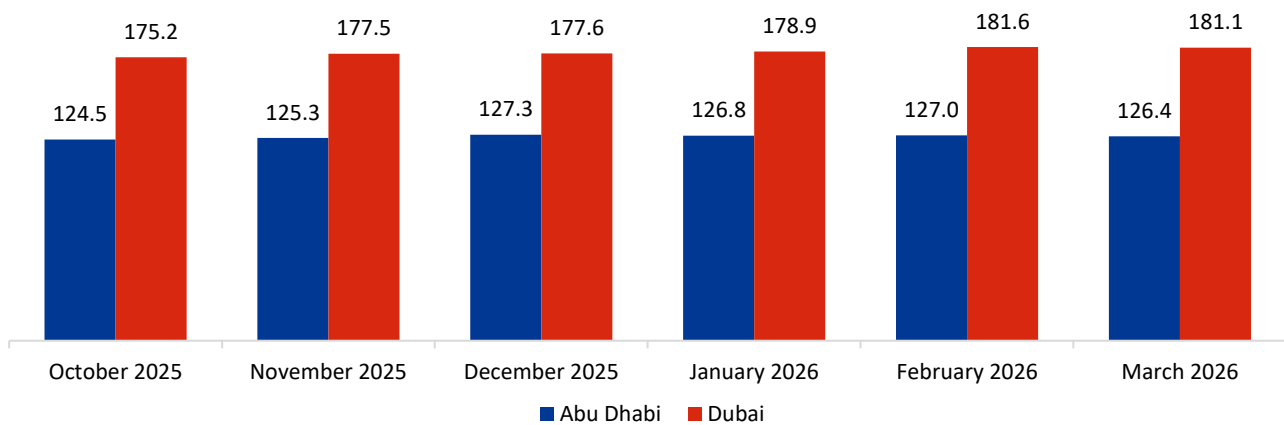


Source: Reidin

**3. Villas**

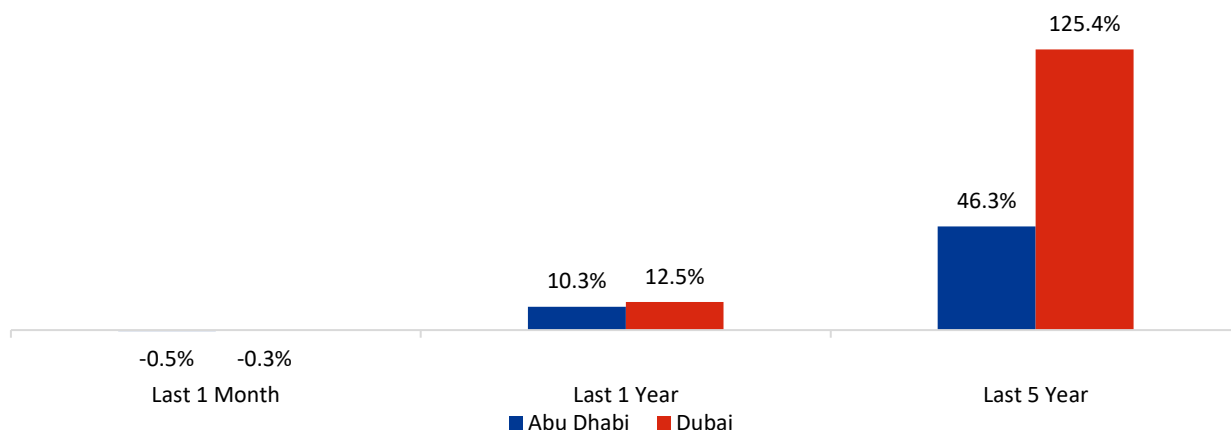
The Villa Sales Price Index declined in Dubai and Abu Dhabi on a MOM basis, while remaining elevated on a YOY basis in March 2026. The Abu Dhabi Sales Price Index for villas decreased 0.5% MOM in March 2026, while increased 10.3% on a YOY basis to 126.4 in March 2026. Similarly, the Dubai Villa Sales Price Index declined 0.3% MOM but increased 12.5% YOY to 181.1 in March 2026.

**Villa Sales Price Index (2014, Jan=100)**



Source: Reidin

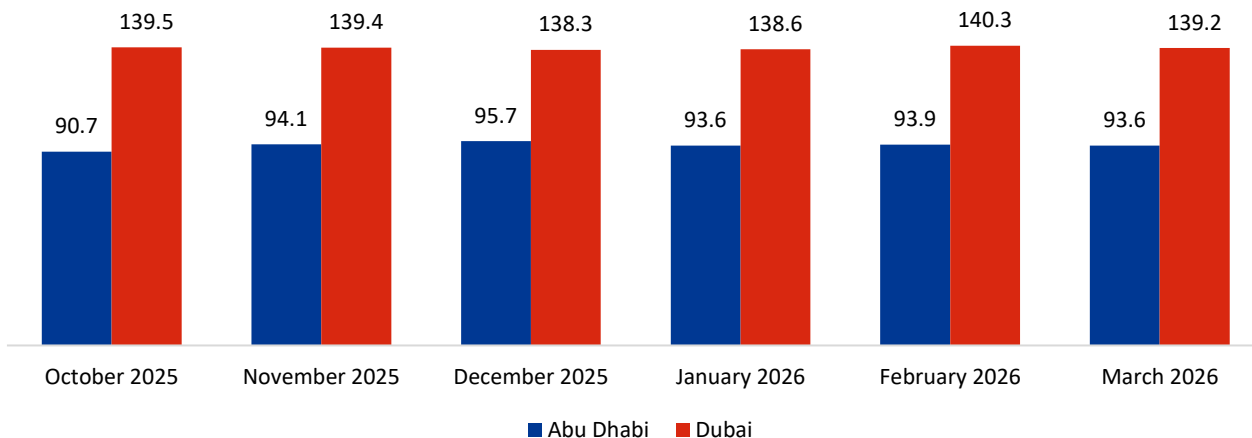
**Villa Sales Price Changes**



Source: Reidin

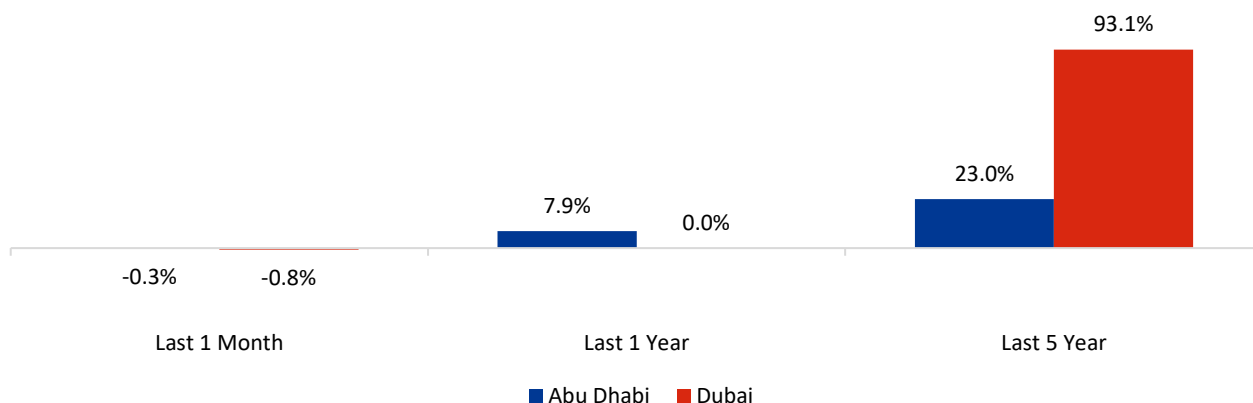
Villa rental prices in Abu Dhabi witnessed growth on a YOY basis and Dubai remained unchanged, while performance declined on a MOM basis in March 2026. The Abu Dhabi Rent Price Index for villas decreased 0.3% MOM but increased 7.9% YOY in March 2026, reaching 93.6 in March 2026. Similarly, the Dubai Residential Property Rent Price Index for villas declined 0.8% MOM while remaining flat on a YOY basis at 139.2 in March 2026.

**Villa Rent Price Index (2014, Jan=100)**



Source: Reidin

**Villa Rent Price Changes (%)**

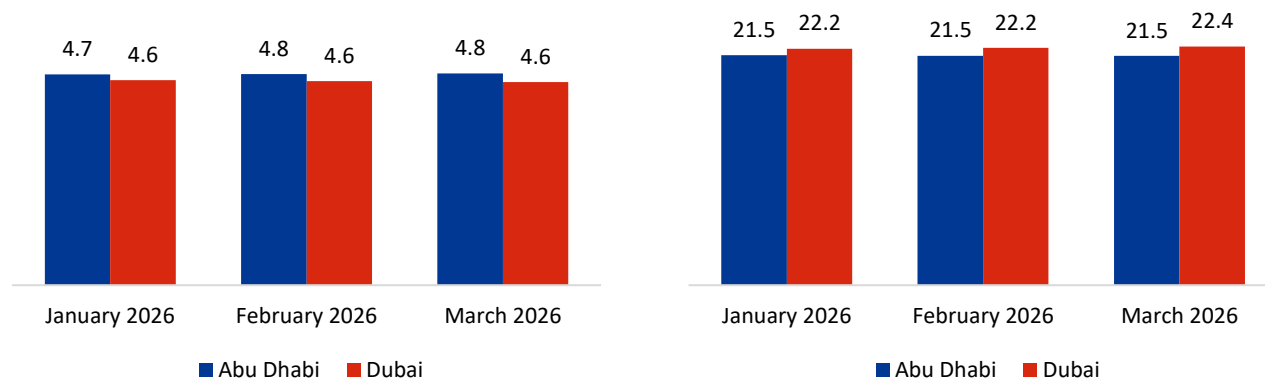


Source: Reidin

Villa gross rental yields in Abu Dhabi and Dubai showed stable movement through March 2026. Abu Dhabi’s yield remained steady at 4.8% in March 2026, unchanged from February 2026, while Dubai’s yield also held constant at 4.6% over the same period. The villa price-to-rent ratio continued to show limited movement, with Abu Dhabi’s ratio stable at 21.5 in March 2026 compared to February 2026, while Dubai’s ratio increased slightly from 22.2 to 22.4 during the same period.

**Villa Gross Rental Yield (%)**

**Villa Price to Rent Ratio (Year)**

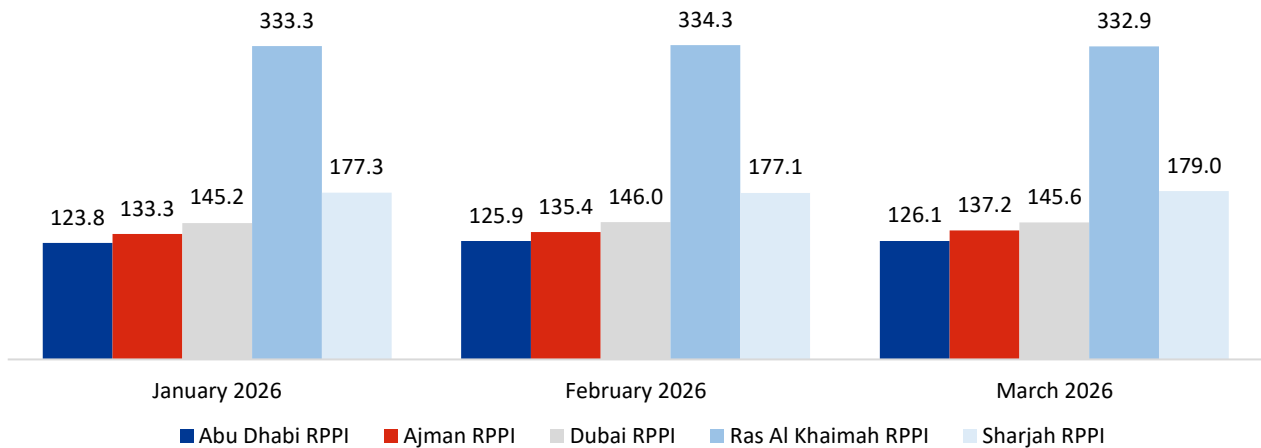


Source: Reidin

**4. Different Asset Classes Return on Investment**

The Residential Property Price Index in the UAE grew on a YOY basis across all regions except Sharjah in March 2026, while on a MOM basis Ajman recorded the highest growth. Abu Dhabi’s RPPI reported a 0.1% MOM increase and a 35.9% YOY rise in March 2026, reaching 126.1. Ajman RPPI grew 1.4% MOM and 8.9% YOY to 137.2 in March 2026. Dubai’s RPPI declined 0.3% MOM while recording an 8.5% YOY increase, reaching 145.6 in March 2026. Additionally, Ras Al Khaimah RPPI reported a 39.0% YOY increase, while recording a 0.4% MOM decline, reaching 332.9. However, Sharjah’s RPPI increased 1.1% on a MOM basis but a 4.8% decline on a YOY basis in March 2026, reaching 179.0.

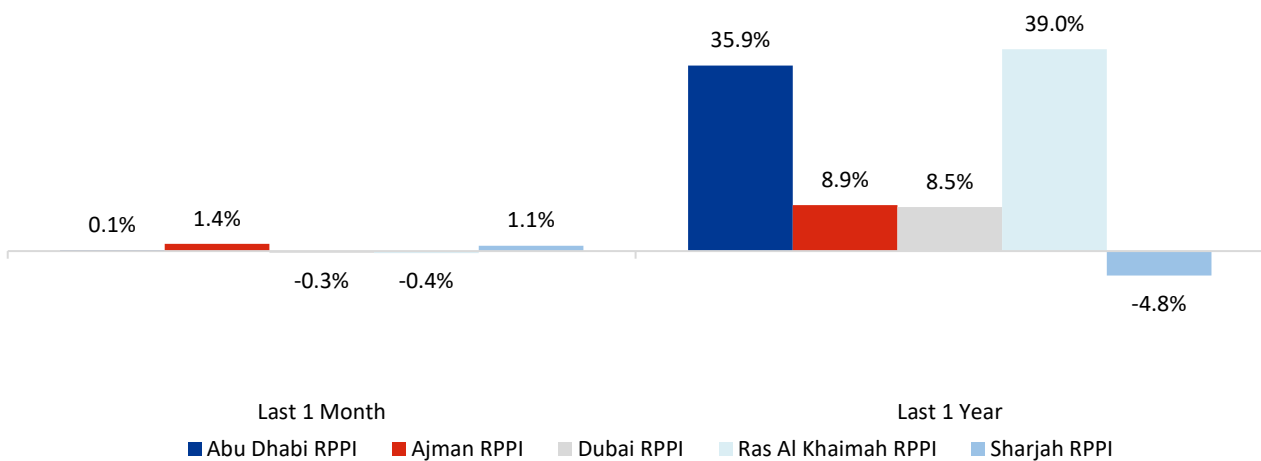
**Residential Property Price Indices (RPPI) and Financial Indicators**



Source: Reidin,

Note: Oil price index based on OPEC basket price.

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



Source: Reidin

Note: Oil price index based on OPEC basket price.

## Macro Backdrop in the UAE

### Real Estate and UAE Macroeconomic Outlook

#### Dubai off-plan apartment sales rose in March amid resilient investor demand

Dubai's off-plan residential apartment sales reached AED 17.5 Bn (USD 4.8 Bn) in March 2026, increasing 12.9% YOY compared to March 2025, while transaction volumes rose 2.3% to 7,983 deals compared to February 2026. The increase was attributed to strong demand in areas such as Nad Al Sheba, Al Barsha South, and the Dubai Islands. Moreover, supported by growth in the ultra-luxury segment and developments near Al Maktoum International Airport. However, the analysis excluded villa, secondary, and completed property transactions, while investors increased exposure to real estate as a hedge against regional currency instability, coupled with support from visa reforms, including the Golden Visa programme.

#### Sharjah real estate transactions rose during Ramadan 2026 on strong demand

Sharjah's real estate transactions reached AED 4.6 Bn in Ramadan 2026, increasing 71.8% compared to AED 2.7 Bn in Ramadan 2025, while total transactions rose 45.3% YOY to 7,299 in Ramadan 2026 from 5,023 in Ramadan 2025. The increase was attributed to higher demand across property segments. Moreover, activity was recorded across ownership certificates at 3,596, title deeds at 2,464, initial sales contracts at 969, and mortgages at 270. Sales transactions rose 26.7% YOY from 1,652 in Ramadan 2025 to 2,093 in Ramadan 2026, while demand remained supported by residential and investment activity, coupled with new project launches and financing availability.

#### Abu Dhabi residential sales reached AED 12 Bn in January on strong off-plan demand

Abu Dhabi's residential property market recorded AED 12 Bn in sales across 2,600 transactions in January 2026, while off-plan properties accounted for 83% of total transactions compared to 17% in the secondary market in January 2026. The performance was attributed to demand for newly launched and master-planned developments. Moreover, Saadiyat Island recorded AED 5.6 Mn in sales, followed by Al Jubail Island at AED 4.2 Mn and Al Raha at AED 3.23 Mn, while Yas Island and Al Reem Island recorded AED 2 Mn and AED 1.62 Mn, respectively in January 2026. Leasing activity recorded 18,500 transactions valued at AED 1.5 Bn in January 2026, coupled with continued activity across residential segments.

#### Ajman property valuations reached AED 1.06 Bn in January 2026, led by commercial assets

Ajman recorded 242 property valuation transactions in January 2026 with a total value of AED 1.06 Bn, according to the Ajman Department of Land and Real Estate Regulation, while commercial properties accounted for the largest share at AED 626.5 Mn, followed by residential properties at AED 329 Mn. Valuation activity covered commercial, residential, and industrial properties. Moreover, the report included personal, court-related, and institutional valuations. Transactions linked to long-term Golden Residence permits totalled 167 in January 2026, with a combined value exceeding AED 303 Mn, while reflecting activity across investor-related valuation segments.

#### Aldar reported over AED 30 Bn active tenders amid ongoing construction activity

Aldar Properties reported 172 active tenders worth more than AED 30 Bn across projects in Abu Dhabi, Dubai, and Ras Al Khaimah, while development contracts worth AED 4.7 Bn have been awarded since the start of 2026, including AED 1.8 Bn to UAE-based contractors. Moreover, around AED 1.78 Bn is expected to be recirculated into the local economy under the UAE's In-Country Value programme. Additionally, three construction sites were activated in March 2026, supporting the

delivery of more than 3,500 residential units in 2026, with 1,075 units delivered, including 550 units in March 2026. While construction continues across 141 sites, with contractor payments of AED 1.55 Bn in March 2026.

### **Dubai real estate transactions rose in 1Q26 on strong off-plan activity**

Dubai's real estate market recorded 47,996 sales transactions worth AED 176.7 Bn in 1Q26, increasing 5.5% YOY in volume and 23.4% YOY in value compared to 1Q25, while off-plan properties accounted for 70% of transaction volume and 71% of total value in 1Q26. In March 2026, off-plan transactions reached 10,303 deals worth AED 31.2 Bn, rising 5.4% YOY in volume and 8.9% YOY in value compared to March 2025. Apartments led activity with 36,428 transactions worth AED 75.2 Bn in 1Q26, while villas recorded 8,261 transactions worth AED 59.1 Bn, coupled with mortgage transactions rising 7.5% YOY to 11,829 in 1Q26.

### **UAE developers prioritised liquidity while maintaining manageable debt positions**

UAE real estate developers are expected to prioritise cash preservation amid ongoing Middle East tensions as of March 12, 2026, according to Fitch Ratings, while buyer interest and overseas demand have declined. Developers remain supported by pre-sales backlogs. Additionally, escrow-held funds support project delivery. Delays are not expected for ongoing projects. However, developers are likely to scale back new launches and land acquisitions, as land purchases account for around 20% of project value. Similarly, S&P Global noted no liquidity pressure on developers, including Emaar, PNC Investments, Omniyat, and Damac. Moreover, debt maturities remain manageable in 2026. Developers remained active in debt markets during 2025-2026, while Emaar plans capex of AED 10-11 Bn in 2026-2027 with flexibility to delay projects.

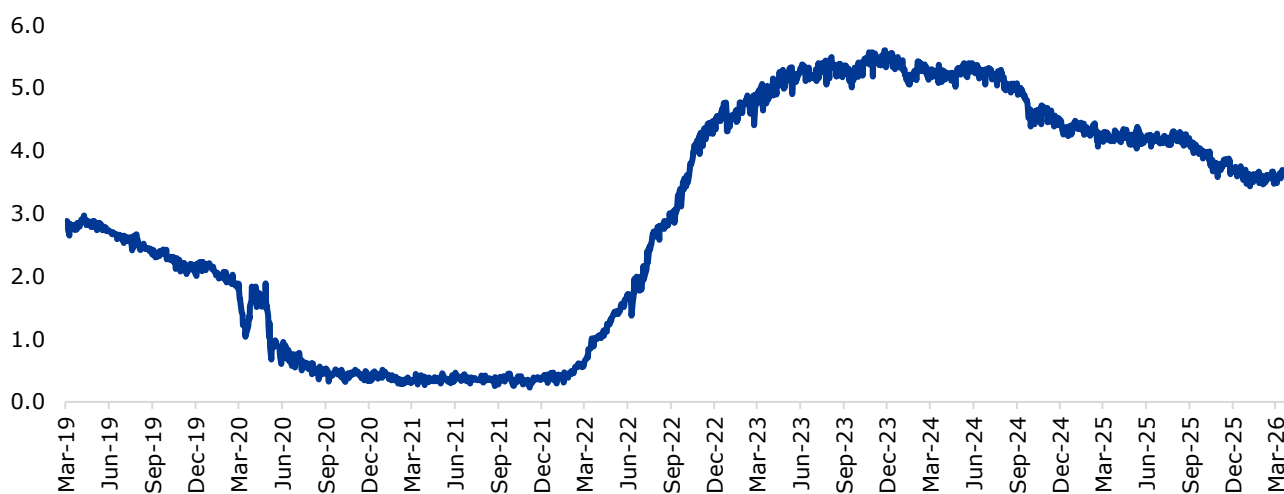
### **Abu Dhabi real estate transactions surge in 1Q26 driven by strong investment activity**

The Abu Dhabi Real Estate Centre (ADREC) reported that total real estate transaction value increased 160.7% YOY to AED 66 Bn across 13,518 deals in 1Q26 compared to 1Q25. Sales and purchases increased 228.6% YOY to AED 51.0 Bn through 8,940 transactions in 1Q26, while mortgage transactions increased 53.4% YOY to AED 15.03 Bn across 4,578 deals in 1Q26. Moreover, Hudayriyat Island recorded AED 11.97 Bn in transactions, followed by Reem Island at AED 9.45 Bn and Saadiyat Island at AED 8.8 Bn, while Yas Island exceeded AED 5.5 Bn. Additionally, the repeat lease price index increased 16% YOY in 1Q26, while 16 new projects were registered during the quarter. Foreign investment increased 423% YOY to AED 8.27 Bn in 1Q26, with investors from 99 nationalities, while investment zones accounted for 84% of AED 43.59 Bn total investment value in 1Q26.

**EIBOR**

The Federal Reserve kept interest rates unchanged at 3.50%-3.75% in its March 2026 meeting. The outlook indicates that geopolitical-driven inflation risks could limit or delay the pace of rate cuts. Looking ahead, markets expect roughly one additional rate cut in 2026, subject to the trajectory of inflation and economic activity. Given the AED’s peg to the US dollar, the Central Bank of the UAE (CBUAE) aligned its policy stance, maintaining the overnight deposit facility rate to 3.65% in March. The 3-month EIBOR increased from 3.53% at the start of the year (2nd January 2026) to 3.66% by end-March 2026. This upward trajectory in rates is expected to increase borrowing costs for consumers and businesses.

**3-month EIBOR (%), May 2019 – March 2026**

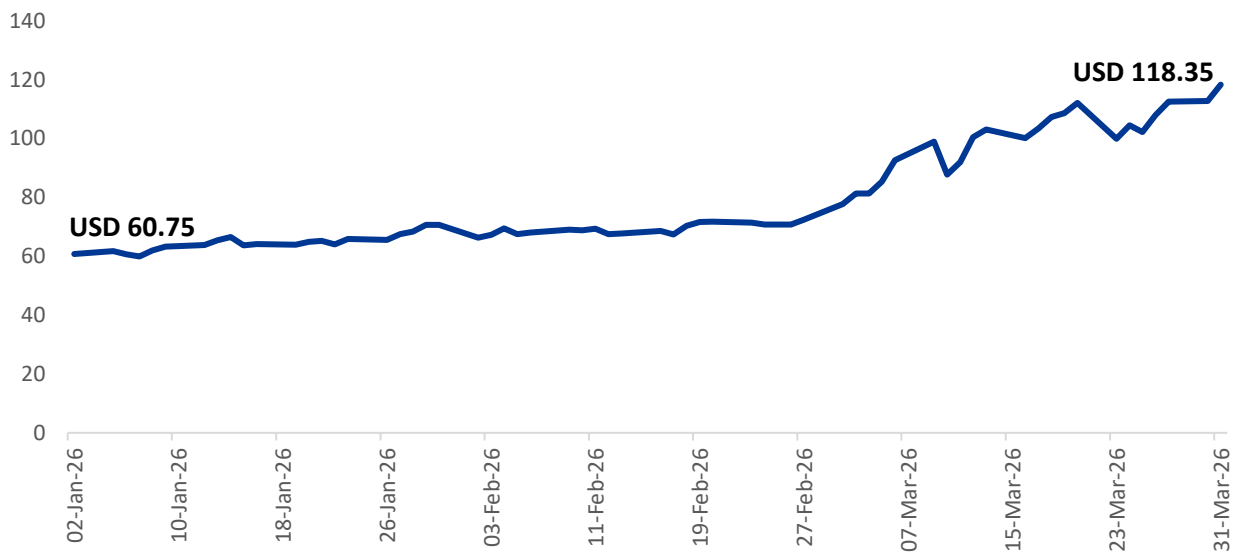


Source: CBUAE

**Oil Outlook**

Oil prices exhibited a sharp upward and highly volatile trajectory during 1Q26, rising from USD 70.69/bbl in January to USD 72.48/bbl in February, before surging significantly to USD 118.35/bbl in March. The increase in January was driven by supply disruption concerns, geopolitical tensions, and supportive OPEC+ policy, while February saw continued volatility amid shifting US–Iran dynamics, inventory builds, and mixed demand signals. The sharp escalation in March was primarily driven by intensifying geopolitical conflict, including disruptions to oil infrastructure and tanker flows through the Strait of Hormuz, resulting in a significant supply shock and pushing prices toward multi-year highs. Looking ahead, the persistence of supply constraints, along with disruptions to tanker routes and trade flows, is expected to sustain a risk premium in oil prices over the near term. Brent crude is projected to rise from an average of USD 81/bbl in 1Q26 to a peak of USD 115/bbl in 2Q26, before moderating to around USD 88/bbl by 4Q26, although prices are likely to remain elevated relative to prior expectations given the gradual normalization of supply flows through the Strait of Hormuz, with full recovery anticipated only by late 2026. On the demand side, global oil demand growth is expected to moderate to 0.6 Mn b/d in 2026 due to fuel shortages and demand curtailment, particularly in Asia, before recovering in 2027 as supply conditions and trade flows normalize.

**Brent Crude Prices (USD/bbl), January 2026 – March 2026**



Source: IEA

**Relative valuation and rating**

We maintain MARKET WEIGHT on the real-estate companies under our coverage with 4x BUY. The 2026F P/B multiples for the below stocks range between Emaar Properties (1.10x) and Tecom Group (1.97x). Emaar Properties 2026F dividend yield is the highest at 7.9%, followed by Tecom Group at 5.3%, Emaar Development at 6.9%, and Aldar Properties at 2.8%.

Stock	TP	CMP	Gain	Rating	P/B (2026F)	Div. Yld (%) 2026F
Emaar Properties (AED)	20.50	12.64	+62%	BUY	1.10	7.9%
Emaar Development (AED)	20.00	15.20	+32%	BUY	1.39	6.9%
Aldar Properties (AED)	12.00	8.27	+45%	BUY	1.40	2.8%
TECOM GROUP (AED)	4.90	3.35	+46%	BUY	1.97	5.3%

Source: FABS Estimate

## 1Q26 preview: Emaar properties

Healthy development pipeline and demand to support earnings growth

<b>Current Price</b> AED 12.64	<b>12-m Target Price</b> AED 20.50	<b>Upside/Downside (%)</b> +62%	<b>Rating</b> BUY
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### 1Q26 estimate

Emaar Properties (EMAAR/the Company) net profit is expected to increase 41.6% YOY to AED 5,251 Mn in 1Q26, owing to an expected rise in revenue, other operating income, finance income and other income, coupled with an increase in share of associates' profits, partially offset by an estimated rise in cost of revenue, other operating expenses, selling, G&A expenses, depreciation on PPE and IP, and tax charges, along with a higher profit attributable to NCI, while finance cost is expected to decline marginally. The Company's revenue is projected to increase 51.4% YOY to AED 15,288 Mn in 1Q26, driven by anticipated growth across all segments. Cost of revenue is expected to increase 59.3% YOY to AED 6,960 Mn in 1Q26 from AED 4,368 Mn in 1Q25. As a result, gross profit is likely to increase 45.3% YOY to AED 8,328 Mn in 1Q26 with margins declining 227 bps YOY to 54.5% in 1Q26. The Company's other operating income is anticipated to rise 37.2% YOY to AED 199 Mn in 1Q26. At the same time, other operating expenses are expected to increase from AED 39 Mn in 1Q25 to AED 107 Mn in 1Q26. Furthermore, the selling and G&A expenses are projected to increase 59.6% YOY to AED 1,147 Mn in 1Q26. Thus, EBITDA is estimated to increase 34.6% YOY to AED 7,273 Mn in 1Q26, compared to AED 5,401 Mn in 1Q25, with the EBITDA margin expected to decline 592 bps YOY to 47.6% in 1Q26. The Company's operating profit is anticipated to increase 44.4% YOY to AED 6,873 Mn in 1Q26. Depreciation on PPE is expected to rise 12.2% YOY to AED 180 Mn, while depreciation on IP is estimated to increase 12.5% YOY to AED 220 Mn in 1Q26. Finance income is projected to rise 46.3% YOY to AED 948 Mn, whereas finance cost is projected to decline marginally by 0.7% YOY to AED 220 Mn in 1Q26. Moreover, the other income is expected to increase 12.4% YOY to AED 153 Mn in 1Q26. The Company's share of profit from associates is anticipated to increase 10.0% YOY to AED 121 Mn in 1Q26. Income tax expenses are expected to rise 43.2% YOY to AED 1,142 Mn in 1Q26. Profit attributable to NCI is estimated to increase by 59.8% YOY to AED 1,481 Mn in 1Q26.

### 2026 forecast

EMAAR's net profit is projected to decline 0.1% YOY to AED 17,583 Mn in 2026, driven by an anticipated rise in other operating expenses, selling G&A expenses, depreciation charges and increased income tax expenses partially offset by increase in revenue, other operating income, other income, finance income and share of profit of associates coupled with decrease in finance costs. EMAAR's revenue is anticipated to grow 1.1% YOY to AED 50,109 Mn in 2026, owing to an expected rise in revenue across all segments. The Company's cost of revenue is expected to remain flat at AED 22,337 Mn in 2026 and 2025. As a result, gross profit is likely to increase 2.0% YOY to AED 27,773 Mn in 2026 with margins increasing 48 bps YOY to 55.4% in 2026. EMAAR's other operating income is expected to grow 8.0% YOY to AED 752 Mn in 2026, while other operating expenses are forecasted to increase 1.9% YOY to AED 251 Mn in 2026. Selling and G&A expenses are anticipated to increase 8.7% YOY to AED 3,909 Mn in 2026. As a result, EBITDA is expected to decline 4.7% YOY to AED 24,365 Mn in 2026 with margins declining 295 bps YOY to 48.6% in 2026. Operating profit is projected to rise marginally 0.9% YOY to AED 22,765 Mn in 2026. Depreciation of PPE is estimated to increase 5.1% YOY to AED 722 Mn, while depreciation of IP is expected to rise 4.1% YOY to AED 878 Mn in 2026. Moreover, the Company's finance income is anticipated to grow 6.9% YOY to AED 3,007 Mn in 2026. On the other hand, the finance cost is projected to fall 14.5% YOY to AED 879 Mn in 2026. Other income is expected to increase 25.5% YOY to AED 651 Mn in 2026. Furthermore, the Company's share of associates is anticipated to increase 2.5% YOY to AED 821 Mn in 2026 while income tax expenses are expected to rise 14.8% YOY to AED 3,823 Mn in 2026. Profit attributable to NCI is projected to rise 4.9% YOY to AED 4,959 Mn in 2026.

### 4Q25 outturn

Emaar Properties revenue boosted 40.5% YOY to AED 16,450 Mn in 4Q25, driven by growth in sales from Residential Units, Commercial Units, increased revenue from the Hospitality segment and revenue from Leased Properties, Retail & Related Income. Revenue from the sale of Residential Units

increased 47.6% YOY to AED 12,693 Mn in 4Q25, and revenue from the sale of Commercial Units increased 47.4% YOY to AED 991 Mn in 4Q25. The Hospitality segment reported a 18.2% YOY increase in revenue to AED 713 Mn in 4Q25. Additionally, average hotel occupancy across Emaar's UAE properties reached 82% in 2025. Revenue from Leased Properties, Retail, and Related Income increased 11.8% YOY to AED 2,054 Mn in 4Q25. Emaar's cost of revenue increased 47.7% YOY to AED 7,329 Mn in 4Q25. This is higher than the growth in revenue, due to the change in revenue mix. As a result, gross profit increased 35.1% YOY to AED 9,121 Mn in 4Q25. However, gross profit margin declined 218 bps YOY to 55.4% in 4Q25, due to lower margin generated from Residential Units and Leased Properties, Retail & Related Income, partially offset by an expansion in margin from Commercial Units and Hospitality segment. Other operating income decreased 6.9% YOY to AED 175 Mn in 4Q25, while other operating expenses remained flat at AED 63 Mn in 4Q25. SG&A expenses increased 23.8% YOY to AED 1,212 Mn in 4Q25 mainly due to an increase in marketing expenses and provision for debts and advances. Emaar's total EBITDA grew 34.2% YOY to AED 8,915 Mn in 4Q25. However, EBITDA margin declined 251 bps YOY to 54.2% in 4Q25. The Company's operating profit rose 38.7% YOY to AED 7,622 Mn in 4Q25. Depreciation on PPE grew 11.9% YOY to AED 183 Mn in 4Q25, while depreciation on investment properties declined 8.9% YOY to AED 216 Mn in 4Q25. Meanwhile, finance income rose 50.6% YOY to AED 788 Mn in 4Q25, with finance costs also increased 30.0% YOY to AED 352 Mn in 4Q25. Furthermore, the Company reported a profit from associates of AED 547 Mn in 4Q25 compared to AED 43 Mn in 4Q24. Other income decreased 55.0% YOY to AED 308 Mn in 4Q25. Income tax expense increased significantly from AED 70 Mn in 4Q24 to AED 1,234 Mn in 4Q25. Additionally, the share of profit attributable to non-controlling interest holders increased 8.5% YOY to AED 1,532 Mn in 4Q25.

### Target price and recommendation

We maintain our BUY rating on Emaar Properties with a revised target price of AED 20.50. In 2025, Emaar delivered record year, underpinned by robust property demand across core markets. Group property sales reached c. AED 80 Bn (including JVs), reflecting 15.6% YOY growth in 2025, driven primarily by UAE sales of around AED 71.1 Bn alongside strong traction in international markets, particularly Egypt. This strong sales performance translated into a consolidated revenue backlog of c. AED 155 Bn in 2025, up 39% YOY, with the UAE Development backlog rising c. 30.8% YOY to AED 134 Bn. The Company expects backlog to remain stable or grow further, barring a sustained slowdown in sales, providing strong multi-year revenue and earnings visibility supported by healthy margins. Emaar's development engine is underpinned by a sizeable land bank of roughly 618 Mn SQFT (344 Mn SQFT in UAE and 274 Mn for international development) across key countries (excluding Emaar Economic City), enabling a long runway for project launches across both domestic and international markets. As of 4Q25, Emaar has c. 50,800 units under construction, including projects within JVs/JDAs, which are scheduled for delivery over the next five to six years, reinforcing the strength and visibility of its medium-term pipeline. During 2025, the Company launched 48 new residential projects, including Grand Polo Club and Resort, a new phase of The Valley, and Bristol at Emaar Beachfront, further broadening its development portfolio. International operations also delivered a strong performance, with property sales reaching AED 9.3 Bn, representing a 124% YOY increase in 2025, highlighting the scalability of Emaar's platform beyond the UAE. In addition, the Group strengthened long-term growth optionality through the acquisition of 36 Mn SQFT of new land with a gross development value of c. AED 120 Bn, including plots at Emaar Hills and land adjacent to Dubai Creek Harbour. Emaar's malls and retail platform remains a core pillar, with around 10.6 Mn SQFT of GLA in Dubai and over 13 Mn SQFT globally, anchored by The Dubai Mall. In 2025, the portfolio recorded footfall of over 200 Mn visitors, with The Dubai Mall alone attracting more than 110 Mn visitors and maintaining near-full occupancy. Emaar's malls portfolio operates with an average occupancy rate of c. 98% in 2025, supported by strong footfall and tenant demand. Looking ahead, Emaar is set to further scale its retail platform through a number of flagship developments. The Dubai Mall expansion entails an investment of c. AED 1.5 Bn and will add around 440K SQFT of GLA, alongside more than 240 new luxury retail and F&B outlets, with completion targeted for 2H28. In parallel, Dubai Square, a next-generation regional mall at Dubai Creek Harbour, is expected to open in around three years. In addition, Dubai Expo Mall, a regional shopping destination with c. 385K SQFT of GLA, is scheduled to open in 2H27, catering to the rapidly growing Dubai South catchment. The hospitality portfolio also remains resilient, with UAE hotel occupancy at c. 82% in

2025, alongside the addition of three new hotels with 750+ keys during the year. Overall, the Group operates 41 hotels with over 10,000 keys and maintains a pipeline of 23 hotels, more than three-quarters under management contracts, supporting an asset-light expansion strategy. Looking ahead, management expects the 2026 sales mix to remain broadly in line with 2025, with villas accounting for c. 40% and apartments c. 60% of units sold, and guides for sustainable gross margins in the low-50% range over the medium term. For 2025, Emaar approved a cash dividend of AED 8.8 Bn (AED 1.0 per share), with management reaffirming commitment to maintain current payout levels in the near term. Thus, based on our analysis, we assign a BUY rating on the stock.

**Emaar Properties – Relative Valuation**

(at CMP)	2021	2022	2023	2024	2025	2026F
PE (X)	27.63	16.61	9.76	8.40	6.45	6.45
PB (X)	1.70	1.64	1.46	1.33	1.20	1.10
EV / EBITDA	15.45	13.82	7.50	6.52	4.97	5.43
BVPS (AED)	7.545	7.806	8.794	9.665	10.666	11.655
EPS (AED)	0.465	0.773	1.316	1.529	1.991	1.989
DPS (AED)	0.150	0.250	0.500	1.000	1.000	1.000
Dividend yield (%)	1.2%	2.0%	4.0%	7.9%	7.9%	7.9%

FABS estimate & Co Data

**Emaar Properties - P&L**

AED Mn	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Revenue	10,098	16,450	15,288	51.4%	-7.1%	49,557	50,109	1.1%
Cost of revenue	-4,368	-7,329	-6,960	59.3%	-5.0%	-22,330	-22,337	0.0%
<b>Gross profit</b>	<b>5,730</b>	<b>9,121</b>	<b>8,328</b>	<b>45.3%</b>	<b>-8.7%</b>	<b>27,227</b>	<b>27,773</b>	<b>2.0%</b>
Other operating income	145	175	199	37.2%	13.4%	696	752	8.0%
Other operating expenses	-39	-63	-107	174.1%	68.5%	-246	-251	1.9%
SG&A expenses	-719	-1,212	-1,147	59.6%	-5.4%	-3,595	-3,909	8.7%
<b>EBITDA</b>	<b>5,401</b>	<b>8,915</b>	<b>7,273</b>	<b>34.6%</b>	<b>-18.4%</b>	<b>25,561</b>	<b>24,365</b>	<b>-4.7%</b>
<b>EBIT</b>	<b>4,761</b>	<b>7,622</b>	<b>6,873</b>	<b>44.4%</b>	<b>-9.8%</b>	<b>22,552</b>	<b>22,765</b>	<b>0.9%</b>
Depreciation of PPE	-161	-183	-180	12.2%	-1.4%	-686	-722	5.1%
Depreciation of IP	-195	-216	-220	12.5%	1.5%	-844	-878	4.1%
Finance income	648	788	948	46.3%	20.3%	2,813	3,007	6.9%
Finance cost	-221	-352	-220	-0.7%	-37.5%	-1,028	-879	-14.5%
Other income	136	308	153	12.4%	-50.3%	519	651	25.5%
Share of assoc. profits/(-loss)	110	547	121	10.0%	-77.9%	801	821	2.5%
<b>Profit before tax</b>	<b>5,433</b>	<b>8,912</b>	<b>7,874</b>	<b>44.9%</b>	<b>-11.6%</b>	<b>25,656</b>	<b>26,365</b>	<b>2.8%</b>
Income tax	-797	-1,234	-1,142	43.2%	-7.5%	-3,331	-3,823	14.8%
<b>Profit for the period</b>	<b>4,636</b>	<b>7,678</b>	<b>6,733</b>	<b>45.2%</b>	<b>-12.3%</b>	<b>22,326</b>	<b>22,542</b>	<b>1.0%</b>
Non-controlling interests	-927	-1,532	-1,481	59.8%	-3.3%	-4,726	-4,959	4.9%
<b>Profit to shareholders</b>	<b>3,709</b>	<b>6,146</b>	<b>5,251</b>	<b>41.6%</b>	<b>-14.6%</b>	<b>17,599</b>	<b>17,583</b>	<b>-0.1%</b>

FABS estimate & Co Data

**Emaar Properties - Margins**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2024	2026F	Change
Gross Profit	56.7%	55.4%	54.5%	-227	-98	54.9%	55.4%	48
EBITDA	53.5%	54.2%	47.6%	-592	-662	51.6%	48.6%	-295
Operating Profit	47.1%	46.3%	45.0%	-219	-138	45.5%	45.4%	-8
Net Profit	36.7%	37.4%	34.4%	-238	-301	35.5%	35.1%	-42

FABS estimate & Co Data

## 1Q26 preview: Emaar Development

Strong revenue recognition to support profit growth outlook

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 15.20	AED 20.00	+32%	BUY

### 1Q26 Estimate

Emaar Development's (EMAARDEV/the Company) net profit is expected to rise 55.2% YOY to AED 2,978 Mn in 1Q26. The increase in net profit is primarily driven by an anticipated rise in revenue and finance income, coupled with higher other income and an increase in the share of results from joint ventures, partially offset by an expected increase in cost of revenue, S&G expenses, finance cost, tax expense, and higher profit attributable to NCI. The Company's revenue is forecasted to increase to AED 7,730 Mn in 1Q26, up from AED 5,024 Mn in 1Q25 reflecting strong recognition of property development sales in 1Q26. Cost of revenue is expected to increase from AED 2,246 Mn in 1Q25 to AED 3,517 Mn in 1Q26, leading gross profit to grow 51.6% YOY to AED 4,213 Mn in 1Q26. However, gross margin is anticipated to contract 80 bps YOY to 54.5% in 1Q26 due to higher cost intensity. S&G expenses are estimated to increase to AED 526 Mn in 1Q26 compared to AED 380 Mn in 1Q25. Consequently, operating profit is expected to increase 53.7% YOY to AED 3,687 Mn in 1Q26. EMAARDEV's EBITDA is projected to increase 53.3% YOY to AED 3,844 Mn in 1Q26, while EBITDA margin is expected to decline 19 bps YOY to 49.7% in 1Q26. Moreover, Finance income is forecasted to increase 38.9% YOY to AED 423 Mn in 1Q26, while finance cost is anticipated to rise significantly from AED 45 Mn in 1Q25 to AED 127 Mn in 1Q26. Other income is expected to increase 65.1% YOY to AED 62 Mn in 1Q26. The share of results from joint ventures is projected to rise 30.0% YOY to AED 91 Mn in 1Q26. Tax expense is forecasted to increase 31.0% YOY to AED 538 Mn in 1Q26. Additionally, profit attributable to NCI is expected to increase 42.0% YOY to AED 620 Mn in 1Q26.

### 2026 Forecast

EMAARDEV's net profit is expected to rise 3.3% YOY to AED 11,686 Mn in 2026, mainly driven by an anticipated increase in revenue, finance income, other income and share of results of joint ventures, partially offset by an expected rise in cost of revenue, S&G expenses, finance cost, share of NCI and tax expenses. EMAARDEV's revenue is anticipated to increase 12.2% YOY to AED 30,850 Mn in 2026, reflecting strong growth in property development activities. The cost of revenue is forecasted to rise 16.2% YOY to AED 13,883 Mn in 2026. Consequently, gross profit is expected to grow 9.2% YOY to AED 16,968 Mn in 2026. The Company's S&G expenses are likely to increase 19.4% YOY to AED 2,530 Mn in 2026, whereas operating profit is anticipated to increase from AED 13,419 Mn in 2025 to AED 14,438 Mn in 2026. EMAARDEV's EBITDA is forecasted to expand 7.5% YOY to AED 15,408 Mn in 2026. The Company's finance income is expected to rise 15.9% YOY to AED 1,691 Mn in 2026, while finance cost is expected to increase 78.6% YOY to AED 507 Mn in 2026. EMAARDEV's other income is anticipated to grow 18.3% YOY to AED 216 Mn in 2026. Share of results of joint ventures is projected to increase 3.0% YOY to AED 738 Mn in 2026. The Company's corporate tax is forecasted to rise 27.5% YOY to AED 2,403 Mn in 2026, while share of NCI is expected to increase 8.5% YOY to AED 2,486 Mn in 2026.

### 4Q25 Outturn

Emaar Development's revenue surged 47.6% YOY to AED 9,842 Mn in 4Q25, primarily driven by higher revenue recognition from sale of residential units and sale of commercial units, plots of land & development services. Revenue from the sale of residential units rose 49.4% YOY to AED 9,140 Mn in 4Q25, while revenue from commercial unit sales, plots of land, and development services increased 27.9% YOY to AED 702 Mn in 4Q25. The Company's cost of revenue increased substantially from AED 2,858 Mn in 4Q24 to AED 4,178 Mn in 4Q25. As a result, gross profit grew sharply 48.6% YOY to AED 5,664 Mn in 4Q25, while gross margins expanded from 57.1% in 4Q24 to 57.5% in 4Q25. Selling and general expenses expanded 47.1% YOY to AED 770 Mn in 4Q25. Thus, operating profit surged 48.9% YOY to AED 4,894 Mn in 4Q25. Operating margin grew 43 bps YOY to 49.7% in 4Q25. Moreover, EBITDA rose sharply 57.6% YOY to AED 5,389 Mn in 4Q25. EBITDA margin improved 347 bps YOY to 54.8% in 4Q25. Finance income increased significantly 66.9% YOY to AED

459 Mn in 4Q25, similarly finance costs rose strongly 87.8% YOY to AED 141 Mn in 4Q25. Other income increased from AED 21 Mn in 4Q24 to AED 31 Mn in 4Q25. Share of results from JVs rose from AED 110 Mn in 4Q24 to AED 461 Mn in 4Q25. Meanwhile, the share of profit attributable to non-controlling interest holders declined 8.7% YOY to AED 595 Mn in 4Q25. Additionally, the Company recorded a tax charge of AED 799 Mn in 4Q25, compared to tax reversal of AED 96 Mn in 4Q24.

### Target price and rating

We revise our rating on Emaar Development from ACCUMULATE to BUY with a revised target price of AED 20.00. Emaar Development reported strong net income growth in 2025, supported by strong sales growth in residential units and commercial units. During 4Q25, EMAARDEV added new projects across key master communities, including Mareva and Mareva 2 under The Oasis ED, Ovelle and Avelia under The Valley, and Equestra, Equiterra and Equiterra 2 under Grand Polo Club and Resort. Mareva and Mareva 2 have project values of AED 6.1 Bn and AED 6.5 Bn, respectively, while Ovelle and Avelia have project values of AED 1.2 Bn and AED 1.3 Bn, respectively. Moreover, Equestra, Equiterra and Equiterra 2 have project values of AED 1.7 Bn, AED 2.5 Bn and AED 1.5 Bn, respectively. The Company announced Emaar Hills, a new master-planned destination during 2025 that will be home to the Dubai Mansions ultra-luxury residential project, strengthening its presence in the ultraluxury segment. Property sales rose by 8.7% YOY to AED 71.1 Bn in 2025, driven by solid demand in both established neighborhoods and newly introduced communities. As a result, Sales backlog rose 38% YOY to AED 125.2 Bn as of December 2025, providing four to five years of revenue visibility, while offering support against potential near-term uncertainty amid evolving regional geopolitical developments in 2026, with around 51,000 residential units currently under construction. During 2025, more than 48 residential projects were launched across master planned developments, including Grand Polo Club and Resort, a new phase of The Valley, and Bristol at Emaar Beachfront. Emaar also expanded its development pipeline by acquiring 36 Mn SQFT of land, with a total development value of AED 120 Bn in 2025. The Company's construction model continues to minimise financial risk supported by a strong land bank and JV/JDA structure requiring limited upfront capital investment, while pre-sales fund construction with 60–70% of units pre-sold and 20-30% cash collected before construction commencement. With 93% of off-plan projects sold and a minimal default rate of c. 0.5%, the model supports strong cash flow visibility, while regulations allow forfeiture of up to 40% of sales value in default cases enabling resale of properties. EMAARDEV had delivered over 80,500 residential units since 2002, demonstrating a strong execution track record. It also holds a substantial land bank of 305 Mn sqft (gross land area) in the UAE, supporting future development. Demand dynamics remain healthy, with 60% of buyers in 2025 being UAE residents, while 40% were international investors, led by Indian buyers, followed by UK and Chinese buyers, highlighting the continued appeal of Dubai real estate to both domestic and overseas segments. Emaar Development approved a dividend of AED 4.0 Bn for 2025, equivalent to AED 1 per share. The Company's financial position remained robust at December 2025, supported by AED 41.3 Bn (incl. fixed deposits) in cash and cash equivalents and negligible debt, providing significant flexibility. Given these factors, we assign a BUY rating on the stock.

#### Emaar Development - Relative Valuation

	2021	2022	2023	2024	2025	2026F
PE (X)	19.23	16.39	9.41	8.17	5.51	5.34
PB (X)	4.31	3.60	2.73	2.20	1.67	1.39
EV / EBITDA	14.10	12.71	5.96	4.46	1.86	1.73
BVPS	3.623	4.332	5.710	7.097	9.318	11.240
EPS	0.811	0.952	1.657	1.908	2.829	2.921
DPS	NM	0.520	0.521	0.680	1.000	1.050
Dividend Yield (%)	NM	3.4%	3.4%	4.5%	6.6%	6.9%

FABS estimate & Co Data

**Emaar Development - P&L**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
<b>AED Mm</b>								
Revenue	5,024	9,842	7,730	53.8%	-21.5%	27,486	30,850	12.2%
Cost of Revenue	-2,246	-4,178	-3,517	56.6%	-15.8%	-11,948	-13,883	16.2%
<b>Gross Profit</b>	<b>2,778</b>	<b>5,664</b>	<b>4,213</b>	<b>51.6%</b>	<b>-25.6%</b>	<b>15,537</b>	<b>16,968</b>	<b>9.2%</b>
S&G Expenses	-380	-770	-526	38.4%	-31.8%	-2,119	-2,530	19.4%
<b>Operating Profit</b>	<b>2,399</b>	<b>4,894</b>	<b>3,687</b>	<b>53.7%</b>	<b>-24.7%</b>	<b>13,419</b>	<b>14,438</b>	<b>7.6%</b>
<b>EBITDA</b>	<b>2,508</b>	<b>5,389</b>	<b>3,844</b>	<b>53.3%</b>	<b>-28.7%</b>	<b>14,332</b>	<b>15,408</b>	<b>7.5%</b>
Finance Income	304	459	423	38.9%	-7.9%	1,459	1,691	15.9%
Finance Cost	-45	-141	-127	182.3%	-9.7%	-284	-507	78.6%
Other Income	37	31	62	65.1%	97.4%	182	216	18.3%
Share of results of Joint Ventures	70	461	91	30.0%	-80.3%	717	738	3.0%
<b>Profit before tax</b>	<b>2,765</b>	<b>5,704</b>	<b>4,136</b>	<b>49.6%</b>	<b>-27.5%</b>	<b>15,493</b>	<b>16,575</b>	<b>7.0%</b>
Tax	-410	-799	-538	31.0%	-32.7%	-1,885	-2,403	27.5%
NCI	437	595	620	42.0%	4.2%	2,291	2,486	8.5%
<b>Net profit to equity holders</b>	<b>1,918</b>	<b>4,310</b>	<b>2,978</b>	<b>55.2%</b>	<b>-30.9%</b>	<b>11,316</b>	<b>11,686</b>	<b>3.3%</b>

FABS estimate& Co Data

**Emaar Development-Margins**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	55.3%	57.5%	54.5%	-80	-305	56.5%	55.0%	-153
EBITDA	49.9%	54.8%	49.7%	-19	-503	52.1%	49.9%	-220
Operating Profit	47.7%	49.7%	47.7%	-4	-202	48.8%	46.8%	-202
Net Profit	38.2%	43.8%	38.5%	34	-527	41.2%	37.9%	-329

FABS estimate& Co Data

## 1Q26 preview: Aldar Properties

Strong revenue momentum across segments to support profit growth

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 8.27	AED 12.00	+45%	BUY

### 1Q26 Estimate

Aldar Properties (Aldar/the Company) is estimated to grow 16.6% YOY in net profit to AED 1,913 Mn in 1Q26, owing to anticipated higher revenue, finance income and other income, partially offset by a forecasted rise in direct costs, general expenses, selling and marketing expenses, finance costs and income tax charges, coupled with higher non-controlling interest and lower share of associates. Aldar's Revenue is forecasted to grow 15.9% YOY to AED 9,028 Mn in 1Q26, due to expected rise in revenue from Development and Investment segments. Aldar Development segment revenue is projected to rise 17.6% YOY to AED 6,687 Mn in 1Q26. Similarly, Aldar Investments revenue is forecasted to grow 11.1% YOY to AED 2,341 Mn in 1Q26. The Company's direct cost is anticipated to increase 15.8% YOY to AED 5,804 Mn in 1Q26. As a result, gross profit is expected to improve 15.9% YOY to AED 3,224 Mn in 1Q26, however, gross profit margin is anticipated to remain broadly stable at 35.7% in 1Q26. General expenses are estimated to rise 29.2% YOY to AED 603 Mn in 1Q26, while the selling and marketing expenses are projected to grow 2.4% YOY to AED 36 Mn in 1Q26. Aldar's EBITDA is anticipated to expand 13.5% YOY to AED 2,808 Mn in 1Q26, although EBITDA margin is expected to decline 66 bps YOY to 31.1% in 1Q26. Furthermore, the Company's operating income is projected to increase 13.4% YOY to AED 2,585 Mn in 1Q26. Additionally, the operating profit margin is anticipated to fall from 29.2% in 1Q25 to 28.6% in 1Q26. Aldar's provisions are expected to increase to AED 36 Mn in 1Q26, compared to AED 10 Mn in 1Q25. Aldar's finance income is expected to rise 1.1% YOY to AED 187 Mn in 1Q26. Conversely, finance cost is projected to grow 2.5% YOY to AED 320 Mn in 1Q26. Additionally, total other income is anticipated to increase significantly to AED 90 Mn in 1Q26, compared to AED 43 Mn in 1Q25. The Company's tax expense is expected to increase 2.9% YOY to AED 284 Mn in 1Q26. Furthermore, the Company's non-controlling interest is projected to increase 14.9% YOY to AED 307 Mn in 1Q26.

### 2026 Forecast

Aldar's net profit is expected to increase 15.2% YOY to AED 8,767 Mn in 2026, attributed to an anticipated growth in revenue coupled with lower finance cost, partially offset by an expected rise in direct costs, general and selling & marketing expenses, income tax expenses, and NCI, along with lower finance income. Aldar's revenue is expected to boost 16.8% YOY to AED 39,493 Mn in 2026, primarily due to the estimated rise in demand expected across both segments. Aldar Development's revenue is projected to grow 18.7% YOY to AED 29,458 Mn, and Aldar Investment is anticipated to rise 11.4% YOY to AED 10,035 Mn in 2026. The Company's direct cost is expected to increase 17.3% YOY to AED 26,097 Mn in 2026. Thus, gross profit is likely to rise 15.7% YOY to AED 13,396 Mn in 2026, while gross profit margin is anticipated to decline 31 bps YOY to 33.9% in 2026. The Company's general expenses are estimated to rise 11.4% YOY to AED 2,251 Mn in 2026. On the other hand, the selling & marketing expenses are anticipated to grow 18.5% YOY to AED 158 Mn in 2026. As a result, EBITDA is projected to increase 13.0% YOY to AED 12,690 Mn in 2026, whereas the EBITDA margin is estimated to shrink 108 bps YOY to 32.1% in 2026. Furthermore, operating profit is expected to increase 16.6% YOY to AED 10,987 Mn, with the operating profit margin anticipated to contract around 4 bps YOY to 27.8% in 2026. The Company's provision is expected to increase 3.1% YOY to AED 474 Mn in 2026. Aldar's finance income is projected to decline 11.9% YOY to AED 747 Mn in 2026, while finance cost is forecasted to decrease 8.2% YOY to AED 1,282 Mn in 2026. Moreover, the Company's other income is expected to decline 3.3% YOY to AED 1,501 Mn in 2026. Aldar's tax expenses are anticipated to increase to AED 1,302 Mn in 2026 compared to AED 1,131 Mn in 2025. The share attributable to NCI holders is estimated to increase 15.2% YOY to AED 1,408 Mn in 2026.

#### 4Q25 Outturn

Aldar's revenue significantly increased 58.0% YOY to AED 10,265 Mn in 4Q25. This growth was supported by strong performance across both the Development and Investment segments, driven by successful project launches, continued recognition of development revenue backlog, higher occupancy levels, rising rental rates, and contributions from recent strategic acquisitions, coupled with strong inventory sales and recurring income from the investment portfolio. Additionally, Aldar Development's backlog stood at AED 71.7 Bn as of 4Q25 compared to AED 54.6 Bn in 4Q24, providing clear visibility on revenue recognition over the next two to three years. Aldar's development revenue grew 77.8% YOY to AED 7,707 Mn, and Investment revenue increased 18.3% YOY to AED 2,558 Mn in 4Q25. The Company's direct costs increased significantly from AED 4,129 Mn in 4Q24 to AED 6,784 Mn in 4Q25. As a result, gross profit increased significantly 46.9% YOY to AED 3,482 Mn in 4Q25. However, gross margins declined 254 bps YOY to 33.9% in 4Q25. General expenses of Aldar rose 9.8% YOY to AED 603 Mn in 4Q25. Selling and marketing expenses declined 24.7% YOY to AED 34 Mn in 4Q25. Company's EBITDA rose from AED 2,312 Mn in 4Q24 to AED 3,438 Mn in 4Q25, due to strong growth in EBITDA across the Development and Investments segments. Development EBITDA increased from AED 1,123 Mn in 4Q24 to AED 2,162 Mn in 4Q25, whereas Investment adjusted EBITDA grew from AED 713 Mn in 4Q24 to AED 902 Mn in 4Q25. Whereas, group EBITDA margin declined from 35.6% in 4Q24 to 33.5% in 4Q25. Operating profit expanded 60.2% YOY to AED 2,845 Mn in 4Q25, with an expansion in margin of 39 bps YOY to 27.7% in 4Q25. Additionally, provision increased from AED 173 Mn in 4Q24 to AED 395 Mn in 4Q25. The Company's finance income grew 32.2% YOY to AED 251 Mn in 4Q25, and finance cost surged from AED 246 Mn in 4Q24 to AED 353 Mn in 4Q25. Other Income also increased from AED 533 Mn in 4Q24 to AED 791 Mn in 4Q25. Aldar's income tax surged significantly from AED 150 Mn in 4Q24 to AED 272 Mn in 4Q25 due to the introduction of a 15% statutory rate. Furthermore, profits attributable to non-controlling interest rose from AED 289 Mn in 4Q24 to AED 399 Mn in 4Q25.

#### Target price and rating

We revise our rating on Aldar Properties from ACCUMULATE to BUY with an unchanged target price of AED 12.00. Aldar Properties reported strong financial and operating performance in 4Q25, supported by higher revenues recorded across all operating segments and strong earnings growth across the core business platforms. Group development sales reached AED 40.6 Bn in 2025, marking a 21% YOY increase, with UAE sales accounting for AED 35.5 Bn. UAE alone recorded sales of AED 9.0 Bn during 4Q25, driven by robust demand for existing inventory, strong demand from overseas and expatriate buyers, and the successful launch of three new projects, Yas Living, The Row Saadiyat, and Yas Riva Residences. The Company launched a total of eleven projects in 2025, supported by a global sales network and strong investor confidence in Abu Dhabi's real estate market. Aldar also reported sustained interest from international and expatriate buyers, with the international customer group contributing AED 7.0 Bn in UAE sales in 4Q25, accounting for 78% of total UAE transactions. Furthermore, for 2025 international and expatriate buyers contributed AED 27.4 Bn in UAE sales, representing 77% of total UAE transactions. The Company also reported strong international sales growth during 4Q25, with international sales increasing 97.5% YOY to AED 3,035 Mn in 4Q25, primarily driven by project launches across Egypt, London and the UAE. Aldar's Development revenue backlog surged to an all-time high of AED 71.7 Bn as of December 2025, up from AED 54.6 Bn in 2024, ensuring strong revenue visibility over the next two to three years. Of this, AED 61.0 Bn is attributed to the UAE business with an average duration of around 27 months. The Project Management Services backlog also stood firm at AED 94.8 Bn, with AED 63.6 Bn under construction, as of December 2025. Additionally, Aldar's develop-to-hold (D-Hold) strategy continued to progress, with the total D-Hold pipeline standing at around AED 17.2 Bn as of 4Q25, supported by AED 4.4 Bn worth of new projects announced and scheduled for delivery over the next four years, supporting future recurring income growth and long-term capital appreciation. This expanding pipeline is diversified across retail, hospitality, education, and logistics segments, reinforcing Aldar's long-term recurring income visibility. International operations remained a key growth pillar. Egypt-based SODIC contributed AED 777 Mn in revenue and AED 1.9 Bn in sales during 4Q25, supported by a solid revenue backlog of AED 8.2 Bn (EGP 106.5 Bn) with an average duration of 40 months. Additionally, Aldar further strengthened its investment platform during 4Q25, supported by strong portfolio occupancy levels of around 96% across commercial, retail, residential and logistics assets,

coupled with rising rental rates and continued contribution from recent strategic acquisitions, supporting overall earnings growth. The Company also continued to scale its investment management platform with AUM reaching AED 49 Bn in 2025, reinforcing its position as a leading regional real estate owner and investment manager. In the UK, London Square generated AED 539 Mn in revenue and AED 1.1 Bn in sales during 4Q25, supported by new project launches and continued land pipeline expansion. The international segment continues to contribute meaningfully to overall performance, supported by strong sales, revenue growth and backlog visibility across Egypt and the UK. As of 4Q25, Aldar's total landbank stood at c. 59.5 Mn sqm across key UAE locations, including Saadiyat Island, Yas Island, Fahid Island, Mina Zayed, Seih Al Sedeirah and other strategic destinations, providing significant long-term development optionality. The Company continues to focus on diversifying its product mix, expanding its reach across a wider customer base while reinforcing its position as Abu Dhabi's leading destination builder. The Group also completed major D-Hold assets such as the Yasmina American School and the Jimi Mall redevelopment during 2025, further strengthening its recurring income base. Aldar maintained a strong liquidity position, with AED 14.2 Bn in free and unrestricted cash and AED 16.4 Bn in committed undrawn bank facilities as of December 2025, totaling AED 30.6 Bn in available liquidity. In addition, the Company expanded its strategic partnership with Mubadala through the North Al Maryah Island development, with a project GDV of over AED 60 Bn, expected to support future commercial and mixed-use expansion. Aldar also completed the retail joint venture with Mubadala during 2025, with Aldar holding a 75% stake, strengthening its retail platform positioning. The Company approved a dividend of AED 1.6 Bn for 2025, equivalent to 20.50 fils per share. Based on the above-mentioned factors, we assigned a BUY rating to the stock.

**Aldar- Relative Valuation**

(At CMP)	2021	2022	2023	2024	2025	2026F
PE	28.86	23.10	17.50	12.17	8.90	7.71
PB	2.48	2.36	2.15	1.92	1.64	1.40
EV/EBITDA	23.94	19.21	14.53	9.85	6.82	6.05
BVPS	3.424	3.606	3.951	4.438	5.182	6.092
EPS	0.295	0.368	0.486	0.699	0.955	1.102
DPS	0.150	0.160	0.170	0.185	0.205	0.235
Dividend Yield	1.8%	1.9%	2.1%	2.2%	2.5%	2.8%

*FABS estimate & Co Data*
**Aldar - P&L**

AED (Mn)	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Revenue	7,791	10,265	9,028	15.9%	-12.1%	33,818	39,493	16.8%
Direct costs	-5,010	-6,784	-5,804	15.8%	-14.4%	-22,243	-26,097	17.3%
<b>Gross profit</b>	<b>2,781</b>	<b>3,482</b>	<b>3,224</b>	<b>15.9%</b>	<b>-7.4%</b>	<b>11,575</b>	<b>13,396</b>	<b>15.7%</b>
General expenses	-467	-603	-603	29.2%	0.0%	-2,021	-2,251	11.4%
Sell & Mktg Exp	-35	-34	-36	2.4%	7.1%	-133	-158	18.5%
<b>EBITDA</b>	<b>2,475</b>	<b>3,438</b>	<b>2,808</b>	<b>13.5%</b>	<b>-18.3%</b>	<b>11,230</b>	<b>12,690</b>	<b>13.0%</b>
<b>EBIT</b>	<b>2,279</b>	<b>2,845</b>	<b>2,585</b>	<b>13.4%</b>	<b>-9.1%</b>	<b>9,421</b>	<b>10,987</b>	<b>16.6%</b>
Share of assoc.	2	1	0	-100.0%	NM	0	0	-100.0%
Provision/(reversal)	-10	-395	-36	254.6%	-90.9%	-460	-474	3.1%
Finance income	185	251	187	1.1%	-25.6%	848	747	-11.9%
Finance cost	-313	-353	-320	2.5%	-9.2%	-1,397	-1,282	-8.2%
Total other income	43	791	90	111.7%	-88.6%	1,552	1,501	-3.3%
<b>Profit before tax</b>	<b>2,185</b>	<b>3,140</b>	<b>2,505</b>	<b>14.7%</b>	<b>-20.2%</b>	<b>9,964</b>	<b>11,478</b>	<b>15.2%</b>
Income tax	-276	-272	-284	2.9%	4.5%	-1,131	-1,302	15.2%
<b>Profit after tax</b>	<b>1,909</b>	<b>2,868</b>	<b>2,221</b>	<b>16.3%</b>	<b>-22.6%</b>	<b>8,834</b>	<b>10,176</b>	<b>15.2%</b>
Non-controlling interest	268	399	307	14.9%	-22.9%	1,223	1,408	15.2%
<b>Net profit</b>	<b>1,641</b>	<b>2,469</b>	<b>1,913</b>	<b>16.6%</b>	<b>-22.5%</b>	<b>7,611</b>	<b>8,767</b>	<b>15.2%</b>

*FABS estimate & Co Data*
**Aldar - Margins**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	35.7%	33.9%	35.7%	2	179	34.2%	33.9%	-31
EBITDA	31.8%	33.5%	31.1%	-66	-239	33.2%	32.1%	-108
Operating Profit	29.2%	27.7%	28.6%	-62	92	27.9%	27.8%	-4
Net Profit	21.1%	24.1%	21.2%	13	-286	22.5%	22.2%	-31

*FABS estimate & Co Data*

**1Q26 preview: Tecom Group**

Stable revenue growth to support operating performance

<b>Current Price</b> AED 3.35	<b>12-m Target Price</b> AED 4.90	<b>Upside/Downside (%)</b> +46%	<b>Rating</b> BUY
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**1Q26 estimate**

Tecom Group's (TECOM/the Company) net profit is anticipated to increase 5.5% YOY to AED 381 Mn in 1Q26, mainly due to an estimated rise in sales and other income, partially offset by an anticipated increase in direct costs, G&A expenses, depreciation expenses, finance cost and tax expenses, coupled with an expected decline in finance income. TECOM's sales are estimated to rise 13.8% YOY to AED 774 Mn in 1Q26, supported by continued growth across the Company's Leasing and Services segments. Direct cost is projected to increase 18.6% YOY to AED 255 Mn in 1Q26. As a result, gross profit is estimated to expand 11.6% YOY to AED 518 Mn in 1Q26 though margins are expected to decline 134 bps YOY to 67.0% in 1Q26. G&A expenses are anticipated to increase 17.5% YOY to AED 53 Mn in 1Q26. Similarly, marketing and selling expenses are estimated to rise from AED 12 Mn in 1Q25 to AED 23 Mn in 1Q26. Meanwhile, other income is forecasted to increase from AED 16 Mn in 1Q25 to AED 19 Mn in 1Q26. Consequently, TECOM's operating profit is estimated to increase 9.0% YOY to AED 461 Mn in 1Q26. Depreciation & amortisation is anticipated to increase 1.3% YOY to AED 118 Mn in 1Q26. Hence, EBITDA is projected to increase 7.3% YOY to AED 580 Mn in 1Q26. The Company's finance income is anticipated to decline 68.6% YOY to AED 3 Mn in 1Q26, whereas finance cost is expected to increase 6.9% YOY to AED 67 Mn in 1Q26. TECOM's tax expense is anticipated to rise from AED 10 Mn in 1Q25 to AED 17 Mn in 1Q26.

**2026 forecast**

Tecom Group's net profit is projected to decline 23.3% YOY to AED 1,600 Mn in 2026, primarily due to an anticipated rise in direct costs, G&A expenses, marketing & selling expenses, depreciation expenses, and finance cost, coupled with lower other income and finance income partially offset by an estimated increase in sales. The Company's sales are anticipated to rise 11.1% YOY to AED 3,175 Mn in 2026, supported by continued growth in the Company's underlying operating portfolio. Direct cost is anticipated to increase 9.1% YOY to AED 1,051 Mn in 2026. Thus, gross profit is estimated to rise 12.1% YOY to AED 2,124 Mn in 2026, with gross profit margin expected to improve 60 bps YOY to 66.9% in 2026. G&A expenses are expected to increase 13.6% YOY to AED 209 Mn in 2026, while marketing and selling expenses are expected to rise 19.1% YOY to AED 67 Mn in 2026. Other income is expected to decline 16.6% YOY to AED 76 Mn in 2026. Thus, operating profit is expected to decline 19.8% YOY to AED 1,923 Mn in 2026. Depreciation & amortisation expenses are anticipated to increase 1.5% YOY to AED 492 Mn in 2026. Tecom's EBITDA is forecasted to rise 8.3% YOY to AED 2,415 Mn in 2026. Moreover, the Company's finance income is projected to decline 57.8% YOY to AED 13 Mn in 2026, while finance cost is expected to increase 5.7% YOY to AED 268 Mn in 2026. Additionally, the Company is estimated to incur income tax expenses of AED 68 Mn in 2026 compared to AED 89 Mn in 2025.

**4Q25 outturn**

TECOM's revenue expanded 15.7% YOY to AED 745 Mn in 4Q25, driven by new leases from recent acquisitions and developments, robust rental escalations, high tenant retention and occupancy, warehouse expansions, full leasing of last year's acquisitions at higher rental rates, and increased visa-related transactions. Commercial Leasing segment revenue rose 18.3% YOY to AED 373 Mn in 4Q25, with an occupancy level of 95%. Similarly, Industrial Leasing segment revenue surged 18.3% YOY to AED 117 Mn in 4Q25, with an occupancy level of 98%. TECOM's revenue from land leasing grew 15.8% YOY to AED 159 Mn in 4Q25, with a healthy occupancy level of 97%. The service revenue rose from AED 92 Mn in 4Q24 to AED 95 Mn in 4Q25. The Company's direct costs increased 4.4% YOY to AED 252 Mn in 4Q25. Thus, the gross profit grew 22.5% YOY to AED 493 Mn in 4Q25, with the gross profit margin expanding 366 bps YOY to 66.2% in 4Q25. The Company's G&A expenses declined 4.6% YOY to AED 51 Mn in 4Q25, whereas the selling and marketing expenses fell 9.2% YOY to AED 23 Mn in 4Q25. Moreover, the other income declined from AED 25 Mn in 4Q24 to AED 17 Mn in 4Q25. The Company recorded the one-off impairment reversal (net of tax) of AED 608 Mn

in 4Q25. As a result, the operating profit rose substantially from AED 346 Mn in 4Q24 to AED 1,088 Mn in 4Q25, while the operating margin increased from 53.7% in 4Q24 to 146.1% in 4Q25. The Commercial leasing segment's EBITDA improved 18.8% YOY to AED 250 Mn in 4Q25. While the Industrial leasing segment's EBITDA grew 31.6% YOY to AED 82 Mn in 4Q25. The Company's land leasing segment's EBITDA expanded 30.2% YOY to AED 148 Mn in 4Q25. Whereas, Service segment's EBITDA rose 9.2% YOY to AED 79 Mn in 4Q25. Thus, TECOM's total EBITDA increased 21.9% YOY to AED 559 Mn in 4Q25. EBITDA margin expanded from 71.3% in 4Q24 to 75.0% in 4Q25. TECOM's finance income fell from AED 11 Mn in 4Q24 to AED 4 Mn in 4Q25, whereas the finance cost declined 4.7% YOY to AED 61 Mn in 4Q25. The Company recorded an income tax charge of AED 55 Mn in 4Q25, compared to AED 7 Mn in 4Q24.

### Target price and recommendation

We maintain our BUY rating on TECOM with a target price of AED 4.90. Company's reported a strong performance in 4Q25, supported by sustained growth across its portfolios, driven by consistent demand for its assets, higher occupancy rates, and continued focus on operational efficiency. The Company's net income increased substantially in 4Q25, driven by a one-off impairment reversal and a strong uplift in revenue coupled with lower operating expenses. TECOM's Commercial and Industrial occupancy rate increased from 94% in 4Q24 to 97% in 4Q25. Additionally, the Industrial Land Lease portfolio occupancy rate also increased from 95% in 4Q24 to 97% in 4Q25. Thereby, reflecting sustained strong demand for the high-quality assets and robust customer retention across the portfolio. The Company's funds from operations (FFO) grew 19.0% YOY to AED 2 Bn in 2025, driven by improved collections and stronger performance from income-generating assets. TECOM's fair value of investment properties increased by 23% YOY to AED 34.5 Bn in 2025, supported by an 18% like-for-like (LFL) uplift. TECOM has further invested over AED 2.5 Bn in strategic development projects and acquisitions in 2025, indicating a continued focus on expanding and upgrading the portfolio to capture long-term demand and enhance asset quality. Additionally, in December 2025, TECOM launched Phase 4 of its Innovation Hub project in Dubai Internet City, catering to the increasing structural demand for premium office spaces from global companies, although expansion decisions could face temporary delays amid regional tensions. The project has a gross leasable area of 263,000 sq.ft. and a total project value of AED 615 Mn, further reinforcing the Company's ability to leverage market demand and drive growth across its diversified asset portfolio. Furthermore, sustained demand for premium commercial and industrial assets in Dubai, coupled with a positive growth outlook for the commercial office sector in 2026, supported by rising rental rates and subject to geopolitical stability and business confidence, is expected to support TECOM's financial performance. The Company is further focusing on delivering outsized returns in line with its post-IPO objectives, driven by new leases, rental rate increases, high occupancy and retention, and selective acquisitions and developments. TECOM Group's Board of Directors proposed a cash dividend of AED 440 Mn for the 2H25, representing a 10% increase over previously approved payouts and setting a new benchmark for dividend distribution. Additionally, the Company, announced an updated dividend policy for 2026, under which it expects to distribute an aggregate cash dividend of AED 880 Mn, to be paid in two equal instalments of AED 440 Mn each in August 2026 and March 2027. On 22 January 2026, TECOM strengthened its Education Cluster portfolio by acquiring an integrated university campus in Dubai International Academic City for AED 125 Mn, spanning over 300,000 sq.ft. with academic buildings, student accommodation and sports facilities, raising the Group's total investments across its commercial and industrial portfolio to over AED 5.5 Bn since listing in July 2022. Thus, considering the above-mentioned factors, we assign a BUY rating on the stock.

#### Tecom Group – Relative Valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE (X)	22.53	17.66	15.72	13.80	8.13	10.59
PB (X)	2.28	2.15	2.68	2.53	2.15	1.97
EV / EBITDA	14.49	13.16	13.05	12.43	10.45	9.65
BVPS (AED)	1.485	1.579	1.266	1.342	1.577	1.721
EPS (AED)	0.150	0.192	0.216	0.246	0.417	0.320
DPS (AED)	0.370	0.345	0.160	0.160	0.168	0.176
Dividend yield (%)	11.0%	10.3%	4.8%	4.8%	5.0%	5.3%

FABS estimate & Co Data

**Tecom Group - P&L**

AED Mn	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Sales	680	745	774	13.8%	3.9%	2,858	3,175	11.1%
Direct cost	-215	-252	-255	18.6%	1.4%	-963	-1,051	9.1%
<b>Gross profit</b>	<b>465</b>	<b>493</b>	<b>518</b>	<b>11.6%</b>	<b>5.2%</b>	<b>1,894</b>	<b>2,124</b>	<b>12.1%</b>
G&A expenses	-45	-51	-53	17.5%	3.3%	-184	-209	13.6%
Marketing & Selling exp.	-12	-23	-23	91.4%	-1.1%	-56	-67	19.1%
Other income	16	17	19	21.1%	10.2%	91	76	-16.6%
Other expenses	0	0	0	NM	NM	0	0	NM
Impairment reversals on investment properties (net)		652	0	NM	NM	652	0	NM
<b>Operating profit</b>	<b>423</b>	<b>1,088</b>	<b>461</b>	<b>9.0%</b>	<b>-57.6%</b>	<b>2,397</b>	<b>1,923</b>	<b>-19.8%</b>
Depreciation & Amortization	117	123	118	1.3%	-4.0%	485	492	1.5%
<b>EBITDA</b>	<b>540</b>	<b>559</b>	<b>580</b>	<b>7.3%</b>	<b>3.7%</b>	<b>2,230</b>	<b>2,415</b>	<b>8.3%</b>
Finance income	11	4	3	-68.6%	-11.3%	31	13	-57.8%
Finance cost	-63	-61	-67	6.9%	10.1%	-253	-268	5.7%
<b>Profit before zakat</b>	<b>371</b>	<b>1,031</b>	<b>398</b>	<b>7.2%</b>	<b>-61.4%</b>	<b>2,175</b>	<b>1,668</b>	<b>-23.3%</b>
Income tax	-10	-55	-17	63.9%	-69.1%	-89	-68	NM
<b>Profit to shareholders</b>	<b>361</b>	<b>975</b>	<b>381</b>	<b>5.5%</b>	<b>-61.0%</b>	<b>2,086</b>	<b>1,600</b>	<b>-23.3%</b>

FABS estimate & Co Data

**Tecom group - Margins**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	68.4%	66.2%	67.0%	-134	81	66.3%	66.9%	60
EBITDA	79.5%	75.0%	74.9%	-452	-11	78.0%	76.1%	-195
Operating Profit	62.3%	146.1%	59.7%	-263	-8,643	83.9%	60.6%	-2,330
Net Profit	53.1%	131.0%	49.2%	-387	-8,178	73.0%	50.4%	-2,260

FABS estimate & Co Data

**Research Rating Methodology:**

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

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