Property Developers

Backlog Strength to Support Outlook Amid Geopolitical Risks

Sector Weighting: **MARKET WEIGHT**

Property Market Outlook

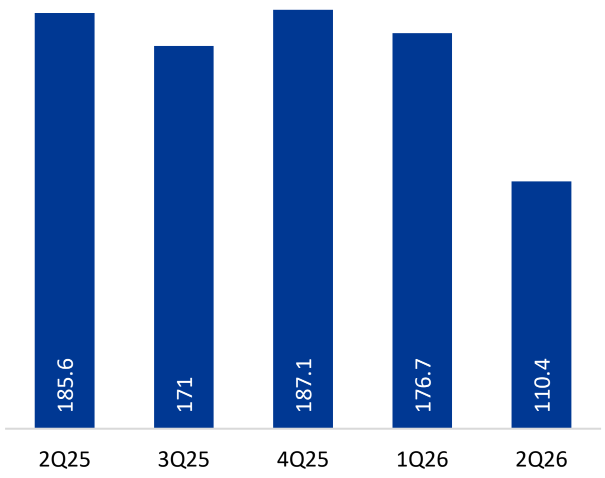
The UAE real estate sector is expected to remain resilient over the medium term, supported by strong development pipelines, healthy balance sheets, and robust project backlogs. However, the near-term outlook has become more cautious due to heightened geopolitical uncertainty, softer investor sentiment, and moderating transaction activity, which are expected to weigh on market growth over the coming quarters. Dubai's residential market has already shown signs of moderation, with total sales transactions declining 28.2% YOY to 38.3K in 2Q26, reflecting slower investor activity following a period of exceptionally strong growth. Looking ahead, the market faces risks from potential oversupply, construction delays, and weaker demand, particularly if the regional conflict persists. In contrast, Abu Dhabi continued to demonstrate relatively stronger momentum, with total real estate transaction value increasing significantly 81.1% YOY to AED 50.9 Bn in 2Q26. Despite softer market conditions, major developers continue to benefit from sizeable development backlogs that provide strong revenue visibility. Aldar Properties reported a record total backlog of AED 72.1 Bn in 1Q26, including AED 62.2 Bn in the UAE. The Company expects its investment platform to keep growing over the next four years through organic growth and acquisitions, which stood at AED 20.1 Bn as of 1Q26. Aldar also added AED 23 Bn worth of potential GDV via new land on Saadiyat Island, Yas Island, and near Yas Island. In Dubai, it expanded its joint venture with Dubai Holding by adding two more land plots with a combined GDV of AED 38 Bn in 1Q26. In 2Q26, the Company completely sold out The Orchids at Yas Acres during launch, generating over AED 680 Mn in sales, and partnered with the Abu Dhabi Department of Community Development to launch Yas Community Park, a new mixed-use community destination scheduled to open from late 2026. Aldar’s Baccarat Residences and Wilds Residences launches were impacted due to geopolitical uncertainty; it plans to relaunch these projects to improve sales. Although the Company highlighted a weak sales environment in March, it maintained its full-year 2026 EBITDA guidance, supported by its record backlog, resilient recurring income portfolio, and strong financial position. However, at the same time, the Company also acknowledged that if the Strait of Hormuz disruption persists for a longer period of time, achieving its sales target could become challenging, as it would moderate new launches to align with demand. Similarly, Emaar Properties reported a record revenue backlog of AED 163.4 Bn in 1Q26, supported by c. 52,700 units under construction that are scheduled for delivery over the next five to six years. The record backlog provides strong revenue visibility and is expected to support earnings over the medium term, enabling the Company to maintain selective project launches amid softer property market sentiment and heightened regional geopolitical uncertainty. Going forward, the Company's primary focus is expected to remain on timely project execution, payment collections, and converting its sizeable backlog into revenue. At the same time, Emaar's recurring income stream is expected to remain resilient, supported by Dubai Mall's industry-leading occupancy rate of 99.3% in 1Q26 and its mostly fixed lease structure, which limits exposure to fluctuations in tenant sales. However, a moderation in Dubai's residential market, coupled with rising construction costs and labour expenses, is expected to place pressure on margins, while any prolonged weakness in demand could result in a more selective pace of future project launches. TECOM Group reported occupancy of 98% across its commercial and industrial portfolio in 1Q26, while revenue increased 11% YOY to AED 755 Mn in 1Q26, supported by portfolio expansion, higher occupancy, and rental growth. The Company’s funds from operations (FFO) grew by 14% YOY to AED 549 Mn in 1Q26, driven by revenue growth and optimised collections. TECOM acquired an integrated university campus in Dubai

International Academic City for AED 125 Mn, spanning over 300K sq. ft., to strengthen its Education Cluster. The acquisition raises the Company's total investments to over AED 5.5 Bn and supports growing demand for higher education assets, with plans to upgrade the campus and expand capacity.

The sector's financial position is also expected to remain supportive. Aldar generated AED 4.3 Bn of cash collections during 1Q26 and continues to maintain more than AED 20 Bn in escrow together with AED 18 Bn of committed funding facilities. This provides sufficient liquidity to execute its development pipeline while supporting future expansion plans despite the more challenging operating environment. According to the Knight Frank report, c. 350K residential units are expected to be delivered in Dubai by 2030. However, only 95,649 units are now expected to be completed in 2026 instead of the 144,888 earlier planned for delivery. Furthermore, project materialization averaged only 60% during 2021–2025, indicating that actual future completions are likely to remain below announced levels. This is expected to reduce the risk of oversupply and provide some support to market fundamentals over the medium term. In Abu Dhabi, the government has introduced a temporary rent freeze across residential, commercial, and industrial properties. Under this measure, all tenancy renewals and eligible new lease agreements are required to maintain existing rental levels until further notice. While the policy is expected to support tenant affordability, occupancy levels, and leasing activity during a period of heightened regional uncertainty, it is also likely to temporarily constrain rental income growth for property owners. Overall, although the UAE real estate sector continues to benefit from strong underlying fundamentals, the outlook has become more subdued. Heightened geopolitical uncertainties, weaker investor sentiment, slower transaction activity, and policy measures limiting rental growth are expected to moderate investment activity and place pressure on property prices, particularly in the off-plan segment.

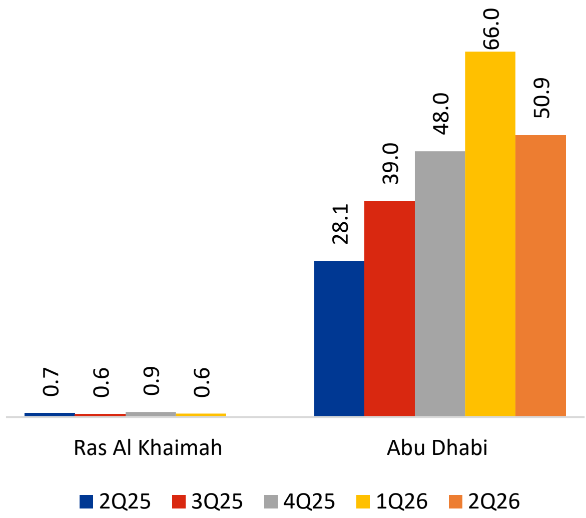
Abu Dhabi’s real estate market maintained strong momentum in 2Q26, supported by robust growth in overall real estate transaction volumes and values, while Dubai’s property market witnessed a moderation in activity, with transaction volumes and sales values declining across key property segments. In 2Q26, total sales transactions in Dubai decreased 28.2% YOY to 38.3K in 2Q26. Sales value experienced decline of 40.5% YOY to AED 110.4 Bn during the same period. Apartment sales value reached AED 56.5 Bn in 2Q26, with transaction volumes falling 21.6% YOY to 31.9K in 2Q26. Villa transactions decreased 57.4% YOY to 4.4K, with sales value reaching AED 28.4 Bn in 2Q26. The Commercial property segment recorded a 9.7% YOY increase in transactions to 1.4K, with total value reaching AED 9.2 Bn in 2Q26. Plot sales value stood at AED 16.0 Bn, while transaction volumes declined 46% YOY to 593 in 2Q26. Furthermore, Abu Dhabi’s total real estate transaction value increased significantly 81.1% YOY to AED 50.9 Bn in 2Q26. Mortgage activity recorded healthy growth, with transaction value increased to AED 11.6 Bn in 2Q26 from AED 9.7 Bn in 2Q25. In Ras Al Khaimah, the total real estate transactions valued AED 616.7 Mn in 1Q26, with AED 249.8 Mn recorded in January 2026 and AED 234.5 Mn in February 2026.

Dubai Real Estate Transactions Value (AED, Bn)



Source: DXB Interact

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



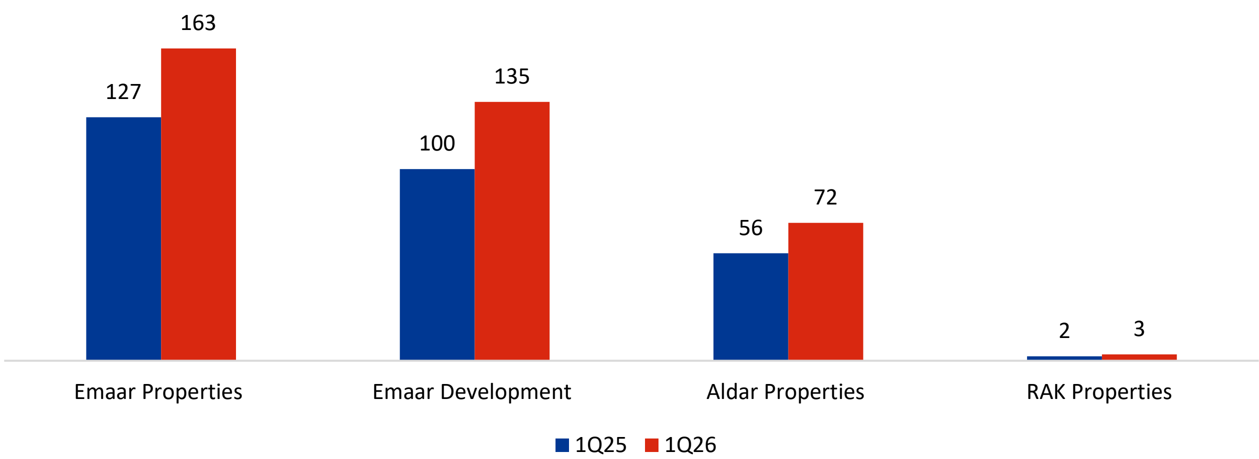
Source: Rak Government and Abu Dhabi Real Estate Centre

Office markets in Abu Dhabi and Dubai remained resilient in 1Q26, supported by low vacancy in prime assets, strong occupier demand, and continued rental growth. Despite an increase in Dubai's overall vacancy following new supply, market fundamentals remained favourable as demand continued to absorb newly completed office space. According to JLL, Abu Dhabi's overall office vacancy rate declined to 1.4% in 1Q26, with Prime and Grade A segments recording exceptionally low vacancy levels of 0.1% and 1.0%, respectively in 1Q26. Furthermore, Dubai's office market also recorded an increase in overall vacancy rates to 7.3% in 1Q26, driven by the completion of new office developments. Despite this uptick, vacancy levels remain low by historical standards, reflecting the time required for newly delivered space to be absorbed rather than any weakening in underlying demand. Prime office spaces also witnessed a marginal increase in vacancy rates to 0.7% due to additions of new stocks. Grade A spaces vacancy stood at 10.5% in 1Q26. Office rental rates continued to rise sharply, particularly in prime assets. In Abu Dhabi, prime rents surged 11.7% YOY in 1Q26 while Grade A and Grade B rents increased by 5.1% YOY and 4.2% YOY in 1Q26, respectively. In Dubai, leasing rates sustained strong momentum throughout the quarter, driven primarily by constrained availability of quality office space in core business districts. Prime office rents rose 17.2% YOY, with Grade A and Grade B rents increasing by 19.0% YOY and 23.4% YOY in 1Q26, respectively, driven by constrained supply in key business districts. While landlords largely maintained headline rental rates, they increasingly offered incentives such as rent-free periods and flexible lease terms to support leasing activity without reducing benchmark rents. On supply side, office development activity remained healthy across both Abu Dhabi and Dubai during 1Q26, with new project completions steadily expanding market inventory. Abu Dhabi's total office stock increased to 4.2 Mn sq m, while Dubai's office inventory reached 101.1 Mn sq ft in 1Q26. Developers continued to deliver projects largely on schedule, supporting a robust development pipeline.

The UAE residential market remained resilient in 1Q26, with Abu Dhabi outperforming on transaction growth while Dubai showed signs of moderation following a prolonged expansion. According to CBRE report, residential transaction volumes in Abu Dhabi increased 126% YOY to 8,315 deals in 1Q26, with transaction value surging to AED 46 Bn in 1Q26, driven by strong demand for premium developments and continued dominance of the off-plan segment, which accounted for 81% of total transactions. Residential prices rose 32% YOY in 1Q26, led by apartment price growth of 36% YOY, while villa prices increased 10% YOY in 1Q26. Rental growth remained positive growth of 15% YOY in 1Q26. In Dubai, residential price appreciation eased to 9.1% YOY in 1Q26, with apartment prices rising 8.5% and villa prices increasing 12.5%, while rental growth softened further to 4.1% YOY in 1Q26. Investor activity became more cautious, reflected in a sharp decline in off-plan secondary transactions during March, amid rising supply expectations and regional uncertainties. Looking ahead, both markets are supported by robust development pipelines, although construction delays and higher material costs may moderate the pace of new supply deliveries.

Aldar's Development revenue backlog surged to AED 72.1 Bn as of March 2026, up from AED 71.7 Bn in December 2025. The project management service segment backlog also stood firm at AED 91.6 Bn, with AED 67 Bn under construction, as of March 2026. Development activity remained robust, with Aldar launching two new projects, The Wild Residences and Baccarat Residences, in 1Q26. Additionally, Aldar's develop-to-hold (D-Hold) strategy continued to progress, with the total pipeline standing at around AED 20.1 Bn as of 1Q26, supported by AED 2.8 Bn worth of new projects announced. Emaar Properties reported consolidated revenue backlog of c. AED 163.4 Bn in 1Q26, up 29% YOY, with the UAE Development recorded a backlog of AED 143.3 Bn in 1Q26. During 1Q26, the Company launched 10 new residential projects, including The Heights Country Club & Wellness, a nature-led master-planned development designed around wellness, green living, and integrated lifestyle experiences. These strategic launches broadened the Group's portfolio and strengthened its competitive position in the market. RAK Properties revenue backlog reached AED 3.4 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

Contents:

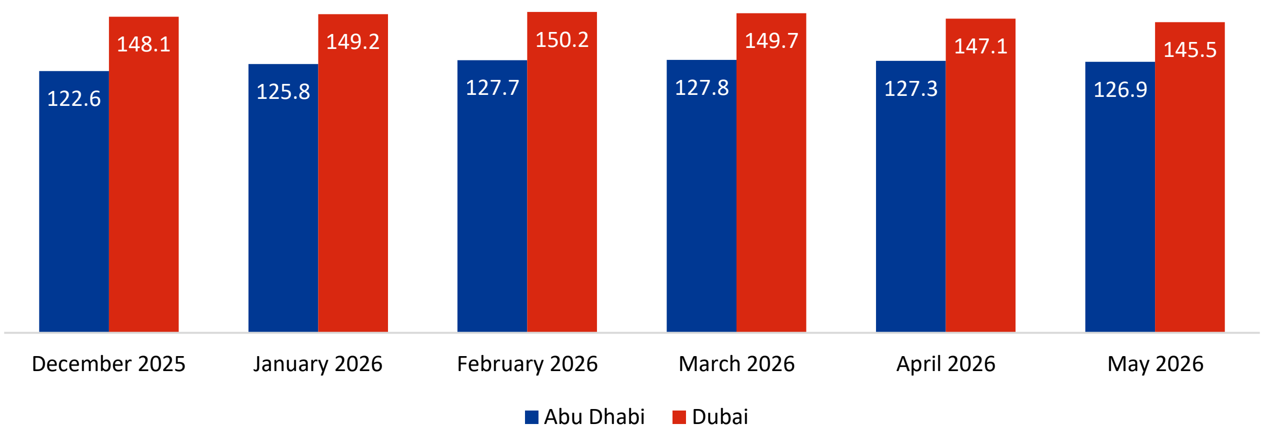
Real Estate Overview

Sales and Rent Price Indices for Residential Property

1. All Residential Market

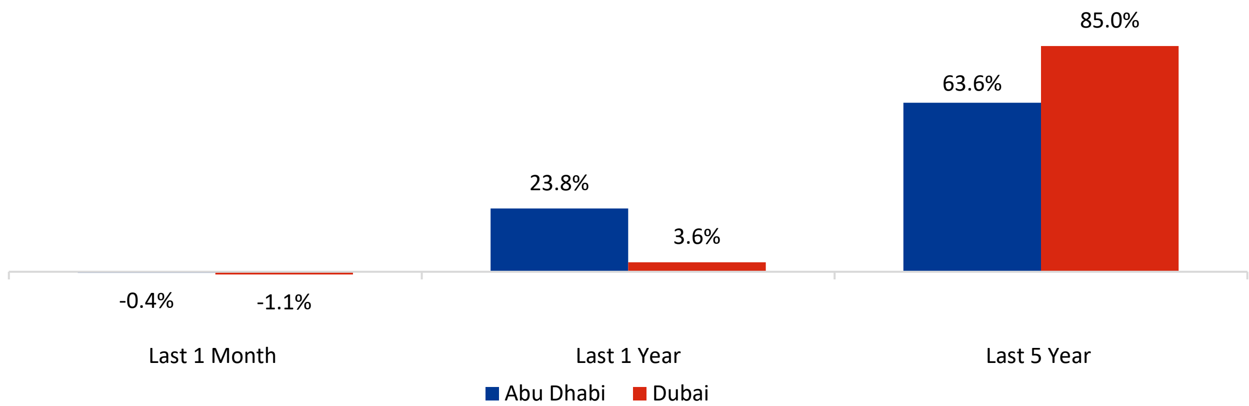
The Abu Dhabi Residential Property Sales Price Index decreased from 127.3 in April 2026 to 126.9 in May 2026, while prices rose 23.8% YOY in May 2026. Furthermore, the Dubai Residential Property Sales Price decreased from 147.1 in April 2026 to 145.5 in May 2026, while prices rose 3.6% YOY during May 2026.

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



Source: Reidin

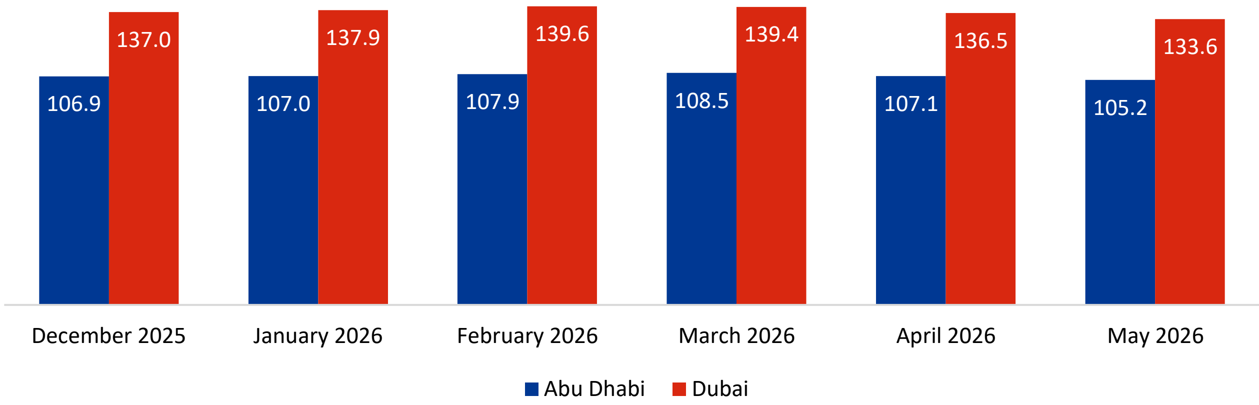
Residential Market Sales Price Changes (%)



Source: Reidin

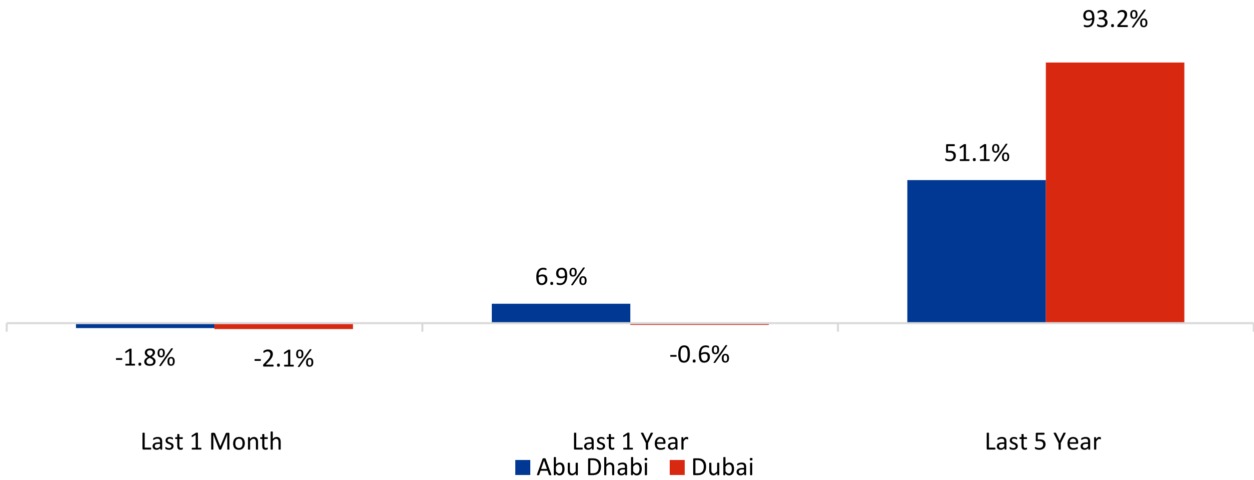
The Abu Dhabi Residential Property Rent Price Index decreased 1.8% MOM to reach 105.2 in May 2026, while prices surged 6.89% YOY during the same period. However, the Dubai Residential Rent Price Index decreased 2.1% MOM to 133.6 in May 2026, while a price also decreased 0.63% YOY in May 2026.

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



Source: Reidin

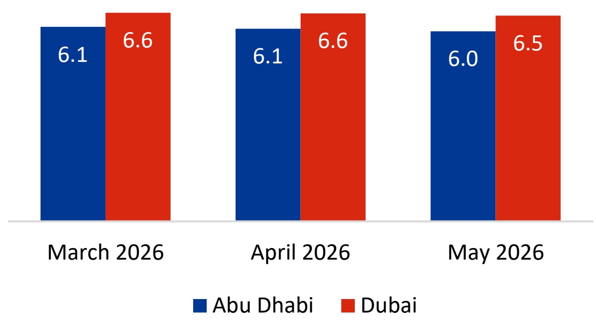
Residential Market Rent Price Changes (%)



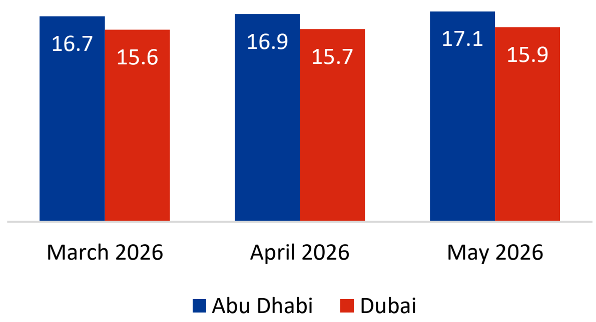
Source: Reidin

Additionally, Abu Dhabi and Dubai both declined in residential rental yields and increased in price-to-rent ratios on a MOM basis in May 2026. Abu Dhabi's gross rental yield declined 1.3% MOM to 6.0% in May 2026, and Dubai's gross rental yield decreased 1.1% YOY to 6.5% in May 2026. Meanwhile, the price-to-rent ratio (years) in Abu Dhabi increased 1.4% MOM to 17.1 in May 2026, while Dubai's price-to-rent ratio also increased 1.1% MOM to 15.9 in May 2026.

Residential Gross Rental Yield (%)



Residential Price to Rent Ratio (Years)

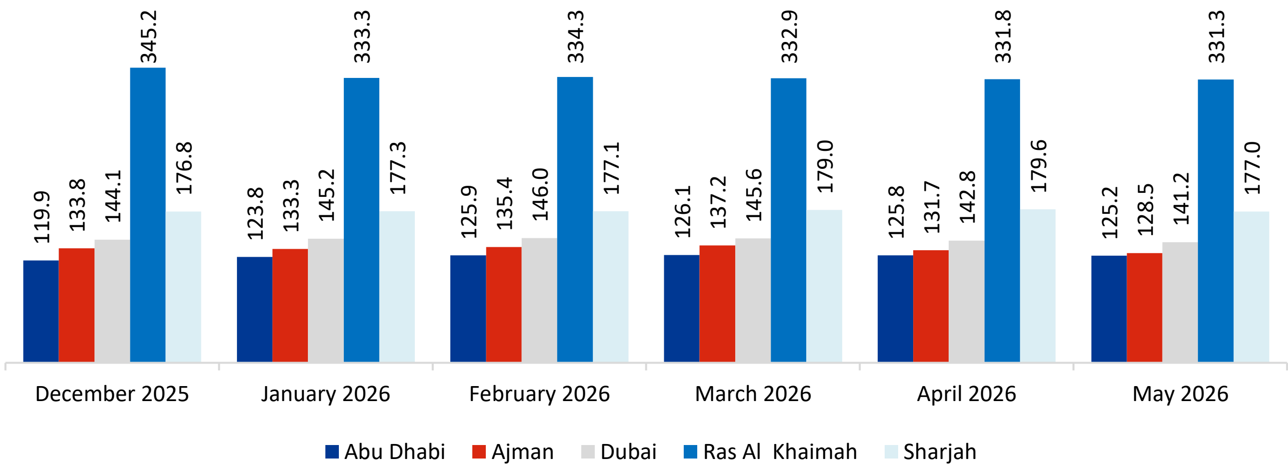


Source: Reidin

2. Apartments

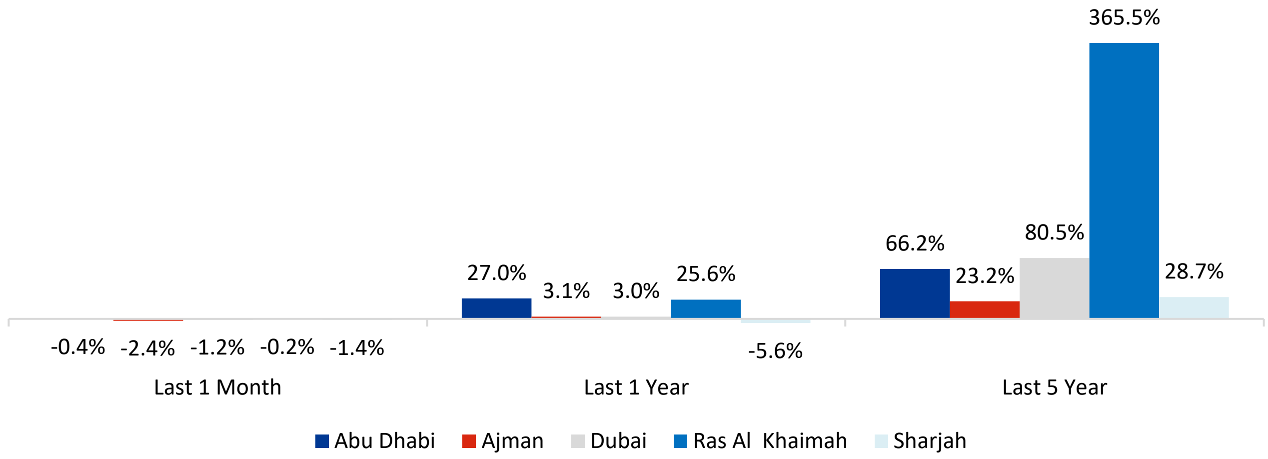
In May 2026, the apartment sale price index in the UAE recorded growth on a YOY basis across all the regions, except Sharjah. The Sales Price Index for apartments in Ajman decreased 2.4% MOM to 128.5 in May 2026. Similarly, the Abu Dhabi Sales Price Index for apartments fall 0.4% MOM to 125.2 in May 2026. Sharjah decreased 1.4% MOM to 177.0 in May 2026. However, the index decreased 1.2% MOM in Dubai and 0.2% MOM in Ras Al Khaimah, reaching 141.2 and 331.3, respectively, in May 2026. Abu Dhabi recorded the most significant price growth, rising 27.0% YOY, followed by Ras Al Khaimah at 25.6% YOY and Ajman at 3.1% YOY in May 2026. Dubai also recorded growth of 3.0% YOY, while Sharjah declined 5.6% YOY in May 2026.

Apartment Sales Price Index (2014, Jan=100)



Source: Reidin

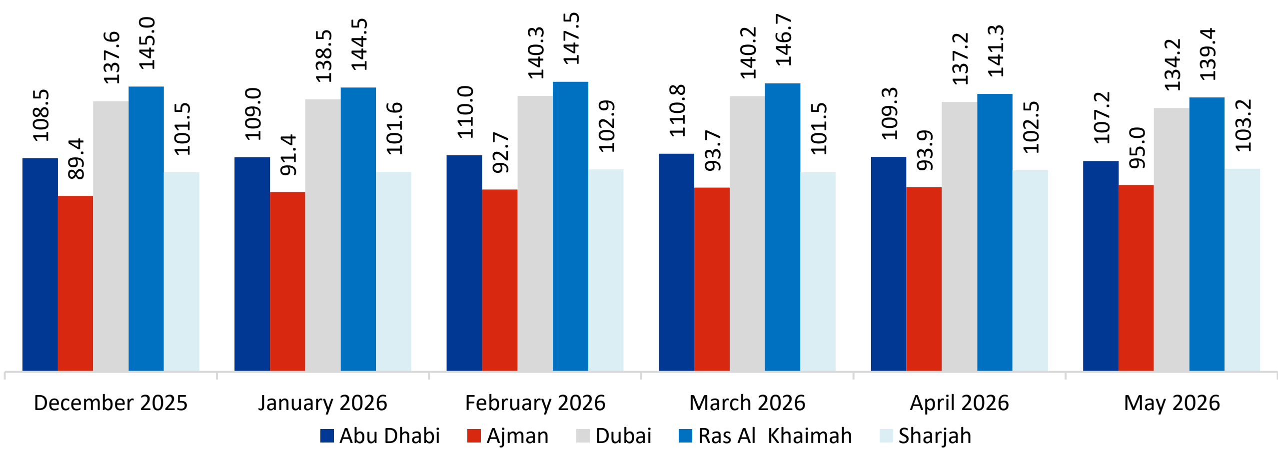
Apartment Sales Price Changes (%)



Source: Reidin

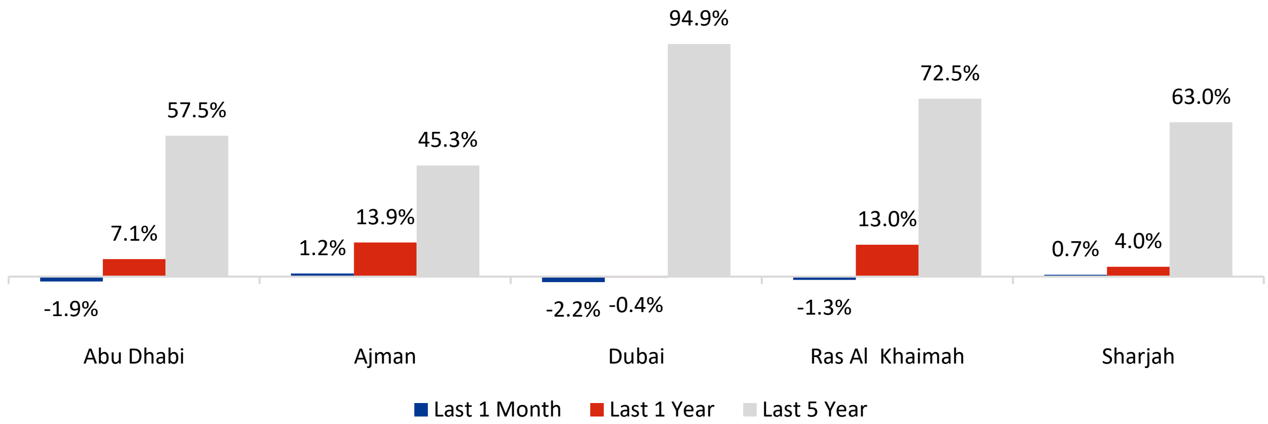
The apartment rent price index in the UAE increased on a YOY basis across all the regions except in Dubai in May 2026, while on a MOM basis, performance remained negative across all regions, except Ajman and Sharjah. Ajman's Residential Property Rent Price Index for apartments grew 1.2% MOM to 95.0 in May 2026 with prices rising 13.9% YOY in May 2026. Sharjah's Residential Property Rent Price Index for apartments increased 0.7% MOM to 103.2 in May 2026 and prices increased 4.0% YOY in May 2026. Dubai recorded decline in the apartment rental price index, falling 2.2% MOM to 134.2 in May 2026 and prices also decreased 0.37% YOY in May 2026. Abu Dhabi recorded decline in the apartment rent price index falling 1.9% MOM reaching 107.2 in May 2026 while prices increased 7.1% YOY in May 2026. Ras Al Khaimah recorded decline of 1.3% MOM to 139.4 in May 2026 while prices increased 13.0% YOY in May 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

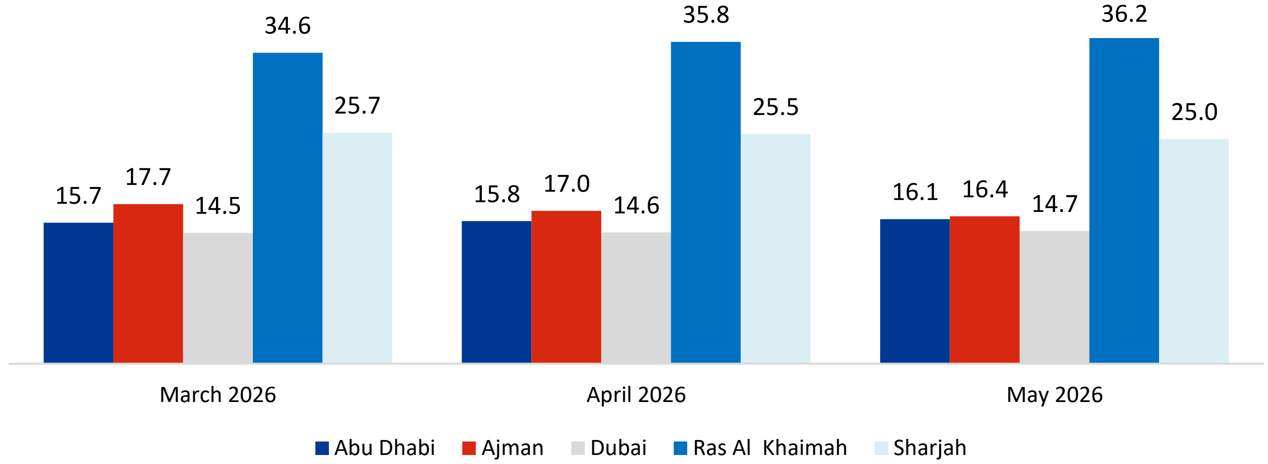
Apartment Rent Price Changes (%)



Source: Reidin

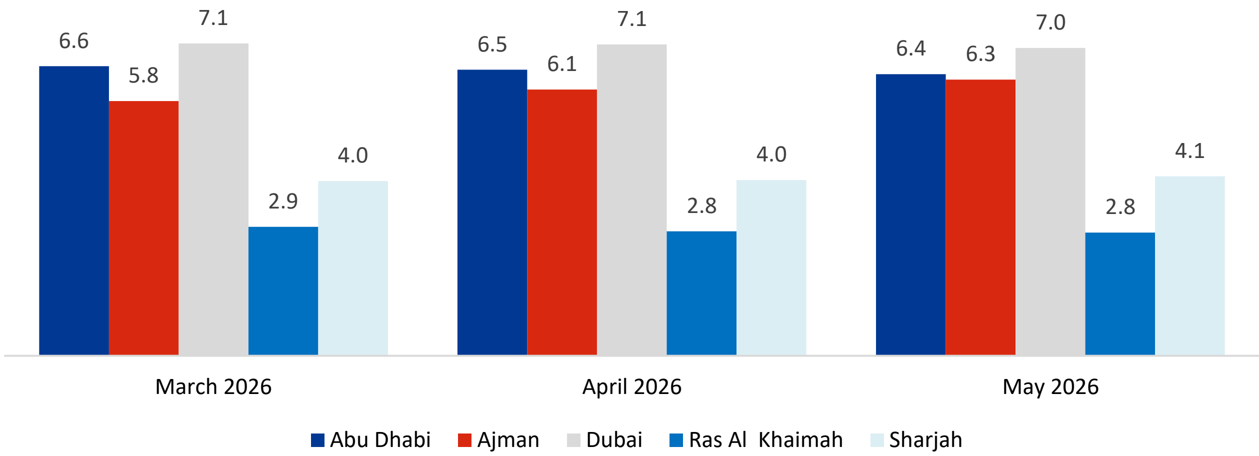
Ras Al Khaimah's Apartment Price to Rent Ratio increased to 36.2 in May 2026 compared to 35.8 in April 2026, while Sharjah's price to rent ratio declined from 25.5 in April 2026 to 25.0 in May 2026. Abu Dhabi's Price to Rent Ratio increased from 15.8 in April 2026 to 16.1 in May 2026. Ajman ratio declined from 17.0 in April 2026 to 16.4 in May 2026. Dubai increased marginally from 14.6 in April 2026 to 14.7 in May 2026. The Gross Rent Yield for Sharjah increased marginally from 4.0% in April 2026 to 4.1% in May 2026, whereas Ras Al Khaimah remained flat at 2.8% in May 2026 compared to April 2026, while Dubai decreased marginally from 7.1% in April 2026 to 7.0% in May 2026. Meanwhile, Ajman increased from 6.1% in April 2026 to 6.3% in May 2026, while Abu Dhabi declined marginally from 6.5% in April 2026 to 6.4% in May 2026.

Apartment Price to Rent Ratios (Year)



Source: Reidin

Apartment Gross Yield Rates (%)

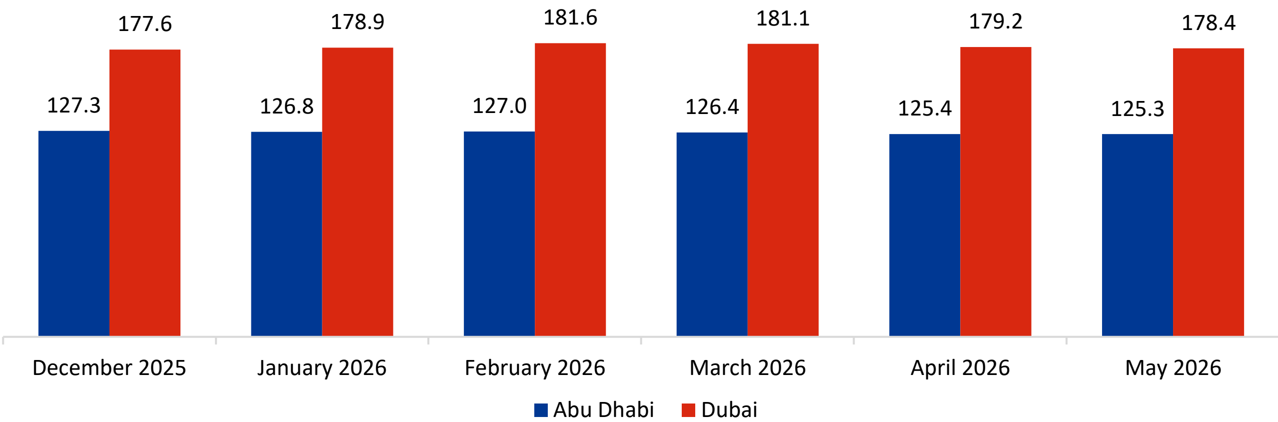


Source: Reidin

3. Villas

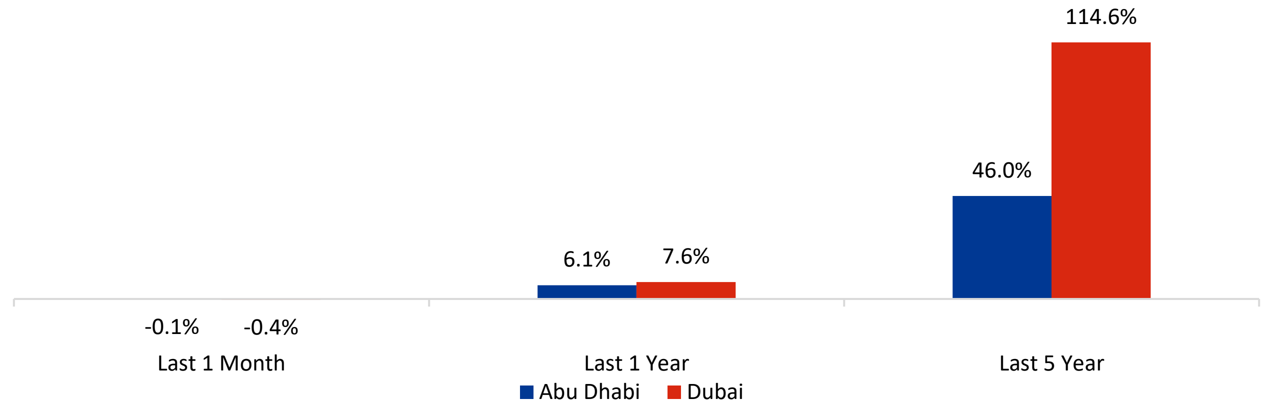
The Villa Sales Price Index declined in Dubai and Abu Dhabi on a MOM basis, while prices remaining elevated on a YOY basis in May 2026. The Abu Dhabi Sales Price Index for villas decreased marginally 0.1% MOM in May 2026, while increased 6.1% on a YOY basis to 125.3 in May 2026. Similarly, the Dubai Villa Sales Price Index declined marginally 0.4% MOM but increased 7.6% YOY to 178.4 in May 2026.

Villa Sales Price Index (2014, Jan=100)



Source: Reidin

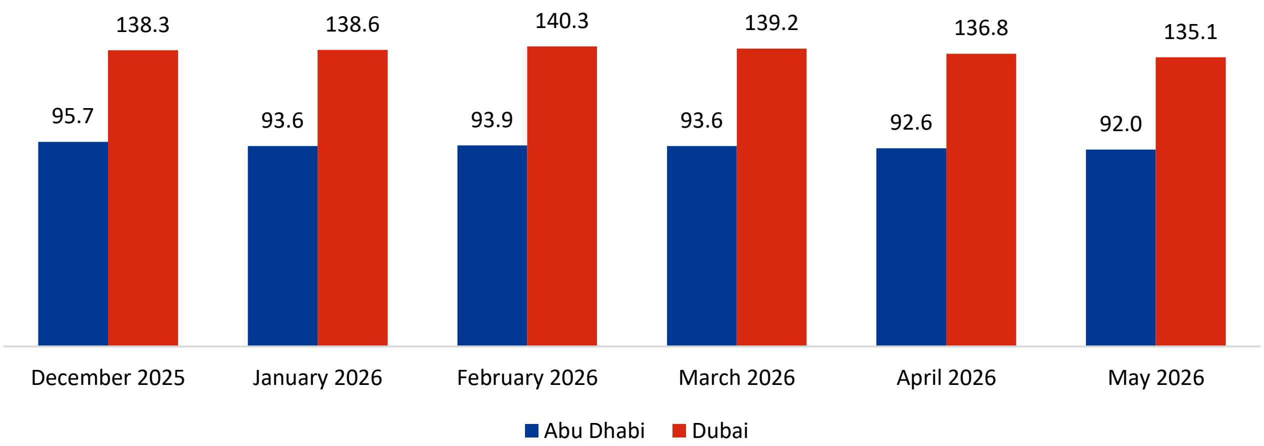
Villa Sales Price Changes



Source: Reidin

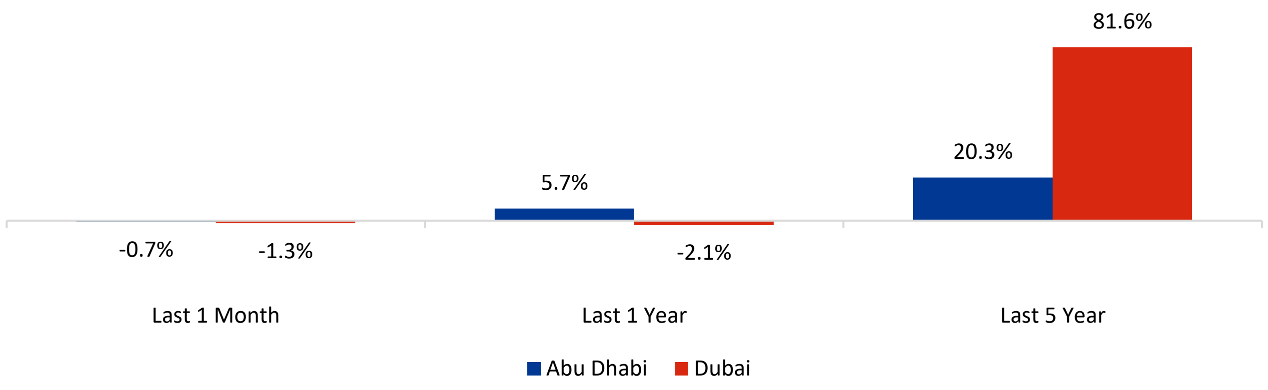
Villa rental prices in Abu Dhabi and Dubai witnessed decline on a MOM basis. The Abu Dhabi Rent Price Index for villas decreased marginally 0.7% MOM but increased 5.7% YOY in May 2026, reaching 92.0 in May 2026. Similarly, the Dubai Residential Property Rent Price Index for villas declined 1.3% MOM and declined 2.1% YOY to 135.1 in May 2026.

Villa Rent Price Index (2014, Jan=100)



Source: Reidin

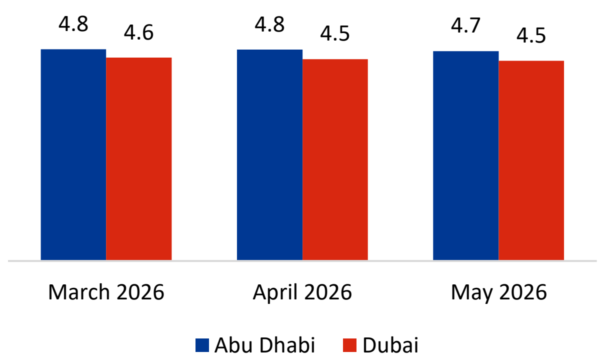
Villa Rent Price Changes (%)



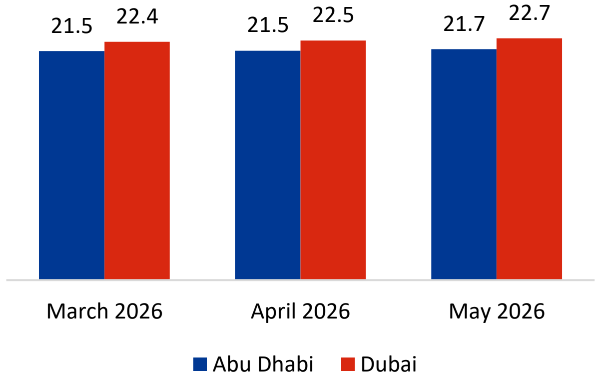
Source: Reidin

Abu Dhabi's villa gross rental yield decreased marginally from 4.8% in April 2026 to 4.7% in May 2026. However, Dubai's yield held constant at 4.5% in May 2026 from April 2026. The villa price-to-rent ratio continued to show limited movement, with Abu Dhabi's ratio increased to 21.7 in May 2026 compared to 21.5 in April 2026, while Dubai's ratio increased from 22.5 to 22.7 during the same period.

Villa Gross Rental Yield (%)



Villa Price to Rent Ratio (Year)

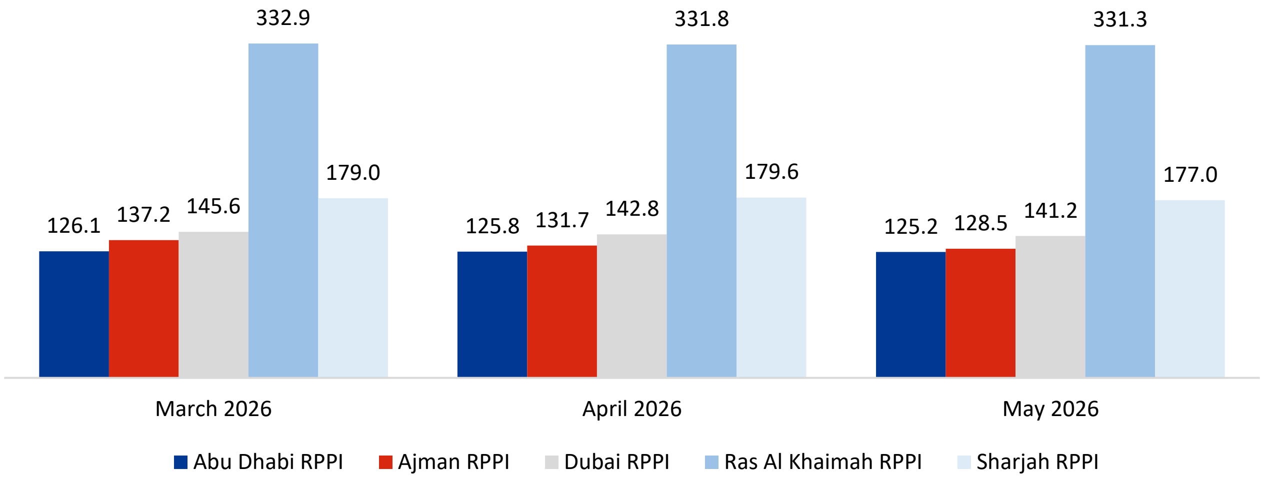


Source: Reidin

4. Different Asset Classes Return on Investment

The Residential Property Price Index in the UAE decreased on a MOM basis across all regions. Abu Dhabi's RPPI reported a 0.4% MOM decrease in May 2026, reaching 125.2. Ajman RPPI also declined 2.4% MOM to 128.5 in May 2026. Dubai's RPPI declined 1.2% MOM, reaching 141.2 in May 2026. Additionally, Ras Al Khaimah RPPI reported a 0.2% MOM decrease to 331.3 in May 2026. Sharjah's RPPI decreased 1.4% on a MOM basis to 177.0 in May 2026.

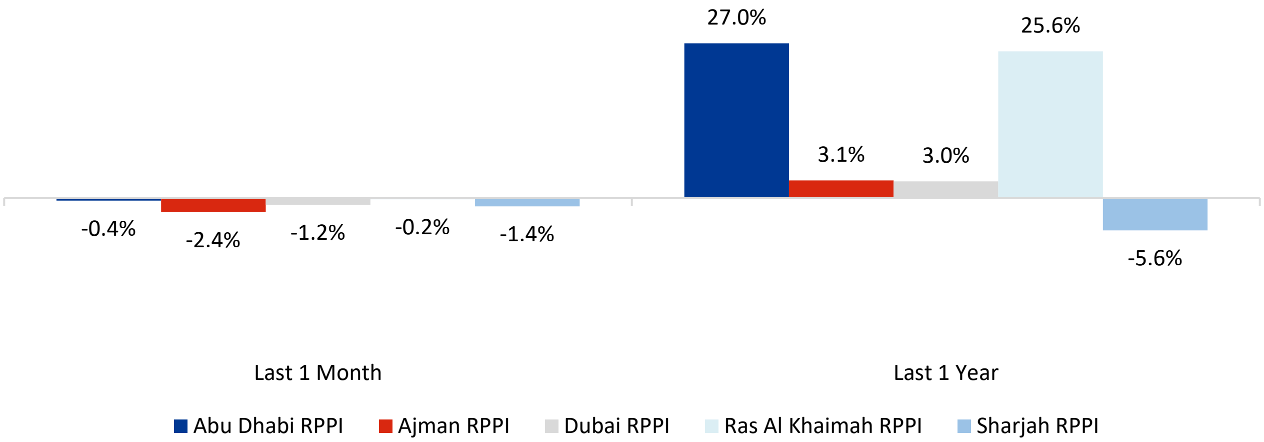
Residential Property Price Indices (RPPI) and Financial Indicators



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

Emaar to develop USD 55 Bn master-planned community in Dubai

Emaar Properties plans to develop a AED 200 Bn (USD 54.4 Bn) master-planned community in Dubai. The mixed-use project will span more than 4.5 Mn sq m of gross floor area and is designed to accommodate c. 150k residents. The development will include residential towers, villas, mansions, Grade A office space, retail destinations, luxury hospitality assets, and cultural and community facilities. The master plan will be divided into five districts including, a business hub, urban district, young families cluster, family living zone, and an exclusive villa enclave, and will feature metro connectivity, smart mobility infrastructure, digital community management systems, and walkable neighbourhoods based on the 20-minute city concept.

CBD and Dubai Holding real estate launched homebuyer financing programme

Dubai Holding Real Estate has partnered with Commercial Bank of Dubai (CBD) to launch a home financing programme for eligible customers purchasing properties across Nakheel, Meraas, and Dubai Properties developments. The programme is available to UAE nationals and residents, including salaried and self-employed buyers, purchasing eligible off-plan and completed residential properties. The programme provides conventional and Islamic home financing with preferential rates, digital pre-approval, faster onboarding, dedicated relationship management, and selected premium banking benefits. Furthermore, eligible buyers can also secure financing from the 30% construction stage after meeting the 50% payment threshold, offering greater certainty for off-plan purchases. The initiative is designed to simplify the home-buying process through automated eligibility assessments, streamlined documentation for self-employed customers, and tailored financing solutions with fixed and variable rate options.

Ajman real estate transactions reached USD 435 Mn in May 2026

Ajman recorded 864 real estate transactions worth AED 1.6 Bn (USD 435 Mn) in May 2026. Trading activity reached AED 1.3 Bn across 679 property transactions, with Al Zahia registering the highest-value sale at AED 200 Mn. The emirate also recorded 128 mortgage transactions valued at AED 187.5 Mn during the month. Emirates City was the most actively traded real estate project, followed by City Towers and Ajman One, while Al Helio 2 emerged as the most active district, ahead of Al Helio 1 and Al Zahia.

Sharjah real estate transactions reached USD 844 Mn in May 2026

Sharjah recorded 7,119 real estate transactions worth AED 3.1 Bn (USD 844 Mn) in May 2026. Sales transactions covered c. 9.5 Mn sq ft across 115 residential, commercial, and industrial areas, with a total of 1,851 property sales completed during the month. The emirate also registered 2,902 ownership certificate transactions, 2,776 ownership deed transactions, and 718 mortgage transactions valued at AED 934.7 Mn. Sharjah City accounted for 1,315 sales transactions, with Muwaileh Commercial emerging as the most active area by transaction volume.

Abu Dhabi extended rent freeze for residential and commercial units

Abu Dhabi has introduced a temporary rent freeze for residential, commercial, and industrial properties, preventing landlords from increasing lease rates until further notice. Under the directive issued by the Abu Dhabi Real Estate Centre (ADREC), all tenancy contract renewals will be processed with a 0% rent increase, effective immediately. The measure also applies to new lease agreements for previously rented properties, which must be offered at the same rental value as the preceding contract. The decision temporarily suspends the existing regulation that permits landlords to increase rents by up to 5% annually, subject to advance notice, and is aimed at easing financial pressure on tenants amid regional uncertainty.

UAE commercial property market saw double-digit office rent growth

The UAE's office and retail real estate sectors remained resilient in 1Q26, supported by strong market fundamentals despite regional uncertainty. Furthermore, office rents continued to post double-digit annual growth in both Dubai and Abu Dhabi, driven by robust occupier demand and limited supply of prime office space. In Abu Dhabi, prime office rents rose 11.7% YOY, while Dubai's Grade B, Grade A, and Prime office rents increased 23.4%, 19.0%, and 17.2%, respectively. Office vacancy rates remained low across both markets, while Dubai's retail vacancy rate tightened to 4.8% from sustained occupier demand, compared with 8.9% in Abu Dhabi. Dubai's super-regional mall rents increased 12.4% YOY, while prime malls in Abu Dhabi continued to command premium rental levels.

Dubai rental contracts reached USD 8.8 Bn in 1Q26

Dubai's rental market remained stable in 1Q26, with the total value of rental contracts reaching AED 32.2 Bn (USD 8.8 Bn), supported by a robust regulatory framework and sustained market activity. During the quarter, 118,385 new rental contracts and 135,607 renewal contracts were registered, while cancelled contracts declined 25%. The emirate had 10,200 active real estate offices and 3,599 registered real estate licences, led by sales and purchase brokerage (1,564), followed by leasing brokerage (928), transaction follow-up services (376), and real estate development (128).

Abu Dhabi's DMT, Aldar to deliver 9,000 rental housing units

Abu Dhabi's Department of Municipalities and Transport (DMT) has partnered with Aldar Group to develop 9,000 value rental housing units across two integrated communities in Mohamed bin Zayed City (MBZ City) and Baniyas. The projects form part of the emirate's Value Housing Programme, which aims to expand the supply of high-quality, affordable rental housing. Under the agreement, Aldar will develop, lease, and manage the communities, while DMT will provide long-term land leasing rights. With a gross development value of AED 2.8 Bn, the projects are expected to be completed by 2029 and will comprise mixed-use residential communities with retail, recreational amenities, green spaces, and connectivity to major road networks and public transport.

Aldar sold out The Orchids at Yas Acres, generated USD 185 Mn in sales

Aldar has launched The Orchids, a gated residential community within Yas Acres on Yas Island, comprising 217 homes, including two- and three-bedroom townhouses and three-, four-, and five-bedroom villas. The development features a 500 sq m community club, a gym, multipurpose hall, swimming pools, sports courts, landscaped green spaces, and shaded outdoor areas, with residents also benefiting from access to the Yas Acres Golf & Country Club and nearby international schools. Following the launch, Aldar announced the sell-out of all townhouse units at The Orchids, generating more than AED 680 Mn (USD 185.2 Mn) in sales. Moreover, UAE nationals accounted for 54% of buyers, while expatriate and international investors represented the remaining 46%.

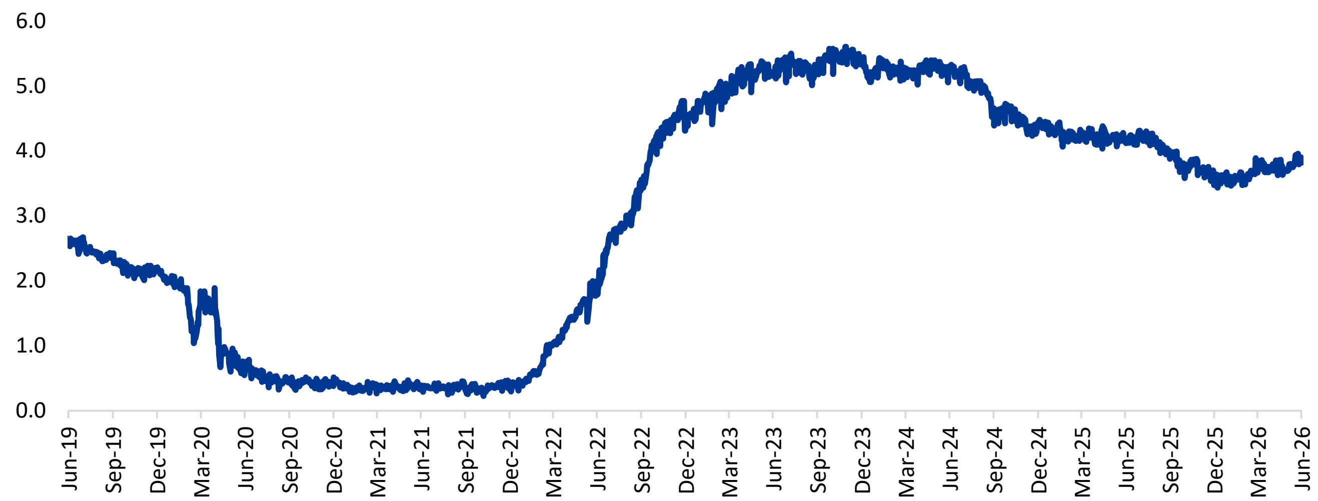
Emaar Properties exited JV structure for The Eighth Gate, Damascus

Emaar Properties has announced its exit from the joint venture structure of The Eighth Gate, its USD 500 Mn mixed-use development in Yafour, Damascus, and will continue to operate the project independently. The move restructures the project's ownership, enabling Emaar to manage its operations in Syria without a local joint venture partner. The Eighth Gate, launched in 2005, is a master-planned development spanning c. 300,000 sq m, comprising residential, commercial, retail, and hospitality components.

EIBOR

The Federal Reserve kept its policy interest rate unchanged at 3.50%-3.75% in its June 2026 meeting, as inflation remains above the central bank's 2% target. Looking ahead, several policymakers expect a rate hike by the end of 2026, reflecting concerns over persistent inflationary pressures. Following this move, the CBUAE also maintained its Overnight Deposit Facility rate to 3.65%. The 3-month EIBOR increased from 3.69% at the end of the May (25th May 2026) to 3.82% by end-June 2026. This upward trajectory in rates is expected to increase borrowing costs for consumers and businesses.

3-month EIBOR (%), June 2019 – June 2026

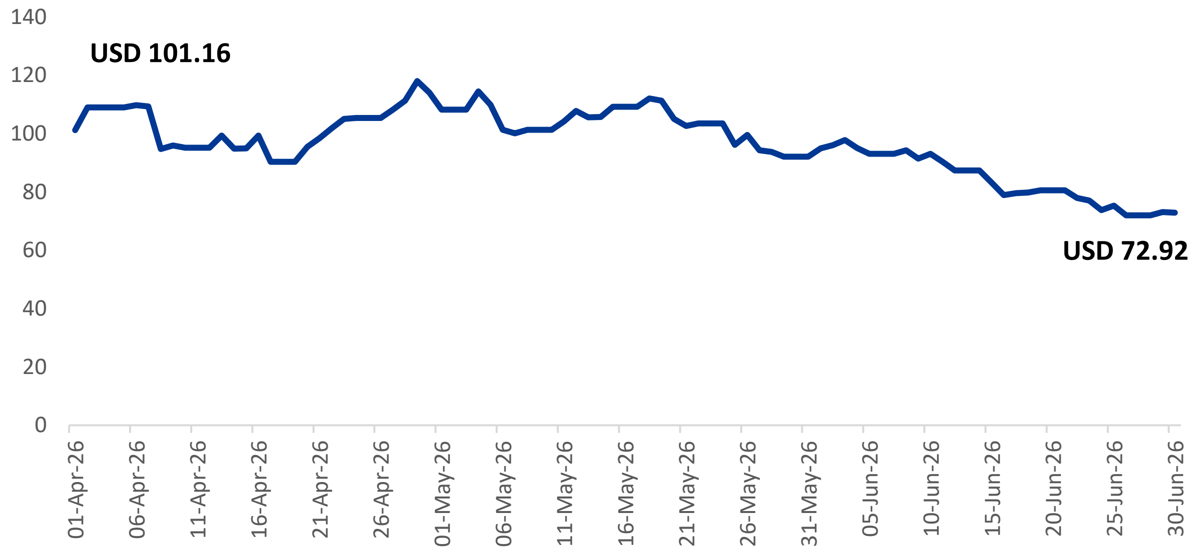


Source: CBUAE

Oil Outlook

Crude oil prices remained highly volatile during 2Q26, primarily driven by geopolitical developments in the Middle East. While prices declined significantly from USD 101.16 per barrel in April 2026 to USD 72.92 per barrel by June 2026, average crude oil prices remained above USD 100.00 per barrel during April and May. The elevated prices in the early part of the quarter were mainly attributed to escalating regional tensions, including attacks on oil production facilities and the temporary closure of the Strait of Hormuz, which disrupted global crude supplies and heightened concerns over energy security. In June, oil prices continued to fluctuate sharply as the absence of a formal ceasefire between Israel and Iran, despite ongoing US-Iran negotiations, kept geopolitical risk premiums elevated. Prices briefly rebounded following renewed US military action against Iran, declining OPEC production, and the temporary closure of the Strait of Hormuz, before easing as expectations of a US-Iran peace agreement improved market sentiment. Crude prices fell further after the signing of a preliminary memorandum of understanding between the US and Iran aimed at de-escalating the conflict and reopening the Strait, although intermittent military strikes in the region caused short-lived recoveries. By the end of the month, the reopening of the Strait of Hormuz, the resumption of tanker traffic, and growing optimism surrounding peace negotiations in Doha restored market confidence, pushing crude prices down to around USD 72.50 per barrel. Looking ahead, oil prices are expected to remain volatile, with geopolitical developments, ceasefire progress, and any changes in regional supply security continuing to be the key drivers of market sentiment.

Brent Crude Prices (USD/bbl), April 2026 – June 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 (1.02x) and Tecom Group (1.94x). Emaar Properties 2026F dividend yield is the highest at 8.4%, followed by Emaar Development at 7.5%, Tecom Group at 5.2%, and Aldar Properties at 2.7%.

Stocks	TP	CMP	Gain	Rating	P/B (2026F)	Div. Yld (%) 2026F
Emaar Properties	20.50	11.86	**+72.8%**	**BUY**	1.02	8.4%
Emaar Development	20.00	14.04	**+42.5%**	**BUY**	1.23	7.5%
Aldar Properties	12.00	8.16	**+47.1%**	**BUY**	1.34	2.7%
TECOM GROUP	4.90	3.38	**+45.0%**	**BUY**	1.94	5.2%

Source: FABS Estimate

2Q26 preview: Emaar properties

Expanding masterplans strengthens the long-term outlook

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 11.86	AED 20.50	+72.8%	BUY

2Q26 estimate

Emaar Properties (EMAAR/the Company) is expected to report an increase of 28.4% YOY in net profit to AED 4,328 Mn in 2Q26, owing to an expected rise in revenue, finance income, other income, and share of profit from associates, coupled with a decrease in other operating expenses, finance costs and depreciation of IP, partially offset by an expected rise in cost of revenue, selling and G&A expenses, income tax charges, depreciation of PPE, higher profit attributable to NCI, along with lower other operating income. The Company's revenue is projected to increase 26.7% YOY to AED 12,339 Mn in 2Q26, driven by continued residential sales and leasing income. Cost of revenue is expected to increase 28.4% YOY to AED 5,560 Mn in 2Q26. As a result, gross profit is likely to increase 25.4% YOY to AED 6,779 Mn in 2Q26, with the gross margin expected to decline by 58 bps YOY to 54.9% in 2Q26. The Company's other operating income is expected to decline 4.0% YOY to AED 173 Mn in 2Q26. Meanwhile, other operating expenses are expected to decrease 21.8% YOY to AED 49 Mn in 2Q26. Furthermore, selling and G&A expenses are projected to increase 28.6% YOY to AED 962 Mn in 2Q26. Thus, EBITDA is anticipated to increase 19.7% YOY to AED 5,940 Mn in 2Q26, although the EBITDA margin is expected to decline by 283 bps YOY to 48.1% in 2Q26. The Company's operating profit is anticipated to increase 25.9% YOY to AED 5,501 Mn in 2Q26. Depreciation on PPE is expected to increase 24.7% YOY to AED 218 Mn, while depreciation on IP is expected to decrease 3.8% YOY to AED 220 Mn in 2Q26. Finance income is projected to increase 11.6% YOY to AED 777 Mn, whereas finance costs are projected to decline 2.5% YOY to AED 221 Mn in 2Q26. Moreover, other income is expected to grow significantly from AED 67 Mn in 2Q25 to AED 185 Mn in 2Q26. The Company's share of profit from associates is anticipated to surge from AED 82 Mn in 2Q25 to AED 246 Mn in 2Q26. Income tax expense is expected to rise 26.2% YOY to AED 941 Mn in 2Q26. Profit attributable to NCI is projected to increase 39.8% YOY to AED 1,221 Mn in 2Q26.

2026 forecast

EMAAR's net profit is projected to increase by 4.7% YOY to AED 18,424 Mn in 2026, driven by an anticipated increase in revenue, other operating income, other income, finance income and share of profit from associates, coupled with lower finance costs, partially offset by higher cost of revenue, other operating expenses, selling & G&A expenses, depreciation charges, income tax expenses, and profit attributable to non-controlling interests. EMAAR's revenue is anticipated to grow 5.5% YOY to AED 52,274 Mn in 2026, largely due to an expected increase in revenue across all segments. The Company's cost of revenue is expected to increase by 6.9% YOY to AED 23,866 Mn in 2026. As a result, gross profit is likely to increase 4.3% YOY to AED 28,408 Mn in 2026, although the gross margin is expected to contract by 60 bps YOY to 54.3% in 2026. EMAAR's other operating income is expected to grow 5.2% YOY to AED 732 Mn in 2026, while other operating expenses are forecasted to increase 6.3% YOY to AED 261 Mn in 2026. Selling and G&A expenses are anticipated to increase 9.1% YOY to AED 3,921 Mn in 2026. Consequently, EBITDA is expected to decrease 2.4% YOY to AED 24,958 Mn in 2026 with EBITDA margin projected to decline from 51.6% in 2025 to 47.7% in 2026. Operating profit is projected to rise 2.8% YOY to AED 23,188 Mn in 2026. However, the operating margin is likely to decline by 115 bps YOY to 44.4% in 2026. Depreciation of PPE is anticipated to increase 29.9% YOY to AED 891 Mn, while depreciation of IP is expected to rise 4.2% YOY to AED 879 Mn in 2026. Moreover, the Company's finance income is anticipated to grow 11.5% YOY to AED 3,136 Mn in 2026. On the other hand, the finance costs are projected to fall 14.5% YOY to AED 879 Mn in 2026. Other income is expected to rise from AED 519 Mn in 2025 to AED 941 Mn in 2026. Furthermore, the Company's share of profit from associates is anticipated to increase from AED 801 Mn in 2025 to AED 1,241 Mn in 2026 while income tax expenses are expected to rise 20.3% YOY to AED 4,006 Mn in 2026. Profit attributable to NCI is projected to rise 10.0% YOY to AED 5,197 Mn in 2026.

1Q26 outturn

Emaar Properties reported a 22.8% YOY increase in revenue to AED 12,398 Mn in 1Q26, driven by growth in sales from Residential Units and revenue from Leased Properties, Retail & Related Income, partially offset by a decline in revenue from Commercial units and Hospitality. Revenue from the sale of Residential Units increased 31.5% YOY to AED 9,321 Mn in 1Q26, while revenue from the sale of Commercial Units decreased 10.8% YOY to AED 482 Mn in 1Q26. The Hospitality segment reported decline in revenue by 5.8% YOY to AED 540 Mn in 1Q26, also the average hotel occupancy across Emaar's UAE properties declines 16% YOY to 69% in 1Q26. Revenue from Leased Properties, Retail, and Related Income increased 8.5% YOY to AED 2,056 Mn in 1Q26. Emaar's cost of revenue increased 24.7% YOY to AED 5,445 Mn in 1Q26. As a result, gross profit increased 21.3% YOY to AED 6,953 Mn in 1Q26, while the gross profit margin declined 66 bps YOY to 56.1% in 1Q26. Other operating income increased 7.9% YOY to AED 156 Mn in 1Q26, while other operating expenses increased by 9.3% YOY to AED 43 Mn in 1Q26. SG&A expenses increased 22.7% YOY to AED 882 Mn in 1Q26. The company's EBITDA grew 34.0% YOY to AED 7,239 Mn in 1Q26 with EBITDA margin expanding 490 bps YOY to 58.4% in 1Q26. The Company's operating profit increased by 20.3% YOY to AED 5,730 Mn in 1Q26. Depreciation on PPE grew 47.0% YOY to AED 237 Mn in 1Q26, while depreciation on investment properties increased 11.9% YOY to AED 219 Mn in 1Q26. Meanwhile, finance income rose 11.0% YOY to AED 719 Mn in 1Q26, with finance costs decreased 1.8% YOY to AED 217 Mn in 1Q26. Furthermore, the Company reported a surge in profit from associates of AED 546 Mn in 1Q26 compared to AED 110 Mn in 1Q25. Other income increased from AED 136 Mn in 1Q25 to AED 469 Mn in 1Q26. Income tax expense increased 4.6% YOY to AED 834 Mn in 1Q26. Additionally, the share of profit attributable to non-controlling interest holders increased 52.7% YOY to AED 1,415 Mn in 1Q26.

Target price and recommendation

We maintain our BUY rating on Emaar Properties with a target price of AED 20.50. Emaar has entered 2026 with a strong first quarter, supported by sustained demand across the UAE residential market, a record development backlog, and resilient recurring income streams. Property sales increased 16% YOY to AED 22.4 Bn in 1Q26, driven by continued demand across established master-planned communities and healthy response to new project launches, while the group's revenue order backlog expanded 29% YOY to a record AED 163.4 Bn, providing strong multi-year revenue and earnings visibility. The UAE development business remains the key growth driver, with property sales rising 22% YOY to AED 20.1 Bn, supported by ten new launches during the quarter, while the UAE development backlog stood at AED 143.3 Bn, reinforcing visibility over future revenue recognition. On the international front, the company generated AED 2.3 Bn of property sales during the quarter, led by Egypt, while international development contributed c. 5.3% of Group revenue. Although international revenue growth was relatively modest at 5% YOY, the segment continues to strengthen Emaar's geographical diversification and long-term growth prospects. Emaar continues to benefit from one of the largest strategic land banks in the region, with c. 600 Mn SQFT of mixed-use development opportunities, including 317 Mn SQFT in the UAE, providing further scope for project and long-term expansion. In June, Emaar announced plans to unveil its integrated master planned development, representing an investment of c. AED 200 Bn. The project will span over 4.5 Mn SQMT of gross floor area and is designed to accommodate nearly 150,000 residents through a fully integrated ecosystem comprising of landmark residential towers, luxury villas, Grade-A commercial offices, retail destinations, hospitality assets, healthcare, education and cultural facilities. The project will be built around the idea of a 20-minute city with metro connectivity, smart mobility infrastructure, extensive green and blue spaces and five distinct lifestyle districts. Emaar's recurring income portfolio continues to provide a stable earnings base, supported by its malls, retail, hospitality and commercial leasing segment. The retail and commercial leasing segment delivered a strong quarter too, with revenue increasing 8.5% YOY to AED 2.1 Bn. Moreover, Emaar continues to expand its retail platform through several flagship developments. The Dubai Mall Expansion, currently progressing as per schedule and is expected to add c. 440K SQFT of gross leasable area together with more than 240 luxury retail and F&B outlets, while Dubai Square a regional retail destination at Dubai Creek Harbour, is expected to open within the next three years, further strengthening Emaar's long-term recurring income base. On the hospitality front, the portfolio remained resilient despite less tourist movement in March due to regional geopolitical developments, with revenue declining by

5.8% YOY AED 540 Mn in 1Q26. Emaar currently operates 41 hotels, while an additional 23 hotels under development, supporting an expansion strategy and enhancing long-term earnings resilience. Emaar also distributed an AED 8.9 Bn dividend during the quarter, equivalent to AED 1.0 per share. The Company continues to remain well positioned to deliver sustainable earnings growth, supported by its record development backlog, sizeable strategic land bank and robust pipeline of large-scale master planned communities. The recently announced AED 200 Bn flagship development further strengthens long-term growth visibility for driving property sales. So, based on our analysis we maintain our BUY rating on this stock.

Emaar Properties – Relative Valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE (X)	25.70	15.45	9.07	7.81	6.00	5.73
PB (X)	1.58	1.53	1.36	1.24	1.12	1.02
EV / EBITDA	14.50	12.97	7.00	6.11	4.66	4.99
BVPS (AED)	7.545	7.806	8.794	9.665	10.666	11.750
EPS (AED)	0.465	0.773	1.316	1.529	1.991	2.085
DPS (AED)	0.150	0.250	0.500	1.000	1.000	1.000
Dividend yield (%)	1.3%	2.1%	4.2%	8.4%	8.4%	8.4%

FABS estimate & Co Data

Emaar Properties - P&L

AED Mn	2Q25	1Q26	2Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Revenue	9,736	12,398	12,339	26.7%	-0.5%	49,557	52,274	5.5%
Cost of revenue	-4,331	-5,445	-5,560	28.4%	2.1%	-22,330	-23,866	6.9%
Gross profit	**5,405**	**6,953**	**6,779**	**25.4%**	**-2.5%**	**27,227**	**28,408**	**4.3%**
Other operating income	180	156	173	-4.0%	10.5%	696	732	5.2%
Other operating expenses	-63	-43	-49	-21.8%	15.6%	-246	-261	6.3%
SG&A expenses	-748	-882	-962	28.6%	9.1%	-3,595	-3,921	9.1%
EBITDA	**4,962**	**7,239**	**5,940**	**19.7%**	**-17.9%**	**25,561**	**24,958**	**-2.4%**
EBIT	**4,370**	**5,730**	**5,501**	**25.9%**	**-4.0%**	**22,552**	**23,188**	**2.8%**
Depreciation of PPE	-175	-237	-218	24.7%	-7.7%	-686	-891	29.9%
Depreciation of IP	-229	-219	-220	-3.8%	0.8%	-844	-879	4.2%
Finance income	697	719	777	11.6%	8.1%	2,813	3,136	11.5%
Finance cost	-226	-217	-221	-2.5%	1.5%	-1,028	-879	-14.5%
Other income	67	469	185	NM	-60.5%	519	941	81.2%
Share of assoc. profits/(-loss)	82	546	246	NM	-54.9%	801	1,241	55.0%
Profit before tax	**4,990**	**7,246**	**6,489**	**30.1%**	**-10.4%**	**25,656**	**27,627**	**7.7%**
Income tax	-746	-834	-941	26.2%	12.8%	-3,331	-4,006	20.3%
Profit for the period	**4,244**	**6,412**	**5,549**	**30.7%**	**-13.5%**	**22,326**	**23,621**	**5.8%**
Non-controlling interests	-873	-1,415	-1,221	39.8%	-13.7%	-4,726	-5,197	10.0%
Profit to shareholders	**3,371**	**4,997**	**4,328**	**28.4%**	**-13.4%**	**17,599**	**18,424**	**4.7%**

FABS estimate & Co Data

Emaar Properties - Margins

	2Q25	1Q26	2Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	55.5%	56.1%	54.9%	-58	-114	54.9%	54.3%	-60
EBITDA	51.0%	58.4%	48.1%	-283	NM	51.6%	47.7%	-383
Operating Profit	44.9%	46.2%	44.6%	-30	-163	45.5%	44.4%	-115
Net Profit	34.6%	40.3%	35.1%	45	-523	35.5%	35.2%	-27

FABS estimate & Co Data

2Q26 preview: Emaar Development

Higher revenue and JV contribution to drive net profit growth

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 14.04	AED 20.00	+42.5%	BUY

2Q26 Estimate

Emaar Development's (EMAARDEV/the Company) net profit is expected to rise 40.7% YOY to AED 2,586 Mn in 2Q26. The increase in net profit is primarily driven by an anticipated rise in revenue, finance income, other income and a significant increase in the share of results from joint ventures, partially offset by an expected increase in cost of revenue, S&G expenses, finance costs, tax expense, and higher profit attributable to NCI. The Company's revenue is forecasted to increase by 34.2% YOY to AED 6,583 Mn in 2Q26, due to anticipated revenue recognition of property development sales in 2Q26. Cost of revenue is expected to increase by 36.6% YOY to AED 2,963 Mn in 2Q26. As a result, gross profit is expected to increase 32.3% YOY to AED 3,621 Mn in 2Q26. However, the gross margin is anticipated to contract by 79 bps YOY to 55.0% in 2Q26. S&G expenses are projected to increase 33.2% YOY to AED 533 Mn in 2Q26. Consequently, operating profit is expected to increase 32.2% YOY to AED 3,088 Mn in 2Q26, although the operating margin is likely to contract by 73 bps YOY to 46.9% in 2Q26. EMAARDEV's EBITDA is projected to increase 39.9% YOY to AED 3,448 Mn in 2Q26, while EBITDA margin is expected to expand 215 bps YOY to 52.4% in 2Q26. Moreover, finance income is forecasted to increase 9.1% YOY to AED 361 Mn in 2Q26, while finance cost is anticipated to rise significantly from AED 46 Mn in 2Q25 to AED 84 Mn in 2Q26. Other income is expected to increase 26.2% YOY to AED 59 Mn in 2Q26. The share of results from joint ventures is projected to rise from AED 74 Mn in 2Q25 to AED 297 Mn in 2Q26. Tax expense is forecasted to increase 37.2% YOY to AED 540 Mn in 2Q26. Additionally, profit attributable to non-controlling interests is expected to increase 16.5% YOY to AED 595 Mn in 2Q26.

2026 Forecast

EMAARDEV's net profit is expected to rise 8.0% YOY to AED 12,220 Mn in 2026, mainly driven by an anticipated increase in revenue, finance income, other income, and the share of results from joint ventures, partially offset by an expected rise in cost of revenue, S&G expenses, finance cost, tax expenses, and profit attributable to NCI. EMAARDEV's revenue is anticipated to increase 15.7% YOY to AED 31,803 Mn in 2026, reflecting strong growth in property development activities. The cost of revenue is forecasted to rise 19.8% YOY to AED 14,311 Mn in 2026. Consequently, gross profit is expected to grow 12.6% YOY to AED 17,491 Mn in 2026. However, the gross profit margin is expected to contract by 153 bps YOY to 55.0% in 2026. The Company's S&G expenses are likely to increase 23.1% YOY to AED 2,608 Mn in 2026, whereas operating profit is anticipated to increase 10.9% YOY to AED 14,884 Mn in 2026. However, the operating margin is likely to decline by 202 bps YOY to 46.8% in 2026. EMAARDEV's EBITDA is forecasted to expand 12.8% YOY to AED 16,162 Mn in 2026, while the EBITDA margin is expected to decline by 132 bps YOY to 50.8% in 2026. The Company's finance income is anticipated to rise 2.2% YOY to AED 1,492 Mn in 2026, while finance costs are expected to increase 7.1% YOY to AED 304 Mn in 2026. EMAARDEV's other income is anticipated to grow 22.0% YOY to AED 223 Mn in 2026. The share of results from joint ventures is projected to increase from AED 717 Mn in 2025 to AED 1,039 Mn in 2026. The Company's corporate tax is forecasted to rise 33.3% YOY to AED 2,513 Mn in 2026, while profit attributable to NCI is expected to increase 13.5% YOY to AED 2,600 Mn in 2026.

1Q26 Outturn

Emaar Development's revenue increased 36.5% YOY to AED 6,856 Mn in 1Q26, primarily driven by higher revenue recognition from sale of residential units, partially offset by lower revenue from sale of commercial units, plots of land & development services. Revenue from the sale of residential units rose 40.6% YOY to AED 6,520 Mn in 1Q26, while revenue from commercial unit sales, plots of land, and development services declined 12.9% YOY to AED 336 Mn in 1Q26. The Company's cost of revenue increased 36.9% YOY to AED 3,074 Mn in 1Q26. As a result, gross profit grew 36.1% YOY to AED 3,782 Mn in 1Q26, while gross margins contracted 14 bps YOY to 55.2% in 1Q26. Selling and general expenses rose 43.7% YOY to AED 546 Mn in 1Q26. Thus, operating profit increased by 34.9% YOY to AED 3,236 Mn in 1Q26. Operating margin declined 55 bps YOY to 47.2% in 1Q26. Moreover, EBITDA rose 47.4% YOY to AED 3,697 Mn in 1Q26. EBITDA margin improved 400 bps YOY to 53.9% in 1Q26. Finance income increased 34.6% YOY to AED 409 Mn in 1Q26, while finance costs increased 20.0% YOY to AED 54 Mn in 1Q26. Other income declined 15.6% YOY to AED 32 Mn in 1Q26. Share of results from JVs increased from AED 70 Mn in 1Q25 to AED 427 Mn in 1Q26. Meanwhile, the share of profit attributable to non-controlling interest holders increased 33.8% YOY to AED 584 Mn in 1Q26. Additionally, the Company's tax charge increased 32.2% YOY to AED 543 Mn in 1Q26.

Target price and rating

We maintain our rating on Emaar Development to BUY with a target price of AED 20.00. Emaar Development continues to perform strongly in the UAE’s Real Estate sector, supported by its dominant presence across Dubai's master planned communities, healthy demand fundamentals, strong balance sheet and exceptional earnings visibility. The Company reported another strong result in 1Q26, with property sales increasing 21.6% YOY to AED 20.1 Bn, while revenue grew 36.5% YOY to AED 6.9 Bn, reflecting continued execution of its sizeable project pipeline and strong revenue recognition. During 1Q26, Emaar Development expanded its residential pipeline with the first launches under its newly introduced “The Heights masterplan”. The Company launched Serro, Serro II, and Salva, with combined project value of c. AED 10.0 Bn. In addition, Emaar launched Palmiera Collective within The Oasis, a boutique luxury villa development with a project value of AED 657 Mn. The strong initial absorption across these projects, especially Serro II which has reached 87% sales by the end of March 2026, reflects sustained demand for Emaar's premium communities and supports continued growth in the Company's sales backlog and revenue visibility. Revenue backlog increased to AED 134.6 Bn with nearly 53,000 residential units remain under construction, providing strong support for revenue growth even if new sales moderate. Long-term growth is further supported by one of the largest strategic land banks in the UAE as Emaar Development currently holds c. 287 Mn SQFT of remaining land across key master-planned communities, including Dubai Hills Estate, Dubai Creek Harbour, The Valley, The Heights Country Club & Wellness, Grand Polo Club & Resort, Ras Al Khor and Dubai Estate, providing substantial launch potential over the next decade. The Company's strategy remains centered on expanding existing integrated communities while continuously introducing new projects across different customer segments, enabling sustained sales growth without requiring aggressive land acquisitions. The balance sheet remains a significant competitive advantage as the company ended 1Q26 with c. AED 59.7 Bn of cash balances, providing financial flexibility to fund ongoing construction, pursue future land opportunities and maintain an attractive shareholder return. Strong liquidity, coupled with expected cash inflows from backlog conversion has positioned the company strongly in the UAE’s real estate sector to benefit from favourable structural real estate cycle, supported by the company’s premium brand image, strong execution track record of delivering over 82,700 residential units and robust balance sheet. So, based on our analysis we maintain BUY rating on the stock.

Emaar Development - Relative Valuation

	2021	2022	2023	2024	2025	2026F
PE (X)	17.26	14.70	8.45	7.34	4.95	4.58
PB (X)	3.86	3.23	2.45	1.97	1.50	1.23
EV / EBITDA	12.64	11.20	5.16	3.78	1.41	1.25
BVPS	3.623	4.332	5.710	7.097	9.318	11.373
EPS	0.811	0.952	1.657	1.908	2.829	3.055
DPS	NM	0.520	0.521	0.680	1.000	1.050
Dividend Yield (%)	NM	3.7%	3.7%	4.8%	7.1%	7.5%

FABS estimate& Co Data

Emaar Development - P&L

AED Mm	2Q25	1Q26	2Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Revenue	4,905	6,856	6,583	34.2%	-4.0%	27,486	31,803	15.7%
Cost of Revenue	-2,169	-3,074	-2,963	36.6%	-3.6%	-11,948	-14,311	19.8%
Gross Profit	**2,737**	**3,782**	**3,621**	**32.3%**	**-4.3%**	**15,537**	**17,491**	**12.6%**
S&G Expenses	-400	-546	-533	33.2%	-2.3%	-2,119	-2,608	23.1%
Operating Profit	**2,336**	**3,236**	**3,088**	**32.2%**	**-4.6%**	**13,419**	**14,884**	**10.9%**
EBITDA	**2,464**	**3,697**	**3,448**	**39.9%**	**-6.7%**	**14,332**	**16,162**	**12.8%**
Finance Income	331	409	361	9.1%	-11.9%	1,459	1,492	2.2%
Finance Cost	-46	-54	-84	80.3%	54.9%	-284	-304	7.1%
Other Income	47	32	59	26.2%	87.4%	182	223	22.0%
Share of results of Joint Ventures	74	427	297	NM	-30.3%	717	1,039	45.0%
Profit before tax	**2,742**	**4,049**	**3,721**	**35.7%**	**-8.1%**	**15,493**	**17,333**	**11.9%**
Tax	-393	-543	-540	37.2%	-0.6%	-1,885	-2,513	33.3%
NCI	511	584	595	16.5%	1.9%	2,291	2,600	13.5%
Net profit to equity holders	**1,838**	**2,923**	**2,586**	**40.7%**	**-11.5%**	**11,316**	**12,220**	**8.0%**

FABS estimate& Co Data

Emaar Development-Margins

	2Q25	1Q26	2Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	55.8%	55.2%	55.0%	-79	-16	56.5%	55.0%	-153
EBITDA	50.2%	53.9%	52.4%	215	-154	52.1%	50.8%	-132
Operating Profit	47.6%	47.2%	46.9%	-73	-30	48.8%	46.8%	-202
Net Profit	37.5%	42.6%	39.3%	182	-334	41.2%	38.4%	-275

FABS estimate& Co Data

2Q26 preview: Aldar Properties

Development and Investment segments expected to support Aldar's earnings growth

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 8.16	AED 12.00	+47.1%	BUY

2Q26 Estimate

Aldar Properties (Aldar/the Company) is anticipated to report a 13.9% YOY increase in net profit to AED 2,245 Mn in 2Q26, owing to anticipated higher revenue and finance income, partially offset by a forecasted rise in direct costs, general expenses, selling and marketing expenses, finance costs, provisions, income tax charges, and higher non-controlling interests, along with lower other income. Aldar's revenue is forecasted to grow 18.1% YOY to AED 9,134 Mn in 2Q26, due to an expected increase in revenue from the Development and Investment segments. Revenue from the Aldar Development segment is projected to increase by 18.2% YOY to AED 6,622 Mn in 2Q26. Similarly, revenue from Aldar Investments is forecasted to increase by 17.8% YOY to AED 2,513 Mn in 2Q26. The Company's direct costs are anticipated to increase 11.1% YOY to AED 5,749 Mn in 2Q26. As a result, gross profit is expected to improve 32.2% YOY to AED 3,385 Mn in 2Q26, while the gross profit margin is anticipated to expand by 396 bps YOY to 37.1% in 2Q26. General expenses are estimated to rise 10.9% YOY to AED 512 Mn in 2Q26, while selling and marketing expenses are projected to increase 19.2% YOY to AED 46 Mn in 2Q26. Aldar's EBITDA is anticipated to expand 41.5% YOY to AED 3,253 Mn in 2Q26, while the EBITDA margin is expected to improve from 29.7% in 2Q25 to 35.6% in 2Q26. Furthermore, the Company's operating profit is projected to increase 37.2% YOY to AED 2,828 Mn in 2Q26, while the operating profit margin is anticipated to expand by 431 bps YOY to 31.0% in 2Q26. Aldar's provisions are expected to increase from a reversal of AED 3 Mn in 2Q25 to a provision of AED 37 Mn in 2Q26. Aldar's finance income is expected to rise 8.0% YOY to AED 219 Mn in 2Q26. Conversely, finance costs are projected to grow 20.6% YOY to AED 438 Mn in 2Q26. Additionally, other income is anticipated to decrease from AED 589 Mn in 2Q25 to AED 274 Mn in 2Q26. The Company's tax expense is expected to increase 9.2% YOY to AED 323 Mn in 2Q26. Furthermore, profit attributable to non-controlling interests is projected to increase 23.6% YOY to AED 277 Mn in 2Q26.

2026 Forecast

Aldar's net profit is expected to increase 9.0% YOY to AED 8,295 Mn in 2026, attributed to anticipated growth in revenue and finance income, partially offset by an expected rise in direct costs, general and selling & marketing expenses, finance costs, income tax expenses, and NCI, along with lower other income. Aldar's revenue is expected to increase 18.1% YOY to AED 39,937 Mn in 2026, primarily due to the estimated rise in demand expected across both segments. Aldar Development's revenue is projected to increase by 18.8% YOY to AED 29,466 Mn, while revenue from the Aldar Investment segment is anticipated to increase by 16.3% YOY to AED 10,471 Mn in 2026. The Company's direct costs are expected to increase 17.2% YOY to AED 26,079 Mn in 2026. Thus, gross profit is likely to rise 19.7% YOY to AED 13,858 Mn in 2026, while gross profit margin is anticipated to expand by 47 bps YOY to 34.7% in 2026. The Company's general expenses are expected to rise 16.6% YOY to AED 2,356 Mn in 2026. On the other hand, selling & marketing expenses are anticipated to grow from AED 133 Mn in 2025 to AED 319 Mn in 2026. As a result, EBITDA is projected to increase 25.5% YOY to AED 12,455 Mn in 2026, while the EBITDA margin is expected to improve by 184 bps YOY to 31.2% in 2026. Furthermore, operating profit is expected to increase 18.7% YOY to AED 11,183 Mn, while the operating profit margin is anticipated to expand marginally by 14 bps YOY to 28.0% in 2026. The Company's provisions are expected to rise 4.2% YOY to AED 479 Mn in 2026. Aldar's finance income is projected to increase 5.7% YOY to AED 896 Mn in 2026, while finance costs are forecasted to increase 24.8% YOY to AED 1,743 Mn in 2026. Moreover, the Company's other income is expected to decline 35.7% YOY to AED 998 Mn in 2026. Aldar's tax expenses are anticipated to increase 8.9% YOY to AED 1,232 Mn in 2026. The profit attributable to NCI holders is projected to increase 8.6% YOY to AED 1,328 Mn in 2026.

1Q26 Outturn

Aldar's revenue increased 12.1% YOY to AED 8,734 Mn in 1Q26, supported by strong performance across both the Development and Investment segments, driven by ongoing recognition of development revenue backlog, inventory sales, and continued growth in recurring income from the investment portfolio. Additionally, Aldar Development's backlog stood at AED 72.1 Bn in 1Q26 compared to AED 71.7 Bn at the end of 2025, providing clear visibility on future revenue recognition. The Company's development revenue increased to AED 6.5 Bn in 1Q26 from AED 5.7 Bn in 1Q25, while Investment revenue rose to AED 2.2 Bn in 1Q26 from AED 2.1 Bn in 1Q25. The Company's direct costs increased 8.0% YOY to AED 5,411 Mn in 1Q26. As a result, gross profit increased 19.5% YOY to AED 3,323 Mn in 1Q26, while gross margins expanded 235 bps YOY to 38.0% in 1Q26. General expenses rose 7.9% YOY to AED 504 Mn in 1Q26, while selling and marketing expenses increased 11.4% YOY to AED 39 Mn in 1Q26. The Company's EBITDA increased 21.5% YOY to AED 3,026 Mn in 1Q26, while EBITDA margin rose 268 bps YOY to 34.6% in 1Q26. Operating profit expanded 22.0% YOY to AED 2,780 Mn, with an expansion in operating margin of 258 bps YOY to 31.8% in 1Q26. Additionally, provision increased from AED 10 Mn in 1Q25 to AED 16 Mn in 1Q26. The Company's finance income grew 30.3% YOY to AED 240 Mn in 1Q26, while finance cost increased 36.9% YOY to AED 428 Mn in 1Q26. Other income increased 25.6% YOY to AED 54 Mn in 1Q26. Aldar's income tax increased 22.9% YOY to AED 339 Mn in 1Q26. Furthermore, profit attributable to non-controlling interest declined 5.7% YOY to AED 252 Mn in 1Q26.

Target price and rating

We maintain our rating on Aldar Properties to BUY with a target price of AED 12.00. Aldar delivered a resilient quarter despite heightened geopolitical tensions towards the end of 1Q26, demonstrating the strength of its diversified operating model and growing recurring income platform. While development sales moderated following weaker buyer activity in March, earnings remained supported by continued conversion of its sizeable development backlog. The development business continues to provide strong long-term earnings visibility. Although group sales declined to AED 6.7 Bn in 1Q26 due to a more cautious market environment, the development backlog expanded to a record AED 72.1 Bn, including AED 62.2 Bn in the UAE thereby providing healthy revenue recognition over the next couple of years. During the quarter, the company launched Baccarat Residences in Abu Dhabi and The Wilds in Dubai before temporarily moderating new launches as market conditions became more uncertain. However, the April launch of Yas Park Place generated more than AED 800 Mn of sales with over 80% of the first phase sold, suggesting underlying demand remains intact for well-located projects despite near-term market volatility. For this, the Company used a 50-50 payment plan to boost confidence. Cash collections remained robust at AED 4.3 Bn, while customer default rates stayed low at c. 1%, reflecting healthy buyer quality and continued payment discipline. During the quarter, Aldar secured additional plots in Abu Dhabi which can generate c. AED 23 Bn of future gross development value through land on Saadiyat Island, Yas Island, and near Yas Island, while alongside expanding its Dubai Holding joint venture with two additional land parcels carrying an estimated GDV of AED 38 Bn. These additions strengthen Aldar's long-term launch pipeline across both Abu Dhabi and Dubai while enhancing visibility on future sales growth beyond the current backlog. The recurring income continues to grow with occupancy levels of c. 96% across the segments and AUM increased to AED 52 Bn while the develop-to-hold pipeline expanded further to AED 20.1 Bn in 1Q26. During the quarter, Aldar completed the acquisition of The Link at Masdar City through its existing joint venture with Mubadala, adding fully leased mixed-use commercial assets to its portfolio. It also expanded its industrial and logistics platform through the AED 650 Mn acquisition of three purpose-built logistics facilities within KEZAD. Also, through partnership with Abu Dhabi's Department of Municipalities and Transport, the company will develop c. 9,000 value housing units across Mohamed Bin Zayed City and Baniyas with a combined development value of AED 2.8 Bn. Aldar also completed its AED 10 Bn retail JV with Mubadala, combining Yas Mall and The Galleria Luxury Collection into a single platform under Aldar's management. This development creates one of Abu Dhabi's largest premium retail portfolios and positions the platform to benefit from rising tourism. The balance sheet was strengthened further through multiple financing initiatives as Aldar completed a USD 1 Bn hybrid placement with Apollo, increasing its ownership in Aldar Investment Properties to 90.2%. The company also secured a new AED 5 Bn sustainability-linked revolving credit facility, lifting total available liquidity to c. AED 38.2 Bn. This provides substantial financial flexibility to continue executing acquisitions, landbank expansion and develop-to-hold investments. Looking ahead, management reaffirmed its 2026 guidance, targeting adjusted EBITDA between AED 12.7 Bn and AED 13.3 Bn for Aldar Properties. Aldar Development is expected to generate sales between AED 45 Bn and AED 49 Bn and adjusted EBITDA between AED 9.5 Bn and AED 10.0 Bn, while Aldar Investments is targeting adjusted EBITDA between AED 3.7 Bn and AED 3.9 Bn. So, based on our analysis we maintain our BUY rating on the stock.

Aldar- Relative Valuation

(At CMP)	2021	2022	2023	2024	2025	2026F
PE	27.37	21.91	16.59	11.54	8.44	7.74
PB	2.35	2.24	2.04	1.82	1.56	1.34
EV/EBITDA	22.71	18.27	13.86	10.56	7.37	6.27
BVPS	3.424	3.606	3.951	4.438	5.182	6.032
EPS	0.295	0.368	0.486	0.699	0.955	1.042
DPS	0.150	0.160	0.170	0.185	0.205	0.222
Dividend Yield	1.8%	2.0%	2.1%	2.3%	2.5%	2.7%

FABS estimate & Co Data

Aldar - P&L

AED (Mn)	2Q25	1Q26	2Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Revenue	7,736	8,734	9,134	18.1%	4.6%	33,818	39,937	18.1%
Direct costs	-5,175	-5,411	-5,749	11.1%	6.3%	-22,243	-26,079	17.2%
Gross profit	**2,561**	**3,323**	**3,385**	**32.2%**	**1.9%**	**11,575**	**13,858**	**19.7%**
General expenses	-461	-504	-512	10.9%	1.5%	-2,021	-2,356	16.6%
Sell & Mktg Exp	-38	-39	-46	19.2%	16.2%	-133	-319	NM
EBITDA	**2,298**	**3,026**	**3,253**	**41.5%**	**7.5%**	**9,925**	**12,455**	**25.5%**
EBIT	**2,061**	**2,780**	**2,828**	**37.2%**	**1.7%**	**9,421**	**11,183**	**18.7%**
Provision/(reversal)	3	-16	-37	NM	134.1%	-460	-479	4.2%
Finance income	202	240	219	8.0%	-9.1%	848	896	5.7%
Finance cost	-364	-428	-438	20.6%	2.4%	-1,397	-1,743	24.8%
Total other income	589	54	274	-53.5%	NM	1,552	998	-35.7%
Profit before tax	**2,491**	**2,631**	**2,845**	**14.2%**	**8.2%**	**9,964**	**10,855**	**8.9%**
Income tax	-296	-339	-323	9.2%	-4.9%	-1,131	-1,232	8.9%
Profit after tax	**2,196**	**2,291**	**2,523**	**14.9%**	**10.1%**	**8,834**	**9,623**	**8.9%**
Non-controlling interest	224	252	277	23.6%	10.0%	1,223	1,328	8.6%
Net profit	**1,971**	**2,039**	**2,245**	**13.9%**	**10.1%**	**7,611**	**8,295**	**9.0%**

FABS estimate & Co Data

Aldar - Margins

	2Q25	1Q26	2Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	33.1%	38.0%	37.1%	396	-99	34.2%	34.7%	47
EBITDA	29.7%	34.6%	35.6%	590	97	29.3%	31.2%	184
Operating Profit	26.6%	31.8%	31.0%	431	-87	27.9%	28.0%	14
Net Profit	25.5%	23.3%	24.6%	-91	123	22.5%	20.8%	-174

FABS estimate & Co Data

2Q26 preview: Tecom Group

Higher sales expected to drive net profit growth

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 3.38	AED 4.90	+45.0%	BUY

2Q26 estimate

Tecom Group's (TECOM/the Company) net profit is anticipated to increase 8.9% YOY to AED 410 Mn in 2Q26, mainly due to an expected rise in sales, partially offset by an anticipated increase in direct costs, G&A expenses, marketing & selling expenses, finance costs and tax expenses, coupled with an expected decline in other income and finance income. TECOM's sales are projected to rise 8.9% YOY to AED 772 Mn in 2Q26, supported by continued growth across all key segments. Direct costs are forecasted to increase marginally by 0.9% YOY to AED 238 Mn in 2Q26. As a result, gross profit is expected to increase 12.8% YOY to AED 535 Mn in 2Q26 with the gross margin likely to improve by 242 bps YOY to 69.2% in 2Q26. G&A expenses are anticipated to increase 36.0% YOY to AED 54 Mn in 2Q26. Similarly, marketing and selling expenses are projected to rise 29.5% YOY to AED 15 Mn in 2Q26. Meanwhile, other income is forecasted to decline 7.6% YOY to AED 22 Mn in 2Q26. Consequently, TECOM's operating profit is expected to increase 9.2% YOY to AED 487 Mn in 2Q26, with the operating margin expected to increase by 20 bps YOY to 63.1% in 2Q26. Depreciation & amortisation is anticipated to decline 3.0% YOY to AED 118 Mn in 2Q26. Hence, EBITDA is projected to increase 6.6% YOY to AED 605 Mn in 2Q26. However, the EBITDA margin is expected to contract by 167 bps YOY to 78.4% in 2Q26. The Company's finance income is anticipated to decline 3.8% YOY to AED 9 Mn in 2Q26, whereas finance costs are expected to increase 2.2% YOY to AED 68 Mn in 2Q26. TECOM's tax expense is anticipated to increase 47.1% YOY to AED 18 Mn in 2Q26.

2026 forecast

Tecom Group's net profit is projected to decline 20.8% YOY to AED 1,653 Mn in 2026, primarily due to an anticipated rise in direct costs, G&A expenses, marketing & selling expenses, depreciation and amortisation expenses, and finance costs, coupled with lower other income and finance income, partially offset by an expected increase in sales in 2026. The Company's sales are anticipated to rise 10.6% YOY to AED 3,162 Mn in 2026, supported by continued growth in the Company's underlying operating portfolio. Direct costs are anticipated to increase 5.6% YOY to AED 1,018 Mn in 2026. Thus, gross profit is anticipated to rise 13.2% YOY to AED 2,144 Mn in 2026, while the gross profit margin is expected to improve by 152 bps YOY to 67.8% in 2026. G&A expenses are expected to increase 13.3% YOY to AED 209 Mn in 2026, while marketing and selling expenses are expected to rise 19.0% YOY to AED 67 Mn in 2026. Other income is expected to decline 3.4% YOY to AED 88 Mn in 2026. Consequently, operating profit is expected to decline 18.4% YOY to AED 1,956 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 9.8% YOY to AED 2,448 Mn in 2026, while the EBITDA margin is expected to fall by 60 bps YOY to 77.4% in 2026. Moreover, the Company's finance income is projected to decline 4.3% YOY to AED 30 Mn in 2026, while finance costs are expected to increase 3.5% YOY to AED 262 Mn in 2026. Additionally, the Company is anticipated to incur an income tax expense of AED 71 Mn in 2026 compared to AED 89 Mn in 2025.

1Q26 outturn

TECOM's revenue increased 11.0% YOY to AED 755 Mn in 1Q26, driven by commercial, industrial and land leasing segment, partially offset by service revenue. Commercial Leasing segment revenue increased 11.4% YOY to AED 388 Mn in 1Q26, with an occupancy level of 97%. Similarly, Industrial Leasing segment revenue increased 13.4% to AED 116 Mn in 1Q26, with an occupancy level of 95%. TECOM's revenue from land leasing increased 21.3% YOY to AED 171 Mn in 1Q26, with an occupancy level of 93%. The service revenue decreased 9.6% YOY to AED 80 Mn in 1Q26. The Company's direct costs increased 10.7% YOY to AED 238 Mn in 1Q26. Thus, gross profit grew 11.2% YOY to AED 517 Mn in 1Q26, while the gross profit margin expanded 10 bps YOY to 68.5% in 1Q26. The Company's G&A expenses increased 8.2% YOY to AED 48 Mn in 1Q26, whereas selling and marketing expenses declined 4.3% YOY to AED 12 Mn in 1Q26. Moreover, other income declined 11.9% YOY to AED 14 Mn in 1Q26. As a result, operating profit increased 11.1% YOY to AED 470 Mn in 1Q26, while the operating margin expanded 4 bps YOY to 62.3% in 1Q26. The Commercial Leasing segment's EBITDA increased by 12.1% YOY to AED 296 Mn in 1Q26. The Industrial Leasing segment's EBITDA increased 19.6% YOY to AED 93 Mn in 1Q26. The Company's Land Leasing segment's EBITDA increased by 23.3% YOY to AED 159 Mn in 1Q26, while the Service segment's EBITDA decreased 10.8% YOY to AED 62 Mn in 1Q26. Thus, TECOM's total EBITDA increased 12.9% YOY to AED 610 Mn in 1Q26, while EBITDA margin expanded 136 bps YOY to 80.8% in 1Q26. TECOM's finance income declined from AED 11 Mn in 1Q25 to AED 4 Mn in 1Q26, whereas finance cost declined 6.4% YOY to AED 59 Mn in 1Q26. The Company recorded an income tax charge of AED 12 Mn in 1Q26, compared to AED 10 Mn in 1Q25.

Target price and recommendation

We maintain our BUY rating on TECOM with a target price of AED 4.90. TECOM delivered robust quarter in 1Q26, underpinned by sustained demand across its commercial, industrial and land leasing segment, continued rental rate growth and disciplined execution of its expansion strategy. Revenue and net profit increased 11.0% YOY and 11.8% YOY to AED 755 Mn and AED 403 Mn in 1Q26, respectively, while EBITDA margin expanded to 80.8% in 1Q26, reflecting the company's ability to translate healthy leasing momentum into profitability. Operations remained resilient, with consolidated occupancy (excluding land leasing) reaching 97.7%, supported by commercial and industrial retention rates of 94% and 99% in 1Q26. TECOM's Commercial occupancy rate was at 97% in 1Q26, and Industrial occupancy rate remained stable at 99.0% in 1Q26. Additionally, the Industrial Land Lease portfolio occupancy rate was at 93.0% in 1Q26. This highlights the stickiness of its customer base and the quality of its ecosystem. Funds from operations increased 14% YOY to AED 549 Mn, while recurring free cash flow continued to strengthen, providing ample financial flexibility to fund growth. The Company's investment portfolio continues to appreciate, with the fair value of investment properties reaching AED 34.5 Bn at the end of 2025, representing a 23.1% YOY increase and an 18.3% like-for-like uplift, supported by higher market rents and improving occupancy. Growth visibility remains strong, supported by TECOM's strategic investment pipeline. During 2025, the Company invested over AED 2.5 Bn in acquisitions and developments, including the AED 615 Mn Innovation Hub Phase 4 in Dubai Internet City, the acquisition of a university campus and 33 million SQFT of industrial land. Leasing momentum has been strong with c. 55% of the newly acquired industrial land already leased or under confirmed negotiations within nine months, supporting long-term rental growth and portfolio expansion. The operating environment remains favourable, with Dubai's commercial and industrial real estate markets benefiting from strong demand, rising rental rates, limited Grade A supply and high occupancy levels. These market dynamics are expected to support continued rental growth, high occupancy and sustained leasing momentum across TECOM's portfolio. Furthermore, the Company is expected to distribute an aggregate cash dividend of AED 880 Mn for 2026 through two equal instalments of AED 440 Mn each. The Company focused on expanding EBITDA by c. 8-11% YOY in 2026 through operational improvements, customer retention and acquisitions. So based on our analysis we maintain BUY rating on the stock.

Tecom Group – Relative Valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE (X)	22.33	17.51	15.58	13.68	8.05	10.17
PB (X)	2.26	2.13	2.65	2.50	2.13	1.94
EV / EBITDA	14.39	13.07	12.96	12.34	10.39	9.43
BVPS (AED)	1.485	1.579	1.266	1.342	1.577	1.731
EPS (AED)	0.150	0.192	0.216	0.246	0.417	0.331
DPS (AED)	0.370	0.345	0.160	0.160	0.168	0.176
Dividend yield (%)	10.9%	10.2%	4.7%	4.7%	5.0%	5.2%

FABS estimate & Co Data

Tecom Group - P&L

AED Mn	2Q25	1Q26	2Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Sales	709	755	772	8.9%	2.3%	2,858	3,162	10.6%
Direct cost	-235	-238	-238	0.9%	-0.2%	-963	-1,018	5.6%
Gross profit	**474**	**517**	**535**	**12.8%**	**3.5%**	**1,894**	**2,144**	**13.2%**
G&A expenses	-40	-48	-54	36.0%	12.0%	-184	-209	13.3%
Marketing & Selling exp.	-12	-12	-15	29.5%	33.2%	-56	-67	19.0%
Other income	24	14	22	-7.6%	59.3%	91	88	-3.4%
Other expenses	0	0	0	NM	NM	0	0	NM
Impairment reversals on investment properties (net)	0	0	0	NM	NM	652	0	NM
Operating profit	**446**	**470**	**487**	**9.2%**	**3.5%**	**2,397**	**1,956**	**-18.4%**
Depreciation & Amortization	122	140	118	-3.0%	-15.3%	485	492	1.5%
EBITDA	**568**	**610**	**605**	**6.6%**	**-0.8%**	**2,230**	**2,448**	**9.8%**
Finance income	9	4	9	-3.8%	125.5%	31	30	-4.3%
Finance cost	-66	-59	-68	2.2%	15.8%	-253	-262	3.5%
Profit before zakat	**389**	**416**	**428**	**10.1%**	**2.9%**	**2,175**	**1,723**	**-20.8%**
Income tax	-12	-12	-18	47.1%	45.4%	-89	-71	NM
Profit to shareholders	**377**	**403**	**410**	**8.9%**	**1.7%**	**2,086**	**1,653**	**-20.8%**

FABS estimate & Co Data

Tecom group - Margins

	2Q25	1Q26	2Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	66.8%	68.5%	69.2%	242	78	66.3%	67.8%	152
EBITDA	80.0%	80.8%	78.4%	-167	-246	78.0%	77.4%	-60
Operating Profit	62.9%	62.3%	63.1%	20	73	83.9%	61.9%	NM
Net Profit	53.1%	53.5%	53.1%	3	-35	73.0%	52.3%	NM

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%

FAB Securities Contacts:

Research Analyst		
Ahmad Banihani	+971-2-6161629	Ahmad.Banihani@Bankfab.com
Shahrukh Nawaz	+971-2 -6161612	Shahrukh.Nawaz@bankfab.com
		FAB Securities Research Portal
Sales & Execution		
Abu Dhabi Head Office		
Trading Desk	+971-2-6161700/1 +971-2-6161777	
Institutional Desk	+971-4-4245765	

DISCLAIMER