

UAE Real Estate Sector

Strong Backlogs Support Outlook Amid Softer Sales and Regional Uncertainty

Sector Weighting:
MARKET WEIGHT

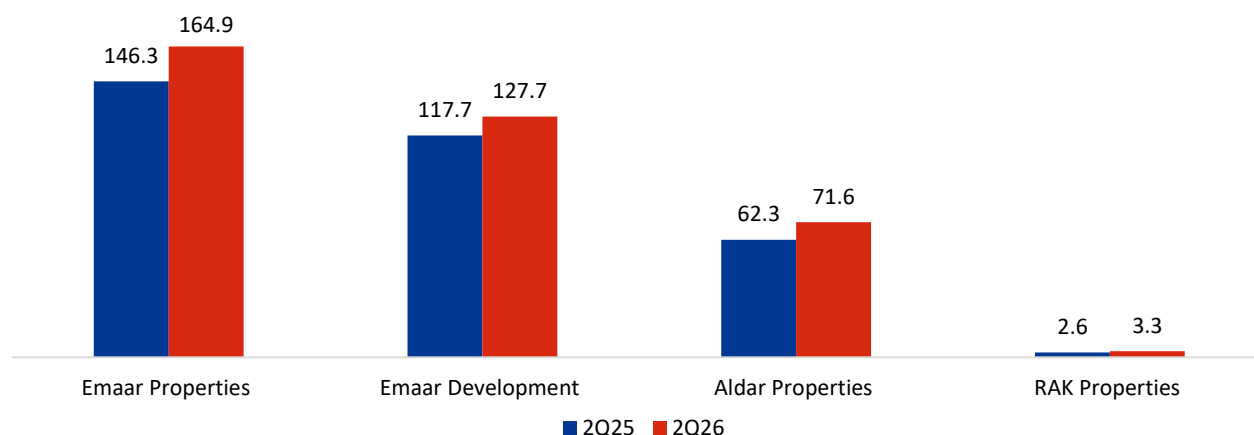
Property Market Outlook

The UAE real estate market remains under pressure from the regional conflict, which has weighed on investor confidence. This has resulted in a cautious near-term outlook, as heightened geopolitical uncertainty, softer investor sentiment and moderating transaction activity are expected to weigh on market growth over the coming quarters. The interest rate backdrop has also turned less supportive for the sector. The US Federal Reserve raised the federal funds rate by 25 bps to 3.75%–4.00% in September 2026, its first hike since July 2023, citing persistently elevated inflation. The CBUAE raised its Base Rate by 25 bps to 3.90%, effective 17 September 2026. Higher rates are expected to raise mortgage costs for end-users and financing costs for developers and landlords, reversing the rate-easing tailwind that supported the sector through 2025. The impact on primary sales is likely to be partly cushioned by developer payment plans, which reduce buyers reliance on mortgage financing during the construction phase. The UAE real estate sector entered 3Q26 in a consolidation phase following five years of exceptional growth. Dubai's sales activity continued to moderate, with transaction value falling 45.5% YOY to AED 92.9 Bn in 3Q26, although the pace of decline eased on a quarterly basis and volumes stabilised at c. 37.4K transactions. In contrast, Abu Dhabi remained comparatively resilient, recording AED 155 Bn of transactions in 8M26, already exceeding the AED 142 Bn recorded for the whole of 2025, supported by strong off-plan demand and rising foreign investment. Prices and rents started to soften across both emirates in 2Q26 as new supply is delivered, while policy measures, including Abu Dhabi's rent freeze, Dubai's Flexi Rent initiative and the new framework for off-plan mortgages in Abu Dhabi, aim to support affordability and market stability. Listed developers continue to benefit from record revenue backlogs that provide earnings visibility over the next two to three years, although new sales have slowed sharply, with Emaar and Aldar adopting a measured approach to launches.

Aldar's development revenue backlog remained robust at AED 71.6 Bn in 2Q26, including AED 59.9 Bn in the UAE, providing medium to long term revenue visibility. The backlog declined marginally from AED 72.1 Bn in March 2026. The project management service segment backlog stood at AED 87.2 Bn, with AED 62.3 Bn under construction, as of June 2026. Development activity remained steady, with Aldar launching three new projects in 2Q26. Aldar also unveiled Marsa Al Saadiyat in July 2026, a 6.4 Mn sqm waterfront destination with a GDV of AED 100 Bn that activates the final phase of the Saadiyat Island master plan. Aldar will develop AED 60 Bn of it, with launches commencing in 2H26. In addition, Aldar announced Yas Point, an AED 6 Bn mixed-use waterfront community on Yas Island, and launched its first development, The Canopies. Aldar's develop-to-hold (D-Hold) strategy continued to progress, with the total pipeline standing at around AED 20 Bn as of 2Q26, supported by five new projects added during 2Q26. These included the AED 2.8 Bn partnership with Abu Dhabi's Department of Municipalities and Transport to develop 9,000 value rental housing units, and the AED 1.1 Bn acquisition of a residential and community retail development in Dubai Studio City. In September 2026, the Company signed an AED 15 Bn strategic partnership with Arada, comprising a master plan JV at Seih Sdeirah on the Abu Dhabi–Dubai border and Arada's acquisition of three residential plots on Yas Island. In 3Q26, Aldar launched Talay, collection of 351 standalone villas forming the first residential community at Marsa Al Saadiyat, alongside Yas Riva Reserve, a gated waterfront community on Yas Island. Together, the two launches generated over AED 5 Bn in

sales. This followed a weak 2Q26, when group development sales declined 43% YOY to AED 5.4 Bn and UAE sales fell 61% YOY to AED 3.5 Bn, reflecting the Company's measured approach to new launches amid regional uncertainty. As a result, in July 2026 Aldar lowered its 2026 development sales guidance to AED 30–34 Bn from AED 45–49 Bn, and its Development EBITDA guidance to AED 8.9–9.3 Bn. Aldar continues to rely on record backlog, resilient recurring income portfolio and strong liquidity position of AED 37.1 Bn. However, the strong take-up at Talay and Yas Riva Reserve indicates that demand for well-located waterfront projects remains intact, a sustained recovery in sales will depend on continued regional stability and the impact of higher interest rates on buyer sentiment.

Revenue Backlog (AED Bn)



Source: Company Information

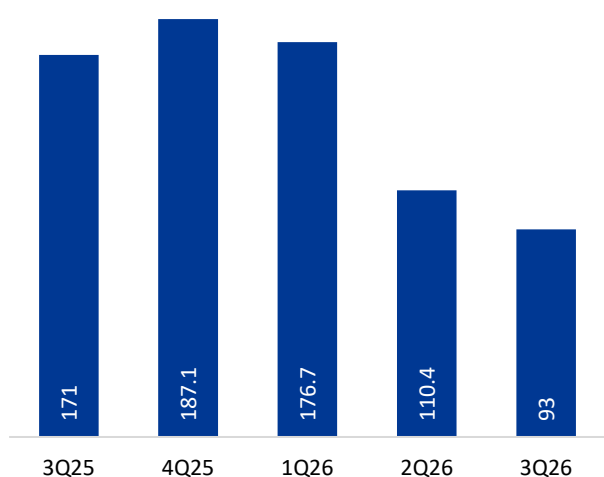
Similarly, Emaar Properties reported a record revenue backlog of AED 164.9 Bn in 2Q26, up 13% YOY, including AED 135.7 Bn from its UAE development operations. UAE Development recorded backlog growth of 6% YOY. The record backlog provides strong revenue visibility and is expected to support earnings over the medium term. During 1H26, the Company launched 11 targeted residential projects across Emaar South, Dubai Hills Estate, The Heights Country Club & Wellness, The Oasis, Rashid Yachts & Marina and Expo Living. Emaar also announced a new landmark AED 200 Bn master plan. These strategic launches broadened the Group's portfolio and strengthened its long-term development pipeline. This enables the Company to maintain a calibrated pace of project launches amid softer property market sentiment and heightened regional geopolitical uncertainty. This was evident in 1H26, when Group property sales declined to AED 26.6 Bn in 1H26 from AED 46.0 Bn in 1H25, implying c. AED 4.2 Bn in 2Q26. 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 with shopping malls, retail and commercial leasing portfolio recorded an average occupancy of c. 98%. In addition, the moderation in Dubai's residential market, coupled with rising construction costs, labour expenses and the higher interest rate environment, is expected to place pressure on margins. Any prolonged weakness in demand could also result in a more selective pace of future project launches.

TECOM Group reported occupancy of 97% across its commercial and industrial portfolio as of June 2026, while revenue increased 11% YOY to AED 786 Mn in 2Q26, supported by high occupancy, improved rental rates and the Group's strategic portfolio expansion. The Company's funds from operations (FFO) grew c. 10% YOY to c. AED 552 Mn in 2Q26, while recurring net profit increased 7% YOY to AED 401 Mn. Growth was broad-based across segments in 2Q26. Land lease revenue

rose c. 23% YOY to c. AED 190 Mn, driven by demand and the leasing of land acquired in 2025. Industrial revenue grew c. 17% YOY to c. AED 123 Mn, with occupancy of 98%, and commercial revenue increased c. 11% YOY to c. AED 395 Mn, supported by demand for Grade-A offices. RAK Properties' revenue backlog reached a record AED 3.3 Bn (excluding JV) as of June 2026, up 26% YOY. The Company launched Lunara on The Strand, a 583-unit residential development comprising three connected towers within its new Marjan Beach District destination, benefiting from strong investor demand for waterfront living close to the upcoming Wynn Resort in Ras Al Khaimah.

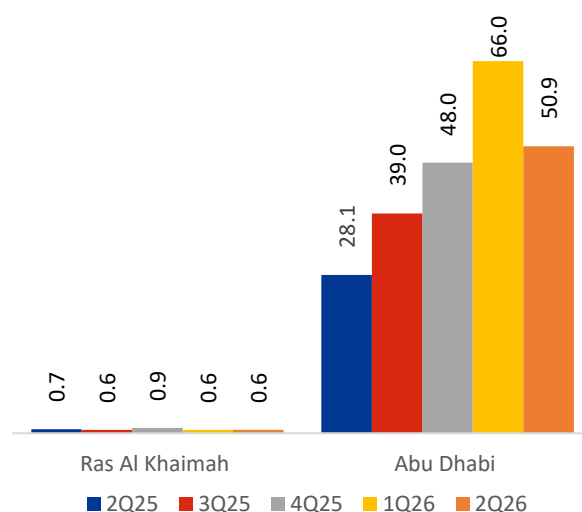
According to Dubai Land Department (DLD), 104 real estate projects with an investment value exceeding AED 111 Bn were completed in Dubai during 1H26, adding 24,537 units to the market during 1H26. Compared with 1H25, the number of completed projects numbers increased 38.7%, investment value rose 52%, and new unit additions grew more than 36%. Abu Dhabi's real estate market maintained strong momentum in 2Q26, supported by robust growth in overall real estate transaction volumes, while Dubai's property market recorded lower transaction volumes and sales values in 3Q26, with transaction counts declining across all key property segments. According to DXB Interact, in 3Q26, total sales transactions in Dubai decreased 36.9% YOY to 37.4K in 3Q26. Sales volume experienced decline of 45.5% YOY to AED 93 Bn during the same period. Apartment sales value reached AED 48.6 Bn in 3Q26, with transaction volumes falling 37.1% YOY to 31.1K in 3Q26. Villa transactions decreased 50.2% YOY to 2.4K, with sales value reaching AED 18.8 Bn in 3Q26. Townhouse transactions declined 24.9% YOY to 1.8K, with sales value of AED 5.8 Bn. Commercial property segment recorded a 5.1% YOY decrease in transactions to 1.5K, with total value reaching AED 5.6 Bn in 3Q26. Plot sales value stood at AED 13.3 Bn, while transaction volumes declined 39.8% YOY to 674 in 3Q26. Furthermore, Abu Dhabi's total real estate transaction value increased significantly 80.4% 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 sales valued AED 605.7 Mn in 2Q26, with AED 204.4 Mn recorded in April 2026, AED 194.7 Mn in May 2026 and AED 206.6 Mn in June 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 maintained momentum in 2Q26, supported by low vacancy levels, sustained leasing activity and constrained supply. Demand from new and existing occupiers continued to absorb available space, supporting rental stability and landlords negotiating positions despite some tenants temporarily pausing expansion plans. According to JLL, Abu Dhabi's overall

office vacancy rate remained at 1.4% in 2Q26, with Prime and Grade A segments recording vacancy levels of 0.1% and 1.4%, respectively in 2Q26. Furthermore, Dubai's overall office vacancy rate decreased to 6.1% in 2Q26 from 7.7% in 2Q25. Limited prime availability prompted occupiers to consider alternative office segments, with Grade B vacancy falling to 8.0% in 2Q26 from 10.9% in 2Q25. Office rental rates increased YOY across both markets. In Abu Dhabi, prime rents rose 11.7% YOY in 2Q26, while Grade A and Grade B rents increased 5.1% YOY and 4.2% YOY, respectively. In Dubai, prime office rents surged 13.6% YOY, while Grade A and Grade B rents increased 26.2% YOY and 31.5% YOY in 2Q26, respectively. Property owners generally maintained their pricing positions while selectively offering incentives and rental flexibility to support leasing activity. On the supply side, Abu Dhabi added c. 38,000 sq m of Grade A office space in 2Q26, taking total office inventory to c. 4.2 Mn sq m, with a further c. 57,000 sq m expected in 2H26. Dubai recorded no major new completions during the quarter, with c. 940,000 sq ft expected by year-end. Selected Dubai assets temporarily ceased operations for refurbishment. Landlords prioritised completing developments backed by pre-lease commitments, while developers continued to face challenges importing materials. Flexible workspaces continued to expand as companies sought reduced capital requirements and shorter lease commitments. Looking ahead, JLL expects annual rental growth to continue across both markets through year-end. However, Abu Dhabi's rent freeze, implemented in June with exceptions for ADGM and newly completed projects, is expected to limit quarterly rental increases.

The UAE residential market recorded mixed performance in 2Q26, with Abu Dhabi maintaining strong annual transaction growth, while Dubai experienced softer activity and pricing. According to CBRE report, residential transaction volumes in Abu Dhabi increased 80% YOY to c. 7,600 registered sales in 2Q26, with transaction value growing 150% YOY to AED 32 Bn in 2Q26. Residential prices increased 21.6% YOY in 2Q26, led by apartment price growth of 24.4% YOY in 2Q26, while villa prices rose 6.3% YOY in 2Q26. Rental growth remained positive at 3.6% YOY in 2Q26. In Dubai, residential price growth grew 1.9% YOY in 2Q26, with apartment prices rising 1.3% and villa prices increasing 5.7%. Across Dubai, average residential rents declined 2.6% YOY in 2Q26, reflecting increased supply and weaker occupier demand. Residential transaction volumes fell 29% YOY to fewer than 37,000 sales in 2Q26, while transaction value declined c. 43% YOY to AED 88 Bn in 2Q26. Looking ahead, CBRE noted that many planned residential deliveries in Dubai for 2026 have shifted into 2027 amid logistical bottlenecks and longer shipping times. In Abu Dhabi, annual residential deliveries are projected at 10,000 units in 2026 and 2027, although short-term supply-chain pressures could delay projects and slow new deliveries.

Dubai's office market is tight, with overall vacancy falling to 6.1% in 2Q26 and Grade A rents rising 26.2% YOY in 2Q26. TECOM's occupancy stood at 97% as of June 2026, while revenue rose 11% YOY to AED 786 Mn in 2Q26, FFO increased c. 10% YOY to c. AED 552 Mn in 2Q26 and recurring net profit grew 7% YOY to AED 401 Mn in 2Q26, with growth led by land lease, industrial, and commercial. Aldar is expected to benefit from Abu Dhabi's relative resilience, with transactions of AED 155 Bn in 8M26 already exceeding the 2025 total. Aldar's AED 71.6 Bn development backlog and AED 87.2 Bn project management backlog as of June 2026 provide medium-term visibility. Following a weak 2Q26, strong take-up at Talay and Yas Riva Reserve (over AED 5 Bn in sales in 3Q26) shows demand for prime waterfront projects remains intact.

We prefer **TECOM and Aldar** amid the sector's consolidation phase. TECOM offers defensive exposure through office, commercial and industrial portfolio, which remains largely unaffected by the current geopolitical environment.

Contents:

Real Estate Overview	6
Macro Backdrop in the UAE	6
EIBOR	16
Relative valuation and rating	18
<i>3Q26 preview: Emaar properties</i>	19
<i>3Q26 preview: Emaar Development</i>	22
<i>3Q26 preview: Aldar Properties</i>	25
<i>3Q26 preview: Tecom Group</i>	29
FAB Securities Contacts:	32

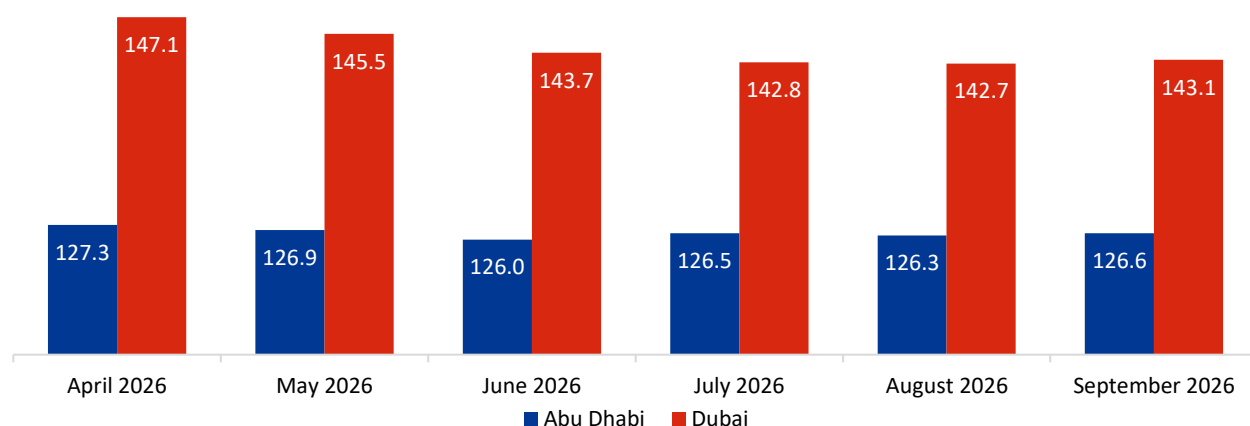
Real Estate Overview

Sales and Rent Price Indices for Residential Property

1. All Residential Market

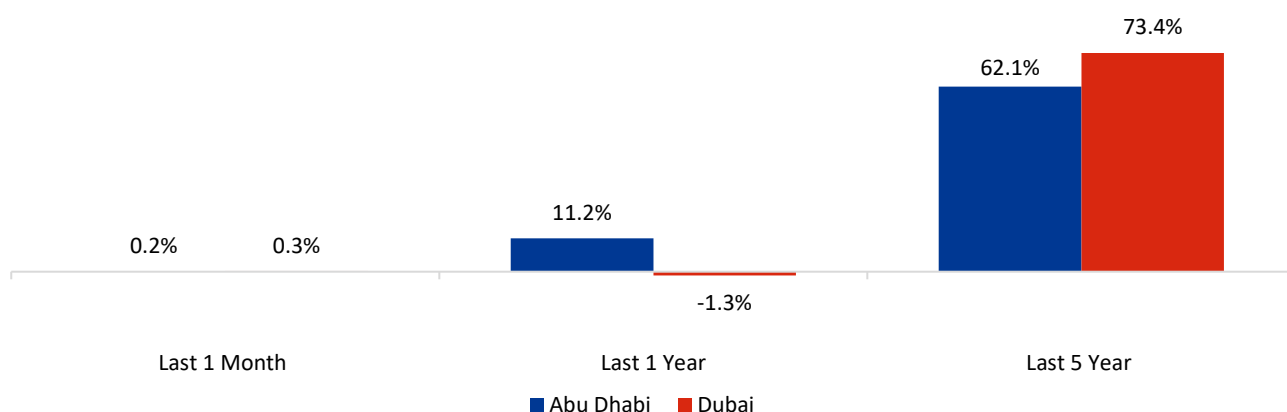
The Abu Dhabi Residential Property Sales Price Index increased from 126.3 in August 2026 to 126.6 in September 2026, while prices rose 11.2% YOY in September 2026. Furthermore, the Dubai Residential Property Sales Price increased from 142.7 in August 2026 to 143.1 in September 2026, while prices decreased 1.3% YOY during September 2026.

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



Source: Reidin

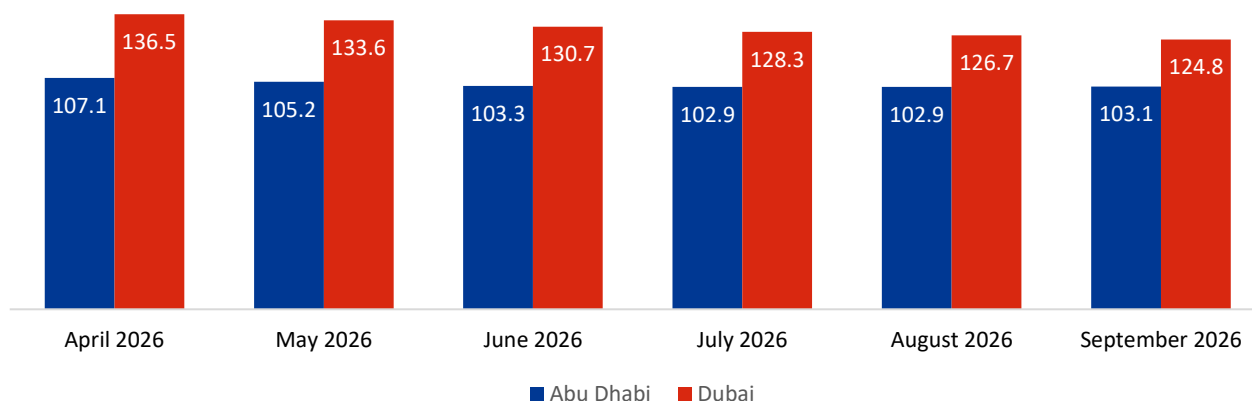
Residential Market Sales Price Changes (%)



Source: Reidin

The Abu Dhabi Residential Market Rent Price Index increased on a MOM basis at 103.1 in September 2026, while prices increased marginally 0.2% YOY during the same period. However, the Dubai Residential Market Rent Price Index decreased 1.5% MOM to 124.8 in September 2026, while prices also decreased 6.8% YOY.

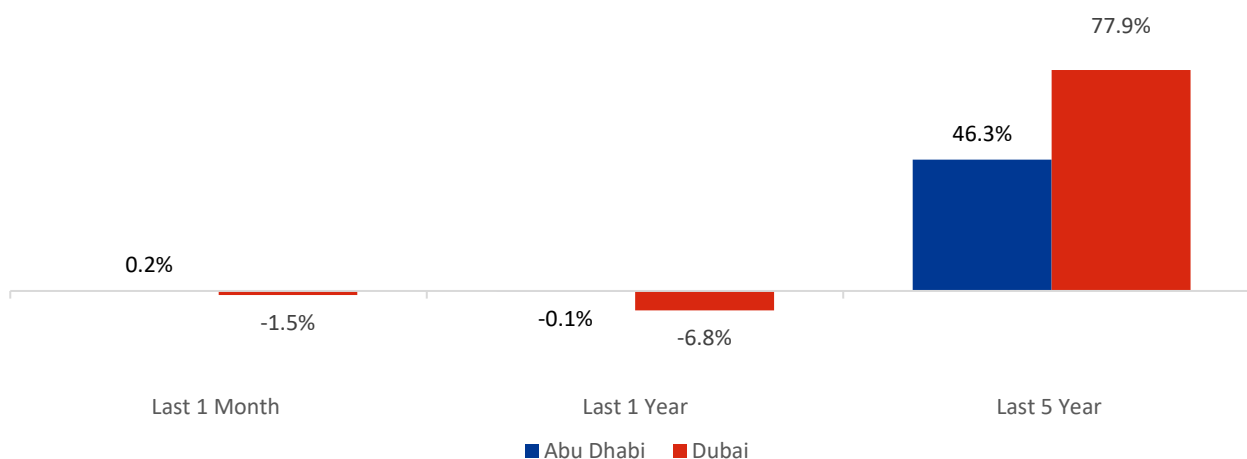
Residential Market Rent Price Index (2014, Jan=100)



Source: Reidin

Residential Market Rent Price Changes (%)

Residential Market Rent Price Changes (%)

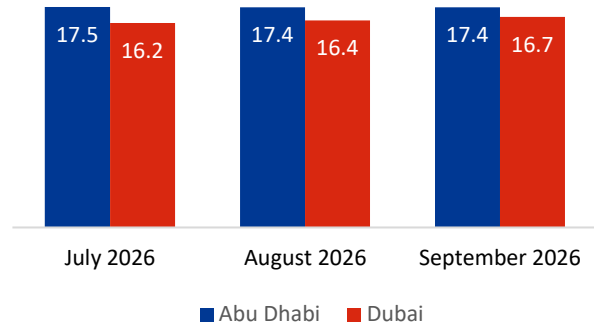
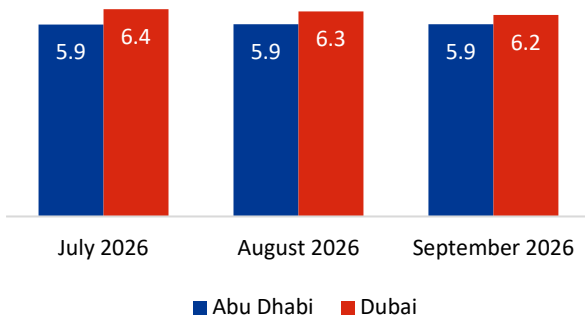


Source: Reidin

Abu Dhabi's residential gross rental yield remained flat at 5.9% in September 2026 compared to August 2026, while Dubai's yield declined marginally from 6.3% in August 2026 to 6.2% in September 2026. Meanwhile, the price-to-rent ratio (years) in Abu Dhabi remained flat at 17.4 in September 2026, compared to August 2026. Meanwhile, Dubai's ratio increased from 16.4 to 16.7 during the same period.

Residential Gross Rental Yield (%)

Residential Price to Rent Ratio (Years)

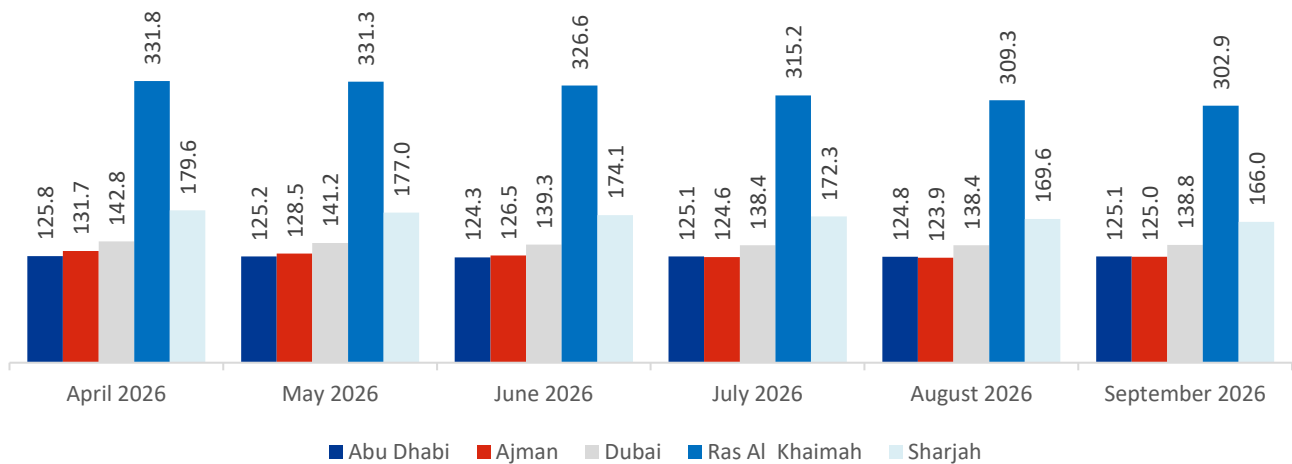


Source: Reidin

2. Apartments

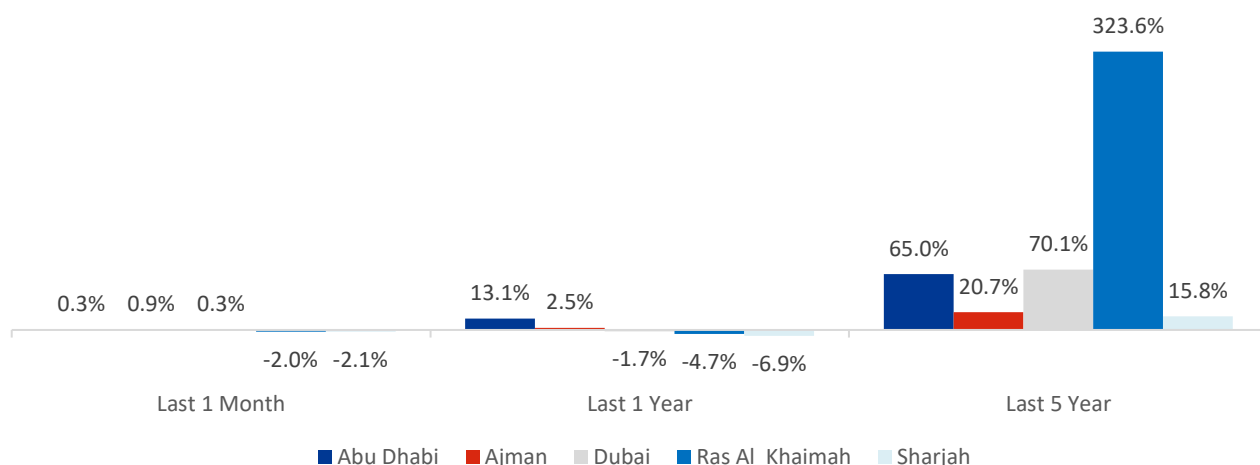
In September 2026, the apartment sales price index in the UAE recorded an increase on a MOM basis in Abu Dhabi, Ajman and Dubai, while Ras Al Khaimah and Sharjah recorded decline. The Sales Price Index for apartments in Abu Dhabi rose 0.3% MOM to 125.1 in September 2026. Similarly, the Ajman Sales Price Index increased 0.9% MOM to 125.0, the strongest MOM gain among the regions, while Dubai edged up 0.3% MOM to 138.8. In contrast, Sharjah recorded the most significant MOM decline, with the index falling 2.1% to 166.0, followed by Ras Al Khaimah, where the index fell 2.0% to 302.9. On a YOY basis, Abu Dhabi recorded the most significant price growth, rising 13.1% YOY, followed by Ajman at 2.5% YOY in September 2026. In contrast, Dubai declined 1.7% YOY, Ras Al Khaimah declined 4.7% YOY, and Sharjah declined 6.9% YOY in September 2026.

Apartment Sales Price Index (2014, Jan=100)



Source: Reidin

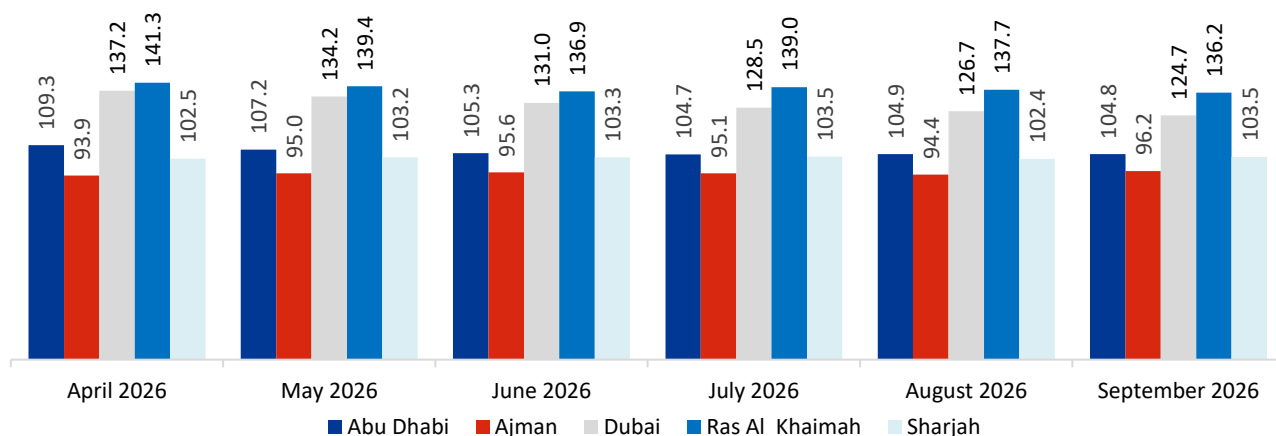
Apartment Sales Price Changes (%)



Source: Reidin

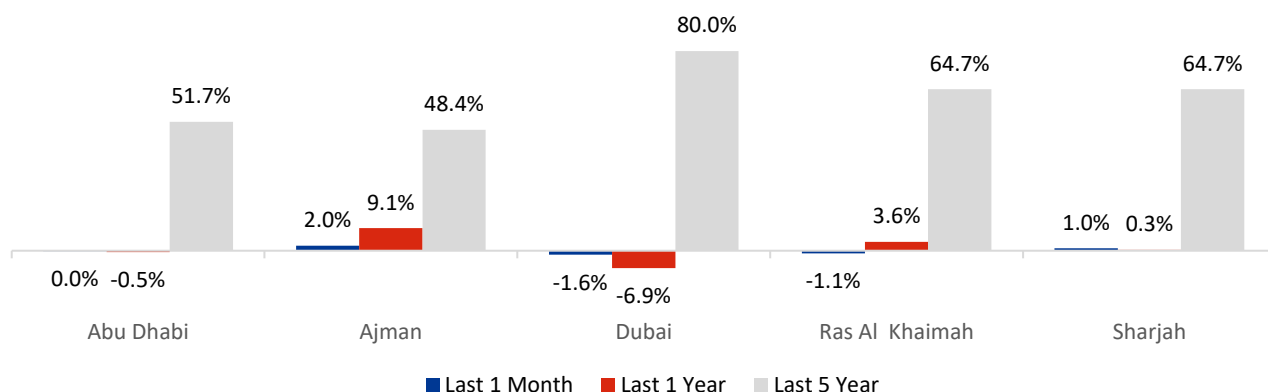
The apartment rent price index in the UAE increased on a YOY basis in Ajman, Ras Al Khaimah and Sharjah in September 2026, while Abu Dhabi and Dubai recorded decline. On a MOM basis, performance was mixed with Ajman and Sharjah recording an increase, while Abu Dhabi, Dubai and Ras Al Khaimah recording decline. Abu Dhabi's Residential Property Rent Price Index for apartments decreased marginally MOM at 104.8 in September 2026, while prices decreased 0.5% YOY. Ajman recorded an increase in the apartment rent price index, rising 2.0% MOM to 96.2 in September 2026, while prices increased 9.1% YOY. Sharjah recorded an increase of 1.0% MOM to 103.5 in September 2026, while prices increased 0.3% YOY. Dubai recorded a decline in the apartment rent price index, falling 1.6% MOM to 124.7 in September 2026, while prices also decreased 6.9% YOY. Ras Al Khaimah recorded a decline of 1.1% MOM to 136.2 in September 2026, while prices increased 3.6% YOY. Overall, apartment rental prices reflected annual growth in Ajman, Ras Al Khaimah and Sharjah, with Abu Dhabi and Dubai recording declines, while monthly trends were mixed.

Apartment Rent Price Index (2014, Jan=100)



Source: Reidin

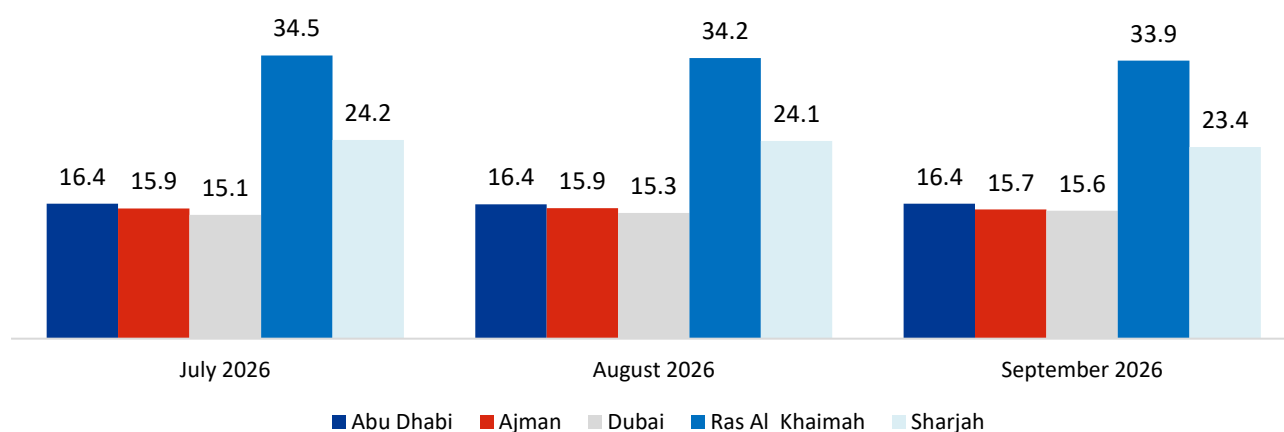
Apartment Rent Price Changes (%)



Source: Reidin

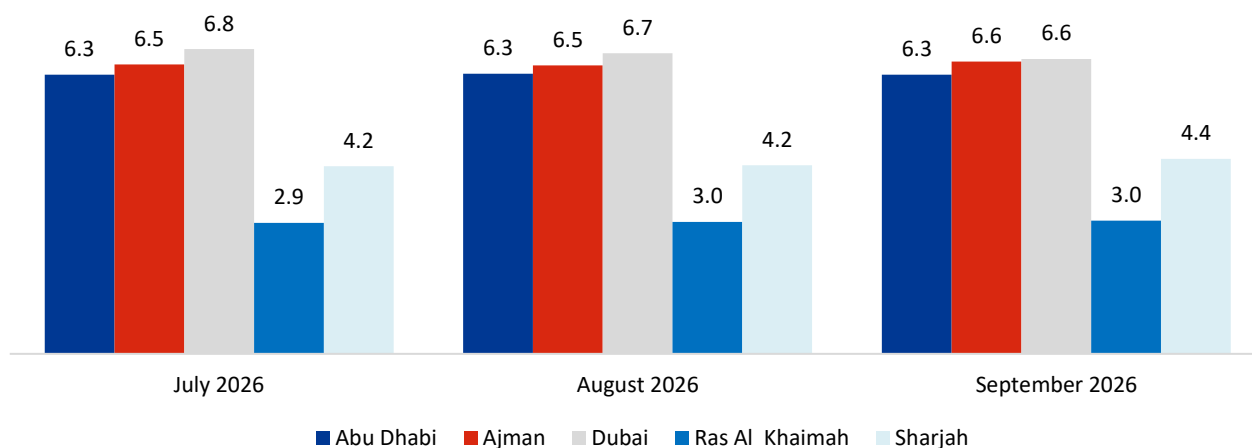
Ras Al Khaimah's Apartment Price to Rent Ratio declined from 34.2 in August 2026 to 33.9 in September 2026. Sharjah's Price to Rent Ratio declined from 24.1 in August 2026 to 23.4 in September 2026. Whereas, Dubai's Price to Rent Ratio increased from 15.3 in August 2026 to 15.6 in September 2026. Abu Dhabi's Price to Rent Ratio remained flat at 16.4 in September 2026. Ajman's Price to Rent Ratio declined marginally from 15.9 in August 2026 to 15.7 in September 2026. The Gross rental yields in Abu Dhabi and Ras Al Khaimah remained flat at 6.3% and 3.0%, respectively, in September 2026, while Dubai decreased from 6.7% in August to 6.6% in September 2026. Meanwhile, Ajman gross rental yields increased marginally from 6.5% in August to 6.6% in September 2026, and Sharjah increased from 4.2% in August to 4.4% in September 2026.

Apartment Price to Rent Ratios (Year)



Source: Reidin

Apartment Gross Yield Rates (%)

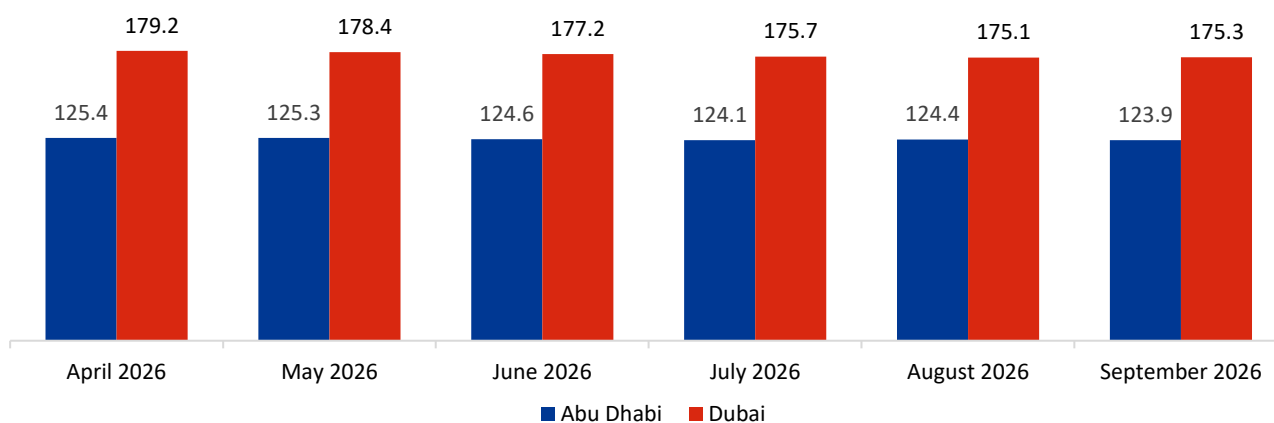


Source: Reidin

3. Villas

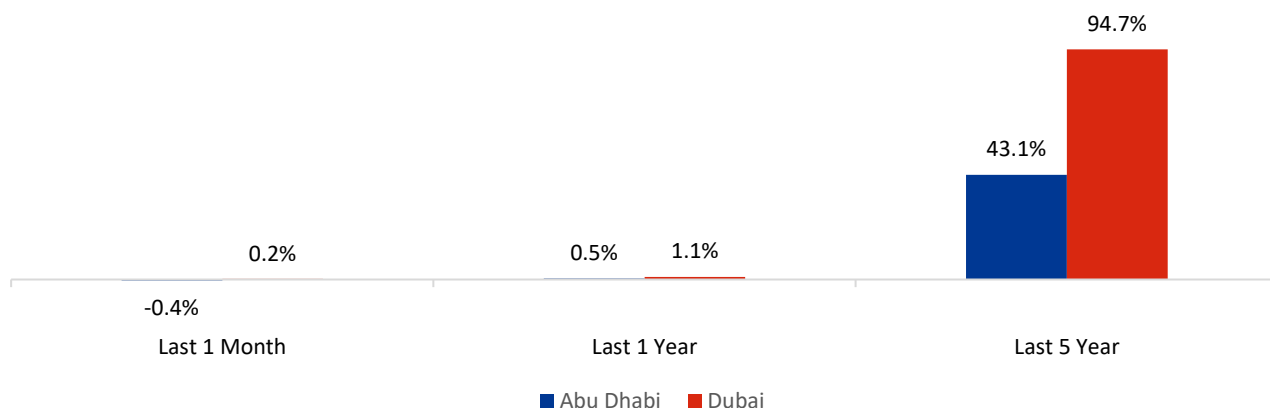
The Villa Sales Price Index declined in Abu Dhabi but increased in Dubai on a MOM basis, while prices remained elevated on a YOY basis in September 2026. The Abu Dhabi Sales Price Index for villas declined marginally 0.4% MOM in September 2026, while increasing 0.5% YOY to 123.9. Meanwhile, the Dubai Villa Sales Price Index increased marginally 0.2% MOM and 1.1% YOY to 175.3 in September 2026.

Villa Sales Price Index (2014, Jan=100)



Source: Reidin

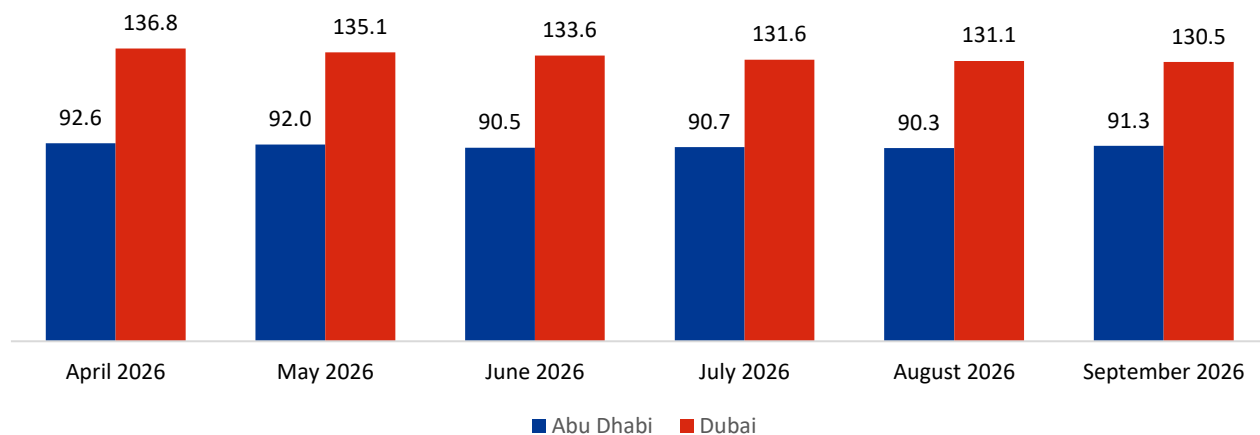
Villa Sales Price Changes (%)



Source: Reidin

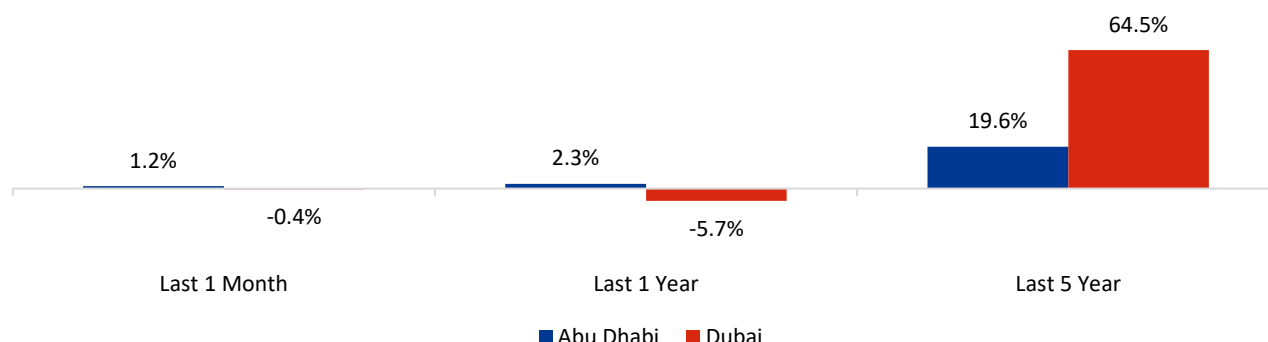
Villa rental prices in Abu Dhabi increased while Dubai witnessed a decline on a MOM basis in September 2026. The Abu Dhabi Rent Price Index for villas increased 1.2% MOM and 2.3% YOY, reaching 91.3 in September 2026. Meanwhile, the Dubai Rent Price Index for villas declined marginally 0.4% MOM and declined 5.7% YOY to 130.5 in September 2026.

Villa Rent Price Index (2014, Jan=100)



Source: Reidin

Villa Rent Price Changes (%)

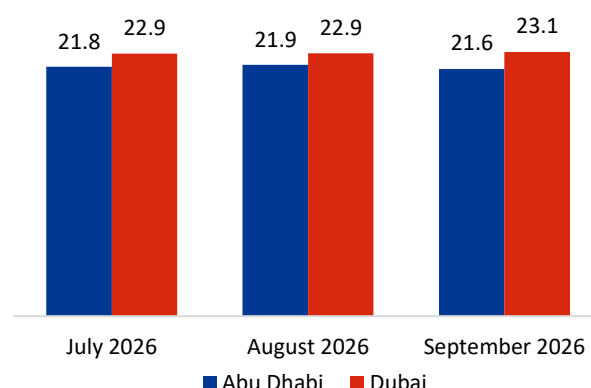
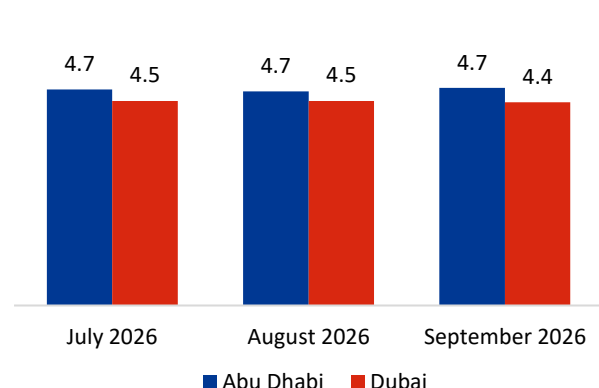


Source: Reidin

Abu Dhabi's villa gross rental yield remained flat at 4.7% in September 2026, compared to August 2026, while Dubai's yield declined marginally from 4.5% to 4.4% over the same period. The villa price-to-rent ratio showed limited movement, with Abu Dhabi's ratio declining marginally from 21.9 in August 2026 to 21.6 in September 2026, while Dubai's ratio increased marginally from 22.9 in August 2026 to 23.1 in September 2026.

Villa Gross Rental Yield (%)

Villa Price to Rent Ratio (Year)

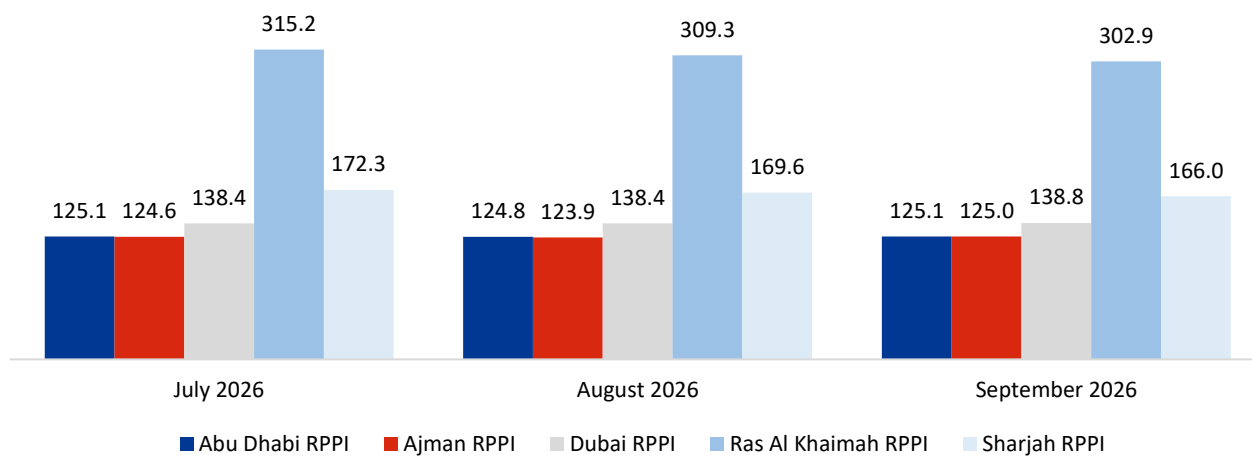


Source: Reidin

4. Different Asset Classes Return on Investment

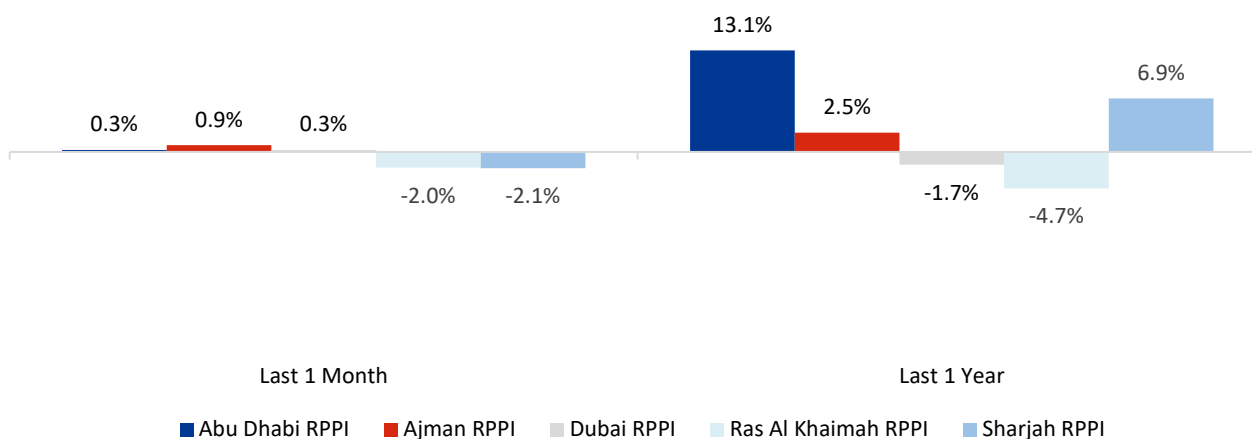
The Residential Property Price Index (RPPI) in the UAE was mixed on a MOM basis across regions in September 2026, with increases in Abu Dhabi, Ajman and Dubai, while Ras Al Khaimah and Sharjah recorded decline. Abu Dhabi's RPPI reported a 0.3% MOM increase in September 2026, reaching 125.1. Ajman RPPI also increased 0.9% MOM to 125.0 in September 2026. Dubai's RPPI rose 0.3% on a MOM basis to 138.8 in September 2026. In contrast, Ras Al Khaimah RPPI reported a 2.0% MOM decrease to 302.9 in September 2026. Sharjah's RPPI decreased 2.1% on a MOM basis to 166.0 in September 2026.

Residential Property Price Indices (RPPI) and Financial Indicators



Source: Reidin

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



Source: Reidin

Macro Backdrop in the UAE

Real Estate and UAE Macroeconomic Outlook

Aldar launched USD 1.63 Bn waterfront destination on Yas Island

Aldar unveiled Yas Point, a AED 6 Bn (USD 1.63 Bn) integrated waterfront community on the northern coast of Yas Island, covering c. 600K sq m. The development is planned to deliver 1,600 residential units accommodating c. 5,000 residents, alongside a five-star resort, branded residences, an international school, dining, retail, and leisure amenities. The masterplan will incorporate public spaces, waterfront pathways and park connections, with the community designed to integrate with Yas Island's existing leisure and entertainment destinations.

Abu Dhabi real estate activity reached USD 31.9 Bn in 1H26

Abu Dhabi recorded AED 117 Bn (USD 31.9 Bn) in real estate transactions during 1H26, representing a 112% YOY increase, while the number of transactions increased 61.7% YOY in 1H26. Sales transactions rose 163.7% YOY to AED 86.1 Bn across 16,838 transactions, while mortgage activity increased 33.5% YOY to AED 26.7 Bn through 8,876 transactions in 1H26. Foreign direct investment in the sector rose 309% YOY to AED 13.8 Bn, while investment in Abu Dhabi's investment zones increased 181% YOY to AED 75 Bn in 1H26. During the period, the Abu Dhabi Real Estate Centre approved eight additional investment zones, taking the total to 50, and registered 28 new real estate projects, representing 16% YOY growth.

Sharjah real estate transactions reached USD 1.9 Bn in July 2026

Data from Sharjah's Real Estate Registration Department show property deals totalling AED 7 bn (USD 1.91 bn) in July 2026, up 61.8% MOM, as transaction count rose 25.3% to 9,376. The 2,884 sales spanned 129 areas and c. 27.2 Mn sq ft, led by land (1,347), followed by subdivided units (894) and developed properties (643). Mortgages numbered 466, worth AED 1 Bn. Sharjah City contributed 2,091 sales, with Muwaileh Commercial busiest by count (442) and Al Sajaa Industrial top by value (AED 715.4 Mn). The largest deal was an AED 850 Mn land plot in Industrial 4.

Dubai residential sales reached USD 7.1 Bn in July 2026

Residential property transactions in Dubai amounted to AED 25.95 Bn (USD 7.1 Bn) in July 2026, spread across 12,748 deals. Off-plan properties comprised 70.8% of transaction volumes and 58.9% of residential sales value during the month. Dubai South led residential activity by transaction volume, supported by Downtown Jebel Ali, Jumeirah Village Circle, Business Bay and Arjan. Commercial property activity added AED 7.45 Bn (USD 2.03 Bn) across 1,011 transactions, with land accounting for nearly half of the segment's transaction value, followed by offices and whole buildings.

Abu Dhabi residential sales reached USD 19.2 Bn in 1H26

ADREC's H1 2026 report shows Abu Dhabi residential sales nearly tripling YoY to AED 70.4 bn (USD 19.2 bn), with off-plan making up 82% of deals and 89% of value. Apartment repeat-sale prices rose 20%, versus 12% for villas. Lease values grew 8% to AED 9.3 bn over 233,000 active contracts. Expatriate and overseas buyers contributed 70% of sales value. Hudayriyat Island led with AED 19 bn (27%), ahead of Saadiyat (AED 13.3 bn), Al Maryah and Al Reem (AED 10.5 bn) and Yas (AED 7.3 bn). Housing stock is c. 409,000 units, with 71,000 more due by 2030.

Dubai completed USD 29.3 Bn real estate projects in 1H26

Dubai delivered 104 real estate projects during 1H26, with investments exceeding AED 111 Bn (USD 29.3 Bn) and 24,537 new units added to the market. Project completions increased 38.7% YOY while the value of investments in completed projects grew 52% YOY in 1H26. The expansion in project completions and new supply was supported by continued foreign investment and growing demand from residents transitioning from renting to home ownership.

Dubai warehouse leasing value rose to USD 490 Mn in 1H26

Dubai's warehouse market generated AED 1.8 Bn (USD 490 Mn) in rental value during 1H26, representing a 10% YOY increase, while average rental rates rose 12.5% YOY. The market recorded c. 10,000 lease agreements, of which 8,200 were renewals, up 22% YOY, whereas total leasing contracts declined 4.5% YOY and new leases fell by more than 50% YOY in 1H26. Warehouses below 5,000 sq ft represented nearly 70% of leasing activity, with Jebel Ali, Dubai Industrial City and Ras Al Khor recording rental rate increases of 15.5%, 15%, and just under 14% YOY, respectively.

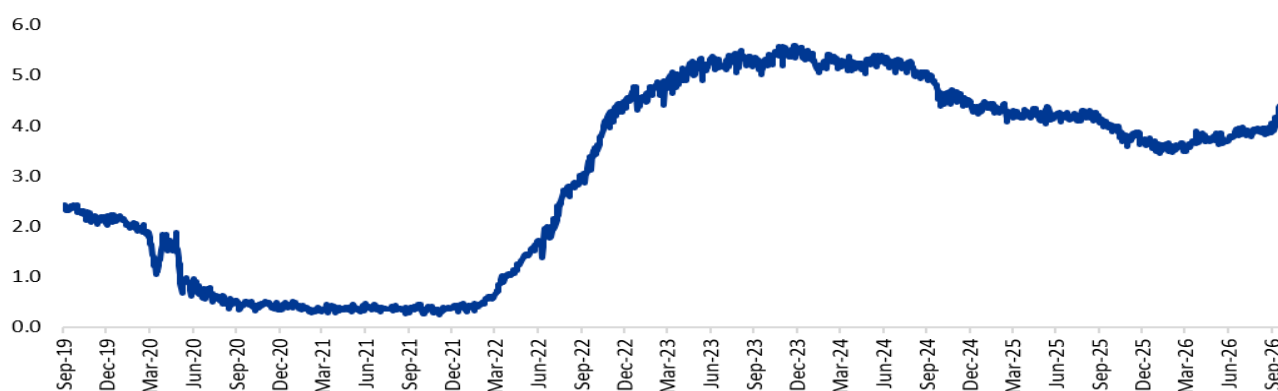
Dubai luxury residential market exceeded USD 10 Mn sales in 8M26

Dubai recorded 335 residential transactions exceeding USD 10 Mn during January–August 2026, with luxury villas accounting for 206 deals worth AED 11.7 Bn and apartments contributing 129 transactions valued at AED 8.67 Bn. Palm Jumeirah remained a major hub for high-value property activity, registering 35 apartment sales worth AED 2.18 Bn and 28 villa transactions totalling AED 1.85 Bn. Hadaeq Sheikh Moh'd Bin Rashid led luxury villa activity with 48 transactions worth AED 2.77 Bn, while the largest apartment transaction involved a 31,201 sqft six-bedroom unit at Aman Residences, Jumeirah Second, sold for AED 422 Mn. The highest-value villa sale was a 44,903 sq ft seven-bedroom property in La Mer, Jumeirah First, which was sold for AED 350 Mn.

EIBOR

The Federal Reserve raised its policy rate by 25bps to 3.75%-4.00% in September 2026, reflecting persistent inflationary pressures and an evolving monetary policy outlook. In line with the move, the CBUAE increased its Base Rate applicable to the Overnight Deposit Facility by 25bps to 3.90%, in line with the UAE's currency peg to the US dollar. Meanwhile, 3-month EIBOR increased during 3Q26, reflecting tighter domestic funding conditions. The higher interest-rate environment is expected to raise borrowing costs for consumers and businesses, while influencing banks funding costs, lending yields and net interest margins.

3-month EIBOR (%), September 2019 – September 30, 2026

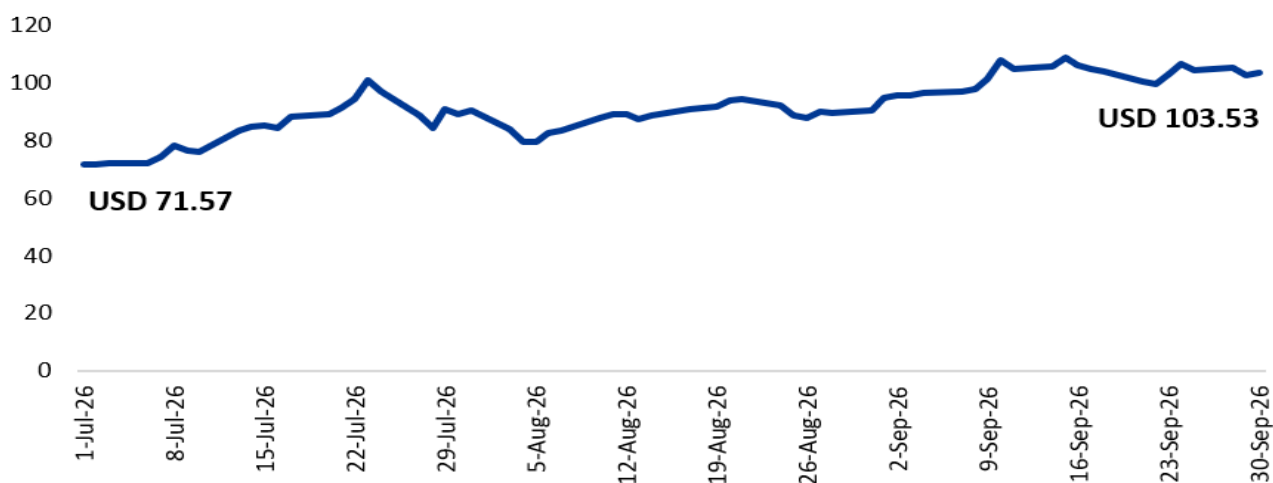


Source: CBUAE

Oil Outlook

Crude oil prices remained highly volatile during 3Q26, as renewed hostilities between the US and Iran revived concerns over Middle East supply flows. Brent crude rebounded sharply as the collapse of the June 2026 ceasefire, Iranian strikes on Gulf states and Houthi attacks on vessels carrying Saudi crude in the Bab el-Mandeb Strait restricted shipments through the Strait of Hormuz and pushed geopolitical risk premiums back up. Oil prices briefly touched USD 100 per barrel in July 2026 before easing as the US and Iran paused strikes. Brent crude remained broadly stable in August 2026, as OPEC+ completing the unwinding of its additional voluntary cuts, lower 2026 demand forecasts from OPEC and the IEA, and a sharp build in US crude inventories capped gains. Hopes of a US-Iran deal and the reopening of the Strait intermittently eased prices, but the lack of diplomatic progress kept supply concerns elevated. Attacks on Saudi energy infrastructure, including the shutdown of the East-West pipeline, marked a key escalation in September 2026 and pushed prices back above USD 100 per barrel. By the end of September 2026, a gradual recovery in Hormuz shipments eased supply concerns, although the US rejection of Iran's peace proposal kept prices supported, with Brent crude rising to c. USD 98.03 per barrel. According to the EIA, Brent crude averaged USD 102.93 per barrel in 2Q26 and USD 95.95 per barrel in 3Q26, reflecting the elevated geopolitical risk premium associated with the Middle East conflict and disruptions to oil flows through the Strait of Hormuz. Prices rose further in September 2026, averaging USD 114 per barrel and peaking at USD 131 per barrel, following attacks on Saudi Arabia's East-West pipeline. With supply constraints expected to persist, the EIA raised its forecast and now expects Brent to average c. USD 105 per barrel in 4Q26 and c. USD 96 per barrel for 2026. Looking ahead, the EIA expects oil prices to ease gradually as regional production returns to pre-conflict levels by end-2Q27 and depleted inventories rebuild, with Brent projected to average c. USD 84 per barrel in 2027 and decline to c. USD 74 per barrel by 4Q27. However, the EIA cautions that continued volatility in Middle East oil flows could lead to sharper short-term price swings than forecast.

Brent Crude Prices (USD/bbl), July 2026 – September 2026



Source: IEA

Relative valuation and rating

- We maintain MARKET WEIGHT on the real-estate companies under our coverage with 4x BUY.
- We continue to recommend BUY ratings on all the four stocks with target prices remaining unchanged.
- The 2026F P/B multiples for the below stocks range between Emaar Properties (0.98x) and Tecom Group (1.89x).
- Emaar Properties 2026F dividend yield is the highest at 13.3% (Including the special dividend of AED 0.5), followed by Emaar Development at 8.2%, Tecom Group at 5.4%, and Aldar Properties at 2.9%.

Stocks	TP	CMP	Gain	Rating	P/B (2026F)	Div. Yld (%) 2026F
Emaar Properties	17.00	11.30	+50.4%	BUY	0.98	13.3%
Emaar Development	18.00	12.80	+40.6%	BUY	1.12	8.2%
Aldar Properties	11.00	8.06	+36.5%	BUY	1.31	2.9%
TECOM GROUP	4.60	3.25	+41.5%	BUY	1.89	5.4%

Source: FABS Estimate

3Q26 preview: **Emaar properties**

Margin expansion to support earnings despite lower revenue

Current Price AED 11.30	Target Price AED 17.00	Upside/Downside (%) +50%	Rating BUY
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3Q26 estimate

Emaar Properties (EMAAR/the Company) is expected to report a decrease of 7.2% YOY in net profit to AED 4,058 Mn in 3Q26, owing to an expected decline in revenue and other operating income coupled with higher selling and G&A expenses, depreciation of PPE, depreciation of IP, finance costs and income tax charges. This decline is partially offset by an expected decrease in cost of revenue and other operating expenses coupled with increase in finance income, other income and share of profits from associates, alongside lower profit attributable to NCI. The Company's revenue is projected to decline 9.2% YOY to AED 12,057 Mn in 3Q26. Cost of revenue is expected to decrease 14.3% YOY to AED 5,400 Mn in 3Q26. As a result, gross profit is likely to decrease 4.5% YOY to AED 6,657 Mn in 3Q26, while the gross margin expected to expand 269 bps YOY to 55.2% in 3Q26. The Company's other operating income is expected to decline 13.8% YOY to AED 169 Mn in 3Q26. Meanwhile, other operating expenses are expected to decrease 2.3% YOY to AED 78 Mn in 3Q26. Furthermore, selling and G&A expenses are projected to increase 31.6% YOY to AED 1,206 Mn in 3Q26. Thus, EBITDA is anticipated to decline 11.8% YOY to AED 5,542 Mn in 3Q26, with the EBITDA margin is expected to contract by 137 bps YOY to 46.0% in 3Q26. The Company's operating profit is anticipated to decline 12.3% YOY to AED 5,085 Mn in 3Q26. Depreciation on PPE is expected to increase 41.4% YOY to AED 237 Mn, while depreciation on IP is expected to increase 8.2% YOY to AED 220 Mn in 3Q26. Finance income is projected to increase 6.3% YOY to AED 723 Mn, whereas finance costs are projected to increase 12.9% YOY to AED 258 Mn in 3Q26. Moreover, other income is expected to grow significantly from AED 8 Mn in 3Q25 to AED 181 Mn in 3Q26. The Company's share of profit from associates is anticipated to surge from AED 62 Mn in 3Q25 to AED 312 Mn in 3Q26. Income tax expense is expected to rise from AED 554 Mn in 3Q25 to AED 906 Mn in 3Q26. Profit attributable to NCI is projected to decline 22.7% YOY to AED 1,079 Mn in 3Q26.

2026 forecast

EMAAR's net profit is projected to decline 3.2% YOY to AED 17,036 Mn in 2026, driven by an anticipated decline in revenue and other operating income, coupled with higher selling & G&A expenses, depreciation charges, and higher income tax charges and profit attributable to non-controlling interests holders. This is partially offset by lower cost of revenue and finance costs, along with higher finance income, other income and higher profit share from associates. EMAAR's revenue is anticipated to decline 1.2% YOY to AED 48,965 Mn in 2026, largely due to an expected decline in revenue from residential unit sales and the hospitality segment, partially offset by higher revenue from commercial units and plots, and leased properties & retail. The Company's cost of revenue is expected to decrease by 1.0% YOY to AED 22,115 Mn in 2026. As a result, gross profit is likely to decline 1.4% YOY to AED 26,850 Mn in 2026, with the gross margin expected to contract by 11 bps YOY to 54.8% in 2026. EMAAR's other operating income is expected to decline 5.0% YOY to AED 661 Mn in 2026, while other operating expenses are forecasted to decrease marginally 0.4% YOY to AED 245 Mn in 2026. Selling and G&A expenses are anticipated to increase 6.2% YOY to AED 3,819 Mn in 2026. Consequently, EBITDA is expected to decrease marginally 0.8% YOY to AED 25,544 Mn in 2026, while the EBITDA margin is projected to improve 23 bps YOY to 52.2% in 2026. Operating profit is projected to decline 4.5% YOY to AED 21,543 Mn in 2026, with the operating margin likely to decline by 151 bps YOY to 44.0% in 2026. Depreciation of PPE is anticipated to increase 29.9% YOY to AED 891 Mn, while depreciation of IP is expected to rise 4.1% YOY to AED 878 Mn in 2026. Moreover, the Company's finance income is anticipated to grow 2.7% YOY to AED 2,889 Mn in 2026. On the other hand, the finance costs are projected to fall 4.6% YOY to AED 981 Mn in 2026. Other income is expected to rise 17.9% YOY to AED 612 Mn in 2026. Furthermore, the Company's share of profit from associates is anticipated to increase from AED 801 Mn in 2025 to AED 1,482 Mn in 2026. The Company is expected to record provision and impairment of AED 135 Mn in 2026,

compared to nil in 2025. Income tax expenses are expected to rise 11.2% YOY to AED 3,704 Mn in 2026. Profit attributable to NCI is projected to rise 1.7% YOY to AED 4,805 Mn in 2026.

2Q26 outturn

Emaar Properties revenue grew 18.2% YOY to AED 11,510 Mn in 2Q26, supported by strong growth in Residential Unit sales and higher Commercial Unit sales. Revenue from Residential Units rose 30.5% YOY to AED 8,940 Mn in 2Q26, while Commercial Unit revenue increased 3.3% YOY to AED 379 Mn in 2Q26. The Hospitality segment reported a 39.0% YOY decrease in revenue to AED 320 Mn in 2Q26. Additionally, average hotel occupancy across Emaar's UAE properties stood at 47% in 1H26. Revenue from Leased Properties, Retail, and Related Income decreased 6.1% YOY to AED 1,870 Mn in 2Q26. Emaar's cost of revenue increased 17.4% YOY to AED 5,084 Mn in 2Q26. As a result, gross profit increased 18.9% YOY to AED 6,426 Mn, with gross profit margin increasing 31 bps YOY to 55.8% in 2Q26. Other operating income decreased 3.7% YOY to AED 173 Mn in 2Q26, while other operating expenses increased 4.8% YOY to AED 66 Mn in 2Q26. Selling, G&A expenses increased 38.4% YOY to AED 1,036 Mn in 2Q26, mainly due to higher marketing expenses, provision for debts & advances and donations. Emaar's EBITDA grew 13.5% YOY to AED 5,631 Mn, while EBITDA margin declined 205 bps YOY to 48.9% in 2Q26. The Company's EBIT increased 13.6% YOY to AED 4,962 Mn in 2Q26. Depreciation of PPE increased 3.2% YOY to AED 181 Mn, while depreciation of investment properties declined 4.0% YOY to AED 220 Mn during 2Q26. Meanwhile, finance income increased 6.6% YOY to AED 743 Mn, while finance costs rose 9.2% YOY to AED 247 Mn. The Company reported other expense of AED 195 Mn in 2Q26, compared to other income of AED 67 Mn in 2Q25. Furthermore, share of profit from associates increased from AED 82 Mn in 2Q25 to AED 289 Mn in 2Q26. Provisions and impairment stood at AED 135 Mn in 2Q26, compared to nil in 2Q25. Income tax expense increased 9.3% YOY to AED 815 Mn in 2Q26. Additionally, profit attributable to non-controlling interests increased 21.9% YOY to AED 1,064 Mn in 2Q26.

Target price and recommendation

We maintain our BUY rating on Emaar Properties with a target price of AED 17.00. Emaar Properties recorded property sales of c. AED 26.6 Bn in 1H26, reflecting a 42% YOY decline, primarily driven by UAE property sales of around AED 22.4 Bn. Revenue backlog stood at c. AED 164.9 Bn in 1H26, with UAE Development backlog reaching AED 135.7 Bn, providing strong revenue visibility over the next 4–5 years and supporting sustained earnings growth through continued project execution. Average ticket size declined to AED 3–4 Mn in 2Q26, driven by a higher mix of smaller apartments at Emaar South, while villa prices remained at around AED 5–5.5 Mn. As of 2Q26, Emaar had c. 67,100 units under development, with 92% of launched units sold across six key countries, while Emaar Malls maintained 98% occupancy. Emaar maintained a diversified growth platform in 1H26, supported by c. 316 Mn sq. ft. UAE land bank and c. 273 Mn sq. ft. international land bank across six key markets, while its recurring businesses included 13+ Mn sq. ft. of mall GLA with 215+ Mn visitor footfall, 41 hotels with 10,000+ keys and 12+ leisure destinations. Emaar Development generated AED 17.7 Bn in revenue in 1H26, with apartments accounting for 59.2%, villas/townhouses for 40.3%, and plots & commercial for 0.5%, while customer defaults remained below 1% of sales value. Emaar's international development business generated AED 4.2 Bn in property sales in 1H26, contributing around 4.6% of Emaar Properties revenue, with 1,706 units delivered and 3,039 units sold. The pipeline includes 15,659 units under development and 20,486 units to be developed, with 2,392 units planned for completion in 2H26 and 2,716 units in 2027. Emaar Malls maintained a well-diversified retail portfolio, spanning 10.6 Mn sq. ft. of GLA, anchored by Dubai Mall at 4.97 Mn sq. ft., Dubai Hills Mall at 2.02 Mn sq. ft. and Other Centres at 2.42 Mn sq. ft. Short lease periods, a diversified tenant base and strong leasing demand continue to support pricing power. Emaar Properties is investing AED 1.5 Bn in the Dubai Mall expansion, adding 240+ luxury retail and F&B outlets and 440K sq. ft. of additional GLA, with completion expected in 2H28. Dubai Square in Dubai Creek Harbour is being developed as a next-generation retail and lifestyle destination, while Dubai Expo Mall is expected to feature 190+ retail and F&B outlets, 1,000+ parking spaces and 385K sq. ft. of GLA, with opening expected in 2H27. Emaar Development launched 11 new projects in 1H26 and announced an AED 200 Bn master plan, further strengthening its long-term development pipeline. The Company continues to maintain disciplined launch activity and construction across its master-plan communities and plans to invest around AED 7.3 Bn over the

next five years in land, malls, residential assets and international acquisitions, funded through its balance sheet. The Company expects sales to normalize following the recent strong growth, with the seasonally slower summer period weighing on activity, while visibility is expected to improve by September-October as trends across hospitality, malls and real estate strengthen. The regional conflict slowed property sales from March as buyers became cautious. However, lower sales were mainly due to fewer new launches, while existing project revenue remained unaffected. The Company reiterated its annual dividend policy, with no plans to introduce interim dividends, and confirmed that this approach will remain unchanged going forward. Emaar Properties remains focused on converting its AED 165 Bn backlog into profitable growth through disciplined launches, timely project execution and selective investments aimed at creating long-term value. The company has proposed to distribute a one-time special dividend of 50 fils per share which will be approved on the 4th of November General Assembly Meeting. 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)	24.49	14.72	8.65	7.44	5.72	5.88
PB (X)	1.51	1.46	1.29	1.18	1.07	0.98
EV / EBITDA	13.92	12.44	6.69	5.81	4.40	4.64
BVPS	7.545	7.806	8.794	9.665	10.666	11.600
EPS	0.465	0.773	1.316	1.529	1.991	1.935
DPS	0.150	0.250	0.500	1.000	1.000	1.500
Dividend yield	1.3%	2.2%	4.4%	8.8%	8.8%	13.3%

FABS estimate & Co Data
Emaar Properties - P&L

AED Mn	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Revenue	13,273	11,510	12,057	-9.2%	4.8%	49,557	48,965	-1.2%
Cost of revenue	-6,302	-5,084	-5,400	-14.3%	6.2%	-22,330	-22,115	-1.0%
Gross profit	6,971	6,426	6,657	-4.5%	3.6%	27,227	26,850	-1.4%
Other operating income	196	173	169	-13.8%	-2.6%	696	661	-5.0%
Other operating expenses	-80	-66	-78	-2.3%	18.5%	-246	-245	-0.4%
Selling, G&A expenses	-916	-1,036	-1,206	31.6%	16.4%	-3,595	-3,819	6.2%
EBITDA	6,282	5,631	5,542	-11.8%	-1.6%	25,741	25,544	-0.8%
EBIT	5,799	4,962	5,085	-12.3%	2.5%	22,552	21,543	-4.5%
Depreciation of PPE	-168	-181	-237	41.4%	31.3%	-686	-891	29.9%
Depreciation of IP	-203	-220	-220	8.2%	0.1%	-844	-878	4.1%
Finance income	680	743	723	6.3%	-2.6%	2,813	2,889	2.7%
Finance cost	-229	-247	-258	12.9%	4.4%	-1,028	-981	-4.6%
Other income	8	-195	181	NM	NM	519	612	17.9%
Share of assoc. profits/(-loss)	62	289	312	NM	NM	801	1,482	NM
Provisions and Impairments	0	-135	0	NM	NM	0	-135	NM
Profit before tax	6,322	5,552	6,043	-4.4%	8.9%	25,656	25,545	-0.4%
Income tax	-554	-815	-906	NM	11.2%	-3,331	-3,704	11.2%
Profit for the period	5,768	4,737	5,137	-10.9%	8.4%	22,326	21,841	-2.2%
Non-controlling interests	-1,395	-1,064	-1,079	-22.7%	1.4%	-4,726	-4,805	1.7%
Profit to shareholders	4,373	3,673	4,058	-7.2%	10.5%	17,599	17,036	-3.2%

FABS estimate & Co Data
Emaar Properties - Margins

	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	52.5%	55.8%	55.2%	269	-62	54.9%	54.8%	-11
EBITDA	47.3%	48.9%	46.0%	-137	-296	51.9%	52.2%	23
Operating Profit	43.7%	43.1%	42.2%	-152	-94	45.5%	44.0%	-151
Net Profit	32.9%	31.9%	33.7%	71	175	35.5%	34.8%	-72

FABS estimate & Co Data

3Q26 preview: **Emaar Development**

Backlog supports growth amid higher operating costs

Current Price	Target Price	Upside/Downside (%)	Rating
AED 12.80	AED 18.00	+40.6%	BUY

3Q26 Estimate

Emaar Development's (EMAARDEV/the Company) net profit is expected to decline 4.9% YOY to AED 3,089 Mn in 3Q26. The increase in net profit is primarily driven by an anticipated rise in cost of revenue, S&G expenses, finance costs and tax expenses coupled with expected decrease in finance income. This increase in net profit is partially offset by expected increase in revenue, other income, higher share of results from JVs, coupled with lower profit share attributable to NCI. The Company's revenue is forecasted to increase by 4.8% YOY to AED 8,087 Mn in 3Q26, supported by continued revenue recognition from its AED 127.7 Bn backlog, although the pace of growth is expected to slow from 32.1% YOY in 2Q26. Cost of revenue is expected to increase by 6.0% YOY to AED 3,558 Mn in 3Q26. As a result, gross profit is expected to increase 3.9% YOY to AED 4,529 Mn in 3Q26, while the gross margin is anticipated to contract by 50 bps YOY to 56.0% in 3Q26. S&G expenses are projected to increase 42.3% YOY to AED 809 Mn in 3Q26, reflecting continued higher sales & marketing and payroll-related expenses. Consequently, operating profit is expected to decline 1.8% YOY to AED 3,720 Mn in 3Q26, with the operating margin is expected to contract from 49.1% in 3Q25 to 46.0% in 3Q26. EMAARDEV's EBITDA is projected to increase 3.6% YOY to AED 4,112 Mn in 3Q26, while EBITDA margin is expected to decrease 62 bps YOY to 50.8% in 3Q26. Moreover, finance income is forecasted to decline 10.1% YOY to AED 329 Mn in 3Q26, while finance cost is anticipated to rise from AED 52 Mn in 3Q25 to AED 86 Mn in 3Q26. Other income is expected to increase 13.9% YOY to AED 76 Mn in 3Q26. The share of results from joint ventures is projected to rise from AED 112 Mn in 3Q25 to AED 312 Mn in 3Q26. Tax expense is forecasted to increase from AED 283 Mn in 3Q25 to AED 609 Mn in 3Q26. Additionally, profit attributable to non-controlling interests is expected to decline 12.8% YOY to AED 653 Mn in 3Q26.

2026 Forecast

EMAARDEV's net profit is expected to rise 8.8% YOY to AED 12,313 Mn in 2026, mainly driven by an anticipated growth in revenue, finance income, other income, and higher profit share from joint ventures, partially offset by an expected rise in cost of revenue and S&G expenses, coupled with higher finance cost, tax expenses, and profit attributable to NCI holders. EMAARDEV's revenue is anticipated to increase 13.2% YOY to AED 31,121 Mn in 2026, supported by continued recognition of its sizeable revenue backlog. The cost of revenue is forecasted to rise 14.6% YOY to AED 13,693 Mn in 2026. Consequently, gross profit is expected to grow 12.2% YOY to AED 17,427 Mn in 2026. However, the gross profit margin is expected to contract by 53 bps YOY to 56.0% in 2026. The Company's S&G expenses are likely to increase 32.2% YOY to AED 2,801 Mn in 2026, whereas operating profit is anticipated to increase 9.0% YOY to AED 14,627 Mn in 2026. However, the operating margin is likely to decline by 182 bps YOY to 47.0% in 2026. EMAARDEV's EBITDA is forecasted to expand 13.7% YOY to AED 16,294 Mn in 2026, while the EBITDA margin is expected to improve by 22 bps YOY to 52.4% 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 19.4% YOY to AED 218 Mn in 2026. The share of results from joint ventures is projected to double from AED 717 Mn in 2025 to AED 1,434 Mn in 2026. The Company's corporate tax is forecasted to rise 34.3% YOY to AED 2,532 Mn in 2026. Profit attributable to NCI is expected to increase 14.3% YOY to AED 2,620 Mn in 2026.

2Q26 Outturn

Emaar Development's revenue surged 32.1% YOY to AED 6,480 Mn in 2Q26, primarily driven by higher revenue recognition from the sale of residential units and the sale of commercial units. Revenue from the sale of residential units rose 30.3% YOY to AED 5,944 Mn in 2Q26, while revenue from commercial unit sales, plots of land, and development services increased from AED 345 Mn in

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

Target price and rating

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

Emaar Development - Relative Valuation

	2021	2022	2023	2024	2025	2026F
PE (X)	15.81	13.47	7.74	6.72	4.53	4.16
PB (X)	3.54	2.96	2.25	1.81	1.38	1.12
EV / EBITDA	11.57	10.08	4.57	3.28	1.08	0.95
BVPS	3.623	4.332	5.710	7.097	9.318	11.397
EPS	0.811	0.952	1.657	1.908	2.829	3.078
DPS	NM	0.520	0.521	0.680	1.000	1.050
Dividend Yield	NM	4.1%	4.1%	5.3%	7.8%	8.2%

FABS estimate & Co Data

Emaar Development - P&L

AED Mm	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Revenue	7,714	6,480	8,087	4.8%	24.8%	27,486	31,121	13.2%
Cost of Revenue	-3,356	-2,739	-3,558	6.0%	29.9%	-11,948	-13,693	14.6%
Gross Profit	4,358	3,741	4,529	3.9%	21.1%	15,537	17,427	12.2%
S&G Expenses	-569	-725	-809	42.3%	11.6%	-2,119	-2,801	32.2%
Operating Profit	3,790	3,017	3,720	-1.8%	23.3%	13,419	14,627	9.0%
EBITDA	3,970	3,366	4,112	3.6%	22.2%	14,332	16,294	13.7%
Finance Income	365	425	329	-10.1%	-22.7%	1,459	1,492	2.2%
Finance Cost	-52	-79	-86	NM	8.9%	-284	-304	7.1%
Other Income	67	39	76	13.9%	NM	182	218	19.4%
Share of results of Joint Ventures	112	308	312	NM	1.5%	717	1,434	NM
Profit before tax	4,281	3,709	4,351	1.6%	17.3%	15,493	17,465	12.7%
Tax	-283	-509	-609	NM	19.6%	-1,885	-2,532	34.3%
NCI	748	561	653	-12.8%	16.4%	2,291	2,620	14.3%
Net profit to equity holders	3,250	2,639	3,089	-4.9%	17.1%	11,316	12,313	8.8%

FABS estimate& Co Data

Emaar Development-Margins

	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	56.5%	57.7%	57.0%	50	-73	56.5%	56.0%	-53
EBITDA	51.5%	51.9%	52.4%	95	48	52.1%	52.4%	22
Operating Profit	49.1%	46.6%	47.5%	-163	95	48.8%	47.0%	-182
Net Profit	42.1%	40.7%	39.8%	-236	-95	41.2%	39.6%	-161

FABS estimate& Co Data

3Q26 preview: Aldar Properties

Strong development pipeline expected to support growth

Current Price AED 8.06	Target Price AED 11.00	Upside/Downside (%) +36.5%	Rating BUY
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3Q26 Estimate

Aldar Properties (ALDAR/the Company) is anticipated to report a 43.9% YOY increase in net profit to AED 2,201 Mn in 3Q26, owing to anticipated higher revenue, lower provisions, and higher finance and other income, partially offset by an expected increase in direct costs, general expenses, selling and marketing expenses and finance costs, coupled with higher income tax and profit attributable to NCI holders. ALDAR's revenue is forecasted to grow 17.0% YOY to AED 9,389 Mn in 3Q26, due to an expected increase in revenue from the Development and Investment segments. Revenue from the Aldar Development segment is projected to increase by 20.3% YOY to AED 6,998 Mn in 3Q26. Similarly, revenue from Aldar Investments is forecasted to increase by 8.3% YOY to AED 2,390 Mn in 3Q26. The Company's direct costs are anticipated to increase 12.9% YOY to AED 5,956 Mn in 3Q26. As a result, gross profit is expected to improve 24.7% YOY to AED 3,433 Mn in 3Q26, while the gross profit margin is anticipated to grow 228 bps YOY to 36.6% in 3Q26. General expenses are estimated to rise 1.6% YOY to AED 498 Mn in 3Q26, while selling and marketing expenses are projected to increase from AED 26 Mn in 3Q25 to AED 28 Mn in 3Q26. ALDAR's EBITDA is anticipated to expand 29.2% YOY to AED 3,216 Mn in 3Q26, while the EBITDA margin is expected to grow 325 bps YOY to 34.3% in 3Q26. Furthermore, the Company's operating profit is projected to increase 30.0% YOY to AED 2,907 Mn in 3Q26, while the operating profit margin is anticipated to expand by 310 bps YOY to 31.0% in 3Q26. ALDAR's provisions are expected to decrease from AED 58 Mn in 3Q25 to AED 19 Mn in 3Q26. ALDAR's finance income is expected to increase 25.9% YOY to AED 264 Mn in 3Q26. Similarly, finance costs are projected to grow 12.0% YOY to AED 412 Mn in 3Q26. Additionally, other income is anticipated to grow from AED 129 Mn in 3Q25 to AED 141 Mn in 3Q26. The Company's tax expense is expected to grow 14.1% YOY to AED 327 Mn in 3Q26. Furthermore, profit attributable to non-controlling interests is projected to decrease 6.5% YOY to AED 354 Mn in 3Q26.

2026 Forecast

ALDAR's net profit is expected to increase 13.3% YOY to AED 8,624 Mn in 2026, attributed to anticipated growth in revenue and finance income, coupled with lower provisions, partially offset by an expected rise in direct costs, general and selling & marketing expenses, finance costs, income tax expenses, and higher share to NCI, along with lower other income. ALDAR's revenue is expected to increase 8.8% YOY to AED 36,792 Mn in 2026, primarily due to revenue growth from the Development and Investment segments. Aldar Development's revenue is projected to increase by 9.9% YOY to AED 27,257 Mn, while revenue from the Aldar Investment segment is anticipated to increase by 5.9% YOY to AED 9,535 Mn in 2026. The Company's direct costs are expected to increase 5.8% YOY to AED 23,541 Mn in 2026. Thus, gross profit is likely to rise 14.5% YOY to AED 13,251 Mn in 2026, while the gross profit margin is anticipated to expand by 179 bps YOY to 36.0% in 2026. The Company's general expenses are expected to rise 7.4% YOY to AED 2,171 Mn in 2026. Similarly, selling & marketing expenses are anticipated to grow 10.4% YOY to AED 147 Mn in 2026. As a result, EBITDA is projected to increase 13.6% YOY to AED 12,756 Mn in 2026, while the EBITDA margin is expected to improve by 146 bps YOY to 34.7% in 2026. Furthermore, operating profit is expected to increase 16.1% YOY to AED 10,933 Mn, while the operating profit margin is anticipated to expand by 186 bps YOY to 29.7% in 2026. The Company's provisions are expected to fall 4.0% YOY to AED 442 Mn in 2026. ALDAR's finance income is projected to increase 20.8% YOY to AED 1,024 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 2.8% YOY to AED 1,508 Mn in 2026. ALDAR's tax expenses are anticipated to increase 13.3% YOY to AED 1,281 Mn in 2026. The profit attributable to NCI holders is projected to increase 12.9% YOY to AED 1,381 Mn in 2026.

2Q26 Outturn

ALDAR's revenue grew 4.8% YOY to AED 8,109 Mn in 2Q26. This growth was primarily driven by execution of the development revenue backlog, alongside higher recurring income from Aldar Investment supported by strong occupancy, rental growth, strategic acquisitions and growth in the Education and Estates businesses. Additionally, Aldar Development's backlog stood at AED 71.6 Bn as of 2Q26, compared to AED 62.3 Bn in 2Q25, providing clear visibility on revenue recognition over the next two to three years, including sizeable UAE backlog of AED 59.9 Bn. ALDAR's development revenue grew 6.1% YOY to AED 5,944 Mn in 2Q26, primarily supported execution of backlog, partially offset by selective project launches due to geopolitical condition in the region. Investment revenue increased 1.5% YOY to AED 2,165 Mn in 2Q26, supported by increase in investment properties, Education and Estate. The Company's direct costs increased marginally by 0.2% to AED 5,183 Mn in 2Q26. As a result, gross profit grew 14.2% YOY to AED 2,925 Mn, with gross margin expanding from 33.1% in 2Q25 to 36.1% in 2Q26. The Company's general expenses increased 6.5% YOY to AED 491 Mn in 2Q26, while the selling and marketing expenses fell significantly by 47.3% YOY to AED 20 Mn in 2Q26. ALDAR's EBITDA increased by 17.6%YOY to AED 3,327 Mn in 2Q26, with EBITDA margin increasing from 36.6% in 2Q25 to 41.0% in 2Q26. Operating profit increased 17.1% YOY to AED 2,414 Mn in 2Q26, with operating margin expanding 312 bps to 29.8% in 2Q26. The share of profit of associates stood at AED 4 Mn in 2Q26. The Company's impairment reversals increased from AED 3 Mn in 2Q25 to AED 21 Mn in 2Q26. ALDAR's finance income increased 26.0% YOY to AED 255 Mn in 2Q26, and finance cost increased 35.2% YOY to AED 492 Mn in 2Q26. Also, the total other income increased by 15.0% YOY to AED 677 Mn in 2Q26, due to net gains from revaluations of investment properties and financial assets at FVTPL. The Company's income tax expenses increased 5.6% YOY to AED 312 Mn in 2Q26. Furthermore, profit attributable to non-controlling interest rose from AED 224 Mn in 2Q25 to AED 403 Mn in 2Q26.

Target price and rating

We maintain our rating on Aldar Properties to BUY with a target price of AED 11.00. Aldar Properties delivered a resilient financial and operating performance in 2Q26, supported by continued execution of its development revenue backlog and growth in recurring income across its investment platform. Group development sales declined 42.5% YOY to AED 5.4 Bn in 2Q26, reflecting a measured and cautious approach to new launches given the UAE market conditions. UAE sales stood at AED 3.5 Bn in 2Q26, compared to AED 9.0 Bn in 2Q25. Despite the slowness in UAE sales, ALDAR continued to strengthen its development pipeline through an active launch schedule, introducing three residential projects during 2Q26 - Yas Park Place, Al Ghadeer Gardens I and The Orchids in Yas Acres followed by The Canopies at Yas Point and Al Ghadeer Gardens II in July 2026. The Company also maintained pricing discipline, relying on payment plan flexibility including the recently introduced 50% post-handover mortgage solution, and targeted incentives to support sales while preserving project returns and brand positioning. The Company also expanded its strategic landbank with the launch of Marsa Al Saadiyat, a landmark mixed-use waterfront destination with an estimated GDV exceeding AED 60 Bn, reinforcing long-term development visibility across Abu Dhabi. Aldar further expanded its premium residential pipeline in September 2026, with the launch of Talay at Marsa Al Saadiyat, comprising 351 villas and Yas Riva Reserve on Yas Island comprising 292 villas. International sales increased from AED 406 Mn in 2Q25 to AED 1.9 Bn in 2Q26, supported by stronger contributions from SODIC and London Square. This was supported by continued execution of the Company's international growth strategy, with ongoing project launches in Egypt and expansion of the London Square platform in the UK. The D-Hold pipeline expanded by AED 5.2 Bn to AED 20.0 Bn in 2Q26, supported by the addition of residential, retail and education projects, reinforcing the Company's recurring income platform and long-term earnings visibility. The Company also acquired Masdar City Square for AED 918 Mn, adding seven Grade-A office buildings and strengthening its recurring commercial rental income platform. ALDAR significantly strengthened its long-term recurring income platform through a series of strategic initiatives during 2Q26. The Company entered into a landmark public private partnership with the Department of Municipalities and Transport to develop integrated communities across five strategic locations spanning over 20 Mn sqm in Abu Dhabi, reinforcing its position as a preferred master developer while substantially expanding its long-term development

pipeline. As part of this partnership, ALDAR will develop two value housing communities in MBZ City and Baniyas comprising approximately 9,000 rental units with a GDV of AED 2.8 Bn, supporting the expansion of its develop-to-hold portfolio and future recurring rental income. Further strengthening its recurring income platform, the Company acquired a AED 1.1 Bn residential and retail development in Dubai Studio City, expanding its residential-for-rent portfolio, while the acquisition of three industrial and logistics assets in KEZAD for AED 650 Mn increased exposure to a high-growth asset class and enhanced long-term recurring cash flow generation. Furthermore, ALDAR secured an AED 5.0 Bn five-year sustainability-linked revolving credit facility. ALDAR continue to maintain a strong balance sheet in 2Q26 with robust liquidity of AED 37.1 Bn as compared to AED 33.2 Bn in 1Q26, including AED 16.8 Bn of free and unrestricted cash and AED 20.3 Bn of committed undrawn bank facilities, providing financial flexibility to fund its development pipeline and strategic investments. Net Debt-to-Adjusted EBITDA remained at a healthy 1.4x in 2Q26 despite higher debt levels, reflecting a prudent leverage profile and sufficient balance sheet capacity to support future growth initiatives. Following a measured launch strategy amid regional geopolitical uncertainty, Aldar revised 2026 Development guidance, lowering Development sales to AED 30-34 Bn from earlier guidance of AED 45-49 Bn in 1Q26 and Development EBITDA to AED 8.9-9.3 Bn from AED 9.5-10.0 Bn for similar period. The Company maintained 2026 guidance for the Project Management Services platform, with EBITDA expected at AED 0.9-1.0 Bn, while the UAE Property Development Services gross margin guidance remained unchanged at 37-39%. At the Group level, adjusted EBITDA guidance for 2026 was revised to AED 12.3-12.7 Bn from previous guidance of AED 12.7-13.3 Bn, whereas Aldar Investment's adjusted EBITDA guidance of AED 3.7-3.9 Bn, capital deployment of AED 3-4 Bn and D-Hold capex of AED 3-4 Bn were all reaffirmed. Revised guidance for 2026 reflects a more measured near-term outlook, but ALDAR remains well positioned to deliver sustainable long-term growth, supported by its diversified business model, strong development pipeline, expanding recurring income platform, robust balance sheet and disciplined capital allocation strategy. 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	26.89	21.53	16.31	11.34	8.29	7.35
PB	2.31	2.20	2.00	1.78	1.53	1.31
EV/EBITDA	22.32	17.97	13.64	10.40	6.41	6.04
BVPS	3.424	3.606	3.951	4.438	5.182	6.068
EPS	0.295	0.368	0.486	0.699	0.955	1.077
DPS	0.150	0.160	0.170	0.185	0.205	0.230
Dividend Yield	1.9%	2.0%	2.1%	2.3%	2.5%	2.9%

FABS estimate & Co Data

Aldar - P&L

AED (Mn)	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Revenue	8,026	8,109	9,389	17.0%	15.8%	33,818	36,792	8.8%
Direct costs	-5,274	-5,183	-5,956	12.9%	14.9%	-22,243	-23,541	5.8%
Gross profit	2,752	2,925	3,433	24.7%	17.4%	11,575	13,251	14.5%
General expenses	-490	-491	-498	1.6%	1.3%	-2,021	-2,171	7.4%
Sell & Mktg Exp	-26	-20	-28	8.1%	39.6%	-133	-147	NM
EBITDA	2,488	3,327	3,216	29.2%	-3.3%	11,230	12,756	13.6%
EBIT	2,236	2,414	2,907	30.0%	20.4%	9,421	10,933	16.1%
Share of assoc.	-2	4	0	NM	NM	0	5	NM
Provision/(reversal)	-58	21	-19	NM	NM	-460	-442	-4.0%
Finance income	210	255	264	25.9%	3.6%	848	1,024	20.8%
Finance cost	-368	-492	-412	12.0%	-16.2%	-1,397	-1,743	24.8%
Total other income	129	677	141	8.8%	NM	1,552	1,508	-2.8%
Profit before tax	2,148	2,881	2,882	34.2%	0.0%	9,964	11,285	13.3%
Income tax	-287	-312	-327	14.1%	4.7%	-1,131	-1,281	13.3%
Profit after tax	1,861	2,568	2,555	37.2%	-0.5%	8,834	10,005	13.3%
Non-controlling interest	332	403	354	6.5%	-12.2%	1,223	1,381	12.9%
Net profit	1,529	2,166	2,201	43.9%	1.6%	7,611	8,624	13.3%

FABS estimate & Co Data

Aldar - Margins

	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	34.3%	36.1%	34.8%	48	-131	34.2%	36.0%	179
EBITDA	31.0%	41.0%	31.0%	-3	-1006	33.2%	34.7%	146
Operating Profit	27.9%	29.8%	28.8%	90	-101	27.9%	29.7%	186
Net Profit	19.1%	26.7%	20.6%	159	-606	22.5%	23.3%	80

FABS estimate & Co Data

3Q26 preview: **Tecom Group**

Strong occupancy and rental upside expected to support growth

Current Price	Target Price	Upside/Downside (%)	Rating
AED 3.25	AED 4.60	+41.5%	BUY

3Q26 estimate

Tecom Group (TECOM/the Company) net profit is anticipated to increase 8.4% YOY to AED 405 Mn in 3Q26, mainly due to an expected rise in sales and finance income, partially offset by an anticipated increase G&A and marketing & selling expenses, finance costs and tax expenses, coupled with an expected decline in other income. TECOM's sales is projected to rise 10.2% YOY to AED 798 Mn in 3Q26, supported by continued growth across all key segments. Direct costs are forecasted to increase marginally by 0.1% YOY to AED 262 Mn in 3Q26. As a result, gross profit is expected to increase 15.9% YOY to AED 537 Mn in 3Q26, with the gross margin likely to improve by 332 bps YOY to 67.2% in 3Q26. G&A expenses are anticipated to increase 18.9% YOY to AED 58 Mn in 3Q26. Similarly, marketing and selling expenses are projected to rise from AED 9 Mn in 3Q25 to AED 14 Mn in 3Q26. Meanwhile, other income is forecasted to decline from AED 34 Mn in 3Q25 to AED 17 Mn in 3Q26. Consequently, TECOM's operating profit is expected to increase 9.6% YOY to AED 482 Mn in 3Q26, although the operating margin is expected to contract by 35 bps YOY to 60.4% in 3Q26. Depreciation & amortisation is anticipated to increase 5.4% YOY to AED 130 Mn in 3Q26. Hence, EBITDA is projected to increase 8.7% YOY to AED 612 Mn in 3Q26. However, the EBITDA margin is expected to contract by 110 bps YOY to 76.6% in 3Q26. The Company's finance income is anticipated to increase 8.3% YOY to AED 9 Mn in 3Q26, whereas finance costs are expected to increase 8.2% YOY to AED 69 Mn in 3Q26. TECOM's tax expense is anticipated to increase from AED 11 Mn in 3Q25 to AED 17 Mn in 3Q26.

2026 forecast

Tecom Group net profit is projected to decline 22.6% YOY to AED 1,614 Mn in 2026, primarily due to the absence of the one-off AED 652 Mn impairment reversal on investment property recognised in 2025, coupled with an anticipated rise in direct costs, G&A expenses, marketing & selling expenses, depreciation and amortisation expenses, and finance costs, along with lower other and finance income, partially offset by an expected increase in sales and lower tax expenses in 2026. Excluding the impairment reversal, net profit is expected to grow 12.6% YOY in 2026, compared to AED 1,434 Mn in 2025. The Company's sales are anticipated to rise 10.9% YOY to AED 3,168 Mn in 2026, supported by anticipated growth in the Company's underlying operating portfolio. Direct costs are anticipated to increase 10.5% YOY to AED 1,064 Mn in 2026. Thus, gross profit is anticipated to rise 11.0% YOY to AED 2,104 Mn in 2026, while the gross profit margin is expected to improve by 11 bps YOY to 66.4% in 2026. G&A expenses are expected to increase 13.5% 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 3.4% YOY to AED 88 Mn in 2026. Consequently, operating profit is expected to decline 20.1% YOY to AED 1,915 Mn in 2026, owing to the high base effect from the impairment reversal in 2025. Depreciation & amortisation expenses are anticipated to increase 11.1% YOY to AED 539 Mn in 2026. TECOM's EBITDA is forecasted to rise 10.1% YOY to AED 2,454 Mn in 2026, while the EBITDA margin is expected to fall by 56 bps YOY to 77.5% 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 69 Mn in 2026, compared to AED 89 Mn in 2025.

2Q26 outturn

Tecom's revenue increased by 10.8% YOY to AED 786 Mn in 2Q26, driven by strong growth in operating lease income, which increased 14.8% YOY to AED 708 Mn in 2Q26, partially offset by a 16.5% YOY decline in service income to AED 77 Mn in 2Q26. Direct cost increased 5.0% YOY to AED 247 Mn in 2Q26. Thus, gross profit increased 13.6% YOY to AED 539 Mn, with gross profit margin expanding 172 bps YOY to 68.5% in 2Q26. G&A expenses increased to AED 59 Mn in 2Q26, from AED 40 Mn in 2Q25. Marketing and selling expenses declined by 38.0% YOY to AED 7 Mn in 2Q26. Other

income also declined from AED 24 Mn in 2Q25 to AED 8 Mn in 2Q26. Thus, the Company's operating profit increased 7.6% YOY to AED 480 Mn in 2Q26. Depreciation & amortisation increased 9.1% YOY to AED 133 Mn in 2Q26. Thus, EBITDA increased 7.9% YOY to AED 613 Mn in 2Q26, while EBITDA margin declined 202 bps YOY to 78.0% in 2Q26 from 80.0% in 2Q25. Finance income declined from AED 9 Mn in 2Q25 to AED 3 Mn in 2Q26, whereas finance cost decrease marginally to AED 66 Mn in 2Q26. The income tax expenses also increased 30.5% YOY to AED 16 Mn in 2Q26.

Target price and recommendation

We maintain our BUY rating on TECOM with a revised target price of AED 4.60. Tecom delivered a strong operating performance in 2Q26, with operating profit increasing 7.6% YOY to AED 480 Mn, supported by 10.8% YOY revenue growth to AED 786 Mn and continued strength across its core leasing operations. The Company continues to benefit from solid portfolio fundamentals, with commercial and industrial occupancy remaining high at 96% and 98%, respectively, while tenant retention stood at 94% and 99% in 1H26. Land leasing remains a key growth driver, with revenue increasing 22% YOY to AED 361 Mn in 1H26, generating EBITDA of AED 333 Mn and an EBITDA margin of 92% during the same period. The segment continues to outperform expectations, with leasing rates achieved in the second phase exceeding those of the first phase. The Company also expects similar or better pricing in the upcoming phase. Commercial revenue increased 11% YOY to AED 783 Mn in 1H26, while industrial revenue grew 15% YOY to AED 239 Mn. Industrial EBITDA also rose 18% YOY to AED 181 Mn, with the segment delivering a robust EBITDA margin of 76% in 1H26. Commercial rents remain 25–30% below prevailing market rates despite average renewal increases of 6–7%, providing significant headroom for further rental uplifts across the existing portfolio. Demand continues to remain healthy, although some negotiations are taking longer to conclude, with overall portfolio occupancy remaining strong at 97% in 1H26. Additionally, the Services segment is expected to recover in 2H26, with monthly activity improving following a softer start to the year. The Company reiterated that the temporary weakness reflects the normalization of visa renewals after the one-off surge witnessed in 2025, rather than any structural slowdown. Execution of the Dubai Industrial (DI) land programme continues to progress ahead of schedule. The initial 8 Mn sq ft phase was fully leased by January 2026, the subsequent 10 Mn sq ft phase was signed during 2Q26, and another 8 Mn sq ft phase is currently being finalized. The Company stated that 79% of the total 33 Mn sq ft programme has either been signed or has confirmed customer leads, significantly ahead of the original 36-month leasing plan, with the remaining land expected to be absorbed over the next 12 months. Looking ahead, around 20% of the commercial portfolio and 30% of the industrial portfolio are scheduled for lease renewals over the next six months, providing further opportunities for rental resets as existing leases continue to converge toward market levels. The Company also remains positive on Dubai's industrial and logistics outlook, supported by strong warehouse and cold-storage demand, proximity to Jebel Ali Port, future Etihad Rail connectivity, and ongoing supply-chain localization. Tecom continues to maintain a healthy balance sheet, with net debt/EBITDA of 2.1x and an LTV ratio of 13.9%, providing sufficient financial capacity to support future growth initiatives. The Company also paid a dividend of USD 440 Mn (8.8 fils per share) for 1H26, while reiterating its commitment to the existing dividend policy. Furthermore, the Company aims of achieving 8–11% YOY EBITDA growth in 2026. 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)	21.60	16.93	15.07	13.23	7.79	10.07
PB (X)	2.19	2.06	2.57	2.42	2.06	1.89
EV / EBITDA	14.04	12.76	12.62	12.05	10.14	9.26
BVPS	1.485	1.579	1.266	1.342	1.577	1.723
EPS	0.150	0.192	0.216	0.246	0.417	0.323
DPS	0.370	0.345	0.160	0.160	0.168	0.176
Dividend yield	11.4%	10.6%	4.9%	4.9%	5.2%	5.4%

FABS estimate & Co Data

Tecom Group - P&L

AED Mn	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Sales	724	786	798	10.2%	1.6%	2,858	3,168	10.9%
Direct cost	-261	-247	-262	0.1%	5.8%	-963	-1,064	10.5%
Gross profit	463	539	537	15.9%	-0.4%	1,894	2,104	11.0%
G&A expenses	-49	-59	-58	18.9%	-1.6%	-184	-209	13.5%
Marketing & Selling exp.	-9	-7	-14	NM	NM	-56	-67	19.1%
Other income	34	8	17	NM	NM	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	440	480	482	9.6%	0.4%	2,397	1,915	-20.1%
Depreciation & Amortization	123	133	130	5.4%	-2.3%	485	539	11.1%
EBITDA	563	613	612	8.7%	-0.2%	2,230	2,454	10.1%
Finance income	8	3	9	8.3%	NM	31	30	-4.3%
Finance cost	-63	-66	-69	8.2%	3.8%	-253	-262	3.5%
Profit before zakat	384	417	422	9.8%	1.2%	2,175	1,683	-22.6%
Income tax	-11	-16	-17	NM	10.1%	-89	-69	NM
Profit to shareholders	373	401	405	8.4%	0.8%	2,086	1,614	-22.6%

FABS estimate & Co Data
Tecom group - Margins

	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	63.9%	68.5%	67.2%	332	-131	66.3%	66.4%	11
EBITDA	77.7%	78.0%	76.6%	-110	-138	78.0%	77.5%	-56
Operating Profit	60.7%	61.1%	60.4%	-35	-73	83.9%	60.5%	NM
Net Profit	51.5%	51.1%	50.7%	-85	-38	73.0%	50.9%	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%

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