

## Property Developers – March 2025

UAE real estate market remains resilient despite global economic uncertainty

Sector Weighting:  
**MARKET WEIGHT**

### Property Market Outlook

The UAE's economy recorded 3.8% growth in the first nine months of 2024 compared to the same period in 2023. This economic growth is driven by a strong growth in the non-oil sector, which grew 4.5% in 9M2024. The contribution of non-oil stood at 74.6% in 9M24, and the balance was contributed by oil sector. Thus, the Central Bank of UAE expects the UAE economy to register an economic growth of 3.9% in FY2024. It further expects growth to accelerate in 2025 and 2026 to 4.7% and 5.7%, respectively. The forecast was revised up from 3.9% to 4.7% in 2025 due to strong performance anticipated in the non-hydrocarbon and hydrocarbon sectors. The higher growth assumption in 2026 takes into account the growth anticipated in the hydrocarbon sector, which is based on the assumption that oil production is expected to recover in line with the OPEC+ agreement. The Central Bank estimates non-oil GDP growth to remain strong at 4.9% in 2024 and 5.0% in 2025, driven primarily by government strategies and policies aimed at attracting foreign investment and supporting economic diversification.

The US Federal Reserve policy kept interest rates steady at 4.25% - 4.50% in 1Q25. Additionally, the Fed announced it to implement fewer rate cuts in 2025 due to slower disinflation and a robust job market. The implementation of tariffs by the new government in the US further slows disinflation progress and leads to an increase in inflation in 2025. The Fed expects the outlook to remain highly uncertain and expects inflation to a target range of 2% only by 2026 or 2027. Since the UAE's currency is pegged to the US dollar, the central bank of the UAE closely follows the Fed. The CBUAE maintained the benchmark interest rate of 4.40% in 1Q25. After the interest rate cut of 50 bps in 4Q24, the current stable interest rate is expected to stimulate loan growth within the economy. We estimate the demand for the real estate sector to rise, owing to the availability of loans at lower borrowing rates, attracting more domestic and international investors.

Despite global economic uncertainty amid the implementation of tariffs, the UAE real estate market demonstrated remarkable resilience, showcasing robust performance across residential, commercial, and land sectors in 1Q25. The demand for properties in Dubai remained strong, driven by both domestic and international buyers, with significant year-on-year growth observed in residential properties, particularly villas. Additionally, the appetite for apartments and commercial properties thrived in prominent locations, reflecting the city's continuing allure as an investment destination. This dynamic environment not only underscored Dubai's status as a key player in the global real estate landscape but also indicated a positive trajectory for future growth and development.

In the dynamic landscape of Dubai's real estate market, recent data from DXB Interact highlights a significant achievement in total sales, reaching AED 143.1 Bn. This figure underscores a robust growth trend across various property categories. Notably, plot sales transactions witnessed a remarkable growth of 193.8% YOY, amounting to AED 35.5 Bn from 2,926 transactions. This surge is primarily driven by enhancements in infrastructure and a heightened demand for large-scale projects, reflecting the city's ongoing development and investment appeal. Villa sales demonstrated a substantial expansion of 43.1% YOY, totalling AED 41.3 Bn from 8,369 transactions. This growth is largely attributed to wealthy buyers who are increasingly seeking residential options that accommodate the current trend of remote work. Apartment sales also saw a commendable increase, rising by 12.6% YOY to reach AED 62.3 Bn from 32,884 transactions. This growth highlights the diverse appeal of Dubai's real estate sector, catering to a broad spectrum of residents and investors. The commercial property segment reported a significant growth of 25.2% YOY, with sales reaching AED 3.6 Bn from 1,212 transactions. This expansion is indicative of the influx of international

businesses establishing operations within Dubai, drawn by the favorable business environment. Furthermore, of the overall transactions, 3,939 were valued at over AED 5 Mn, illustrating the competitive nature of the market and the substantial investments being made in high-value properties. Other than Dubai, Abu Dhabi and Ras Al Khaimah continue to record strong growth in real estate transactions at the beginning of 2025. The real transactions in Abu Dhabi reached AED 17.24 Bn in the first two months in 2025. The number of transactions during the period totalled more than 5,000 transactions during the same period. In Ras Al Khaimah, the real estate transactions totalled AED 781.4 Mn, with AED 549.4 Mn recorded in January 2025 and AED 232.0 Mn in February 2025. The growth in transactions is driven by increasing development, enhanced connectivity, and rising interest in prime waterfront properties, coupled with rising numbers of completed projects.

The office rental market in Abu Dhabi and Dubai records low vacancy rates owing to strong demand in both markets. In 2024, Abu Dhabi experienced a substantial increase in rental transactions, growing by 38.8% YOY to a total of 47,615, largely driven by the robust demand from government-related entities and an influx of private companies. Due to steady demand and the addition of only 31,315 square meters of space in Abu Dhabi in 2024 is driving down the vacancy rates in Prime, Grade A and Grade B properties. Additionally, steady demand is expected to contribute positively to rental rates in Abu Dhabi, with a projected supply addition of 172,940 square meters. Meanwhile, Dubai's office landscape saw Prime and Grade A office rents climbing by 10.6% YOY and 12.9% YOY, with the overall vacancy rate in the city dropping to 7.4%. This has prompted developers to actively renovate and redevelop older commercial properties to capitalize on rising demand and achieve higher rental premiums. As a result of the supply-demand imbalance, landlords in Dubai have become increasingly cautious, particularly about longer non-indexed lease transactions of more than five years. The competition for available office spaces intensified, requiring tenants to act swiftly in securing favorable lease agreements, adding pressure on larger corporations. On the supply front in 2025, the Dubai market anticipates the addition of 122,000 square meters of new office space, predominantly featuring Grade A properties, aimed at addressing the existing gap between supply and demand. Despite these additions, the office market in Dubai is expected to maintain momentum in 2025 with an anticipated growth in rental rates.

Dubai and Abu Dhabi residential properties continue to record strong growth in sales price in 2024. In Abu Dhabi, average apartment and villa sales prices rose 10.9% YOY and 11.6% YOY, respectively in 4Q24, with apartment rents growing by 12.3% and villa rents by 3.8% during the same period. Despite a forecasted 13,356-unit supply increase in 2025, price and rent growth are expected to continue due to demand for prime assets. Dubai's residential market maintained positive momentum in 2024, owing to robust economic growth and a higher population, further demonstrated by healthy transaction activity. Sales prices in Dubai exhibited robust performance, achieving an annual growth of 18.1% YOY, fuelled by notable increases in both apartment and villa prices, which grew by 17.7% and 20.0%, respectively. The rental rates are expected to stabilise over the near medium term due to the deceleration in the pace of lease rates when compared to Mar 2024. Supply expanded by 33,000 units, with 157,000 new launches in 2024, the highest on record, indicating sustained demand and confidence.

Aldar Properties group backlog stood at AED 54.6 Bn in FY2024, supported by group sales of AED 33.6 Bn. Additionally, Aldar management projected development sales of AED 36-39 Bn during FY2025. Athlon, Al Marjan, and Saadiyat Lagoons are the prominent projects launched by Aldar during FY2024. Emaar Development's revenue backlog stood at AED 90.8 Bn during FY2024, supported by AED 65 Bn in property sales during the year. Emaar Beachfront, The Valley, and Dubai Hills Estate are a few of the projects under development by Emaar Development. Emaar Properties recorded a revenue backlog of more than AED 110 Bn in FY2024, supported by strong property sales of c. AED 70 Bn during the year. The revenue backlog of RAK Properties stood at AED 1.9 Bn during FY2024, supported by projects such as Bayview, Cape Hayat, and Quattro Del Mar.

The United Arab Emirates (UAE) has emerged as a premier destination for global investors, driven by a robust economic recovery and supported by government-backed residency initiatives that

facilitate foreign investment. The real estate market is expected to remain steady, largely due to limited supply. As the UAE continues to develop its infrastructure and enhance its appeal, the market signifies a lucrative investment opportunity and fosters a sense of community and international connectivity, further solidifying its status as a vibrant hub for economic activity.

The current state of the UAE real estate market reflects a stable and resilient demand environment, supported by strong fundamentals and a healthy revenue backlog across major developers such as Aldar, Emaar, and RAK Properties. The absence of aggressive supply additions in 2025 further underpins market stability, with developers taking a measured approach to launches in response to consistent demand trends. However, this favorable outlook is not without risks. The evolving global economic landscape, particularly the uncertainty formed by the implementation of US tariffs and slower disinflation, poses a potential threat. Given that a significant portion of real estate demand in the UAE is driven by emigrants and international investors, any global downturn or tightening in foreign investment flows could affect demand and impact market dynamics. As such, while the market is currently performing well, it's important to note that global economic challenges could still impact the outlook.

Stock	TP	CMP	Gain	Rating	P/B (2025F)	Div. Yld (%) 2025F
Emaar Properties (AED)	15.00	12.20	+23.0%	BUY	1.1	8.2%
Emaar Development (AED)	15.00	11.45	+31.0%	BUY	1.2	6.4%
Aldar Properties (AED)	10.00	7.85	+27.4%	BUY	1.5	3.2%
TECOM GROUP (AED)	3.45	3.06	+12.7%	ACCUMULATE	1.0	5.2%
RAK PROPERTIES (AED)	1.65	1.26	+31.0%	BUY	0.6	0%

Source: FABS Estimate

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## Real Estate Overview

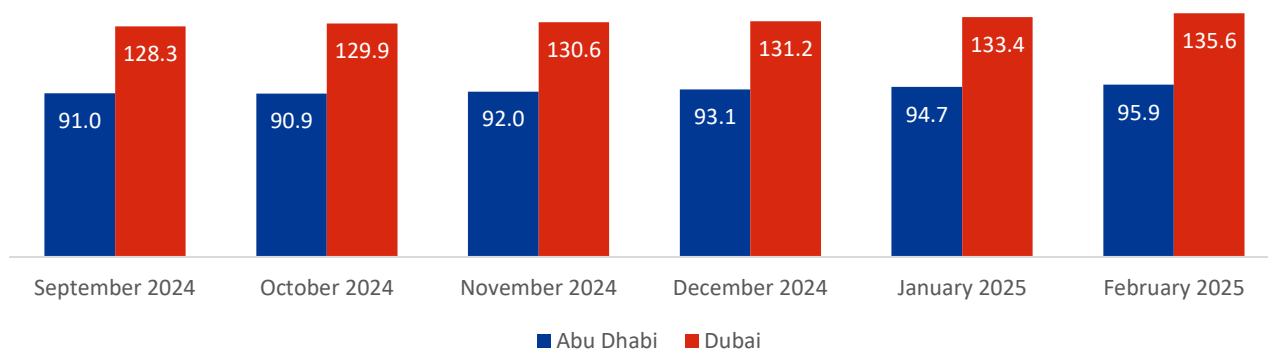
### Sales and Rent Price Indices for Residential Property

#### 1. All Residential Market

The Abu Dhabi Residential Property Sales Price Index rose from 94.7 in January 2025 to 95.9 in February 2025, while prices rose 12.3% YOY in February 2025. Furthermore, the Dubai Residential Property Sales Price grew from 133.4 in January 2025 to 135.6 in February 2025, while prices rose strongly 17.5% YOY during February 2025.

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

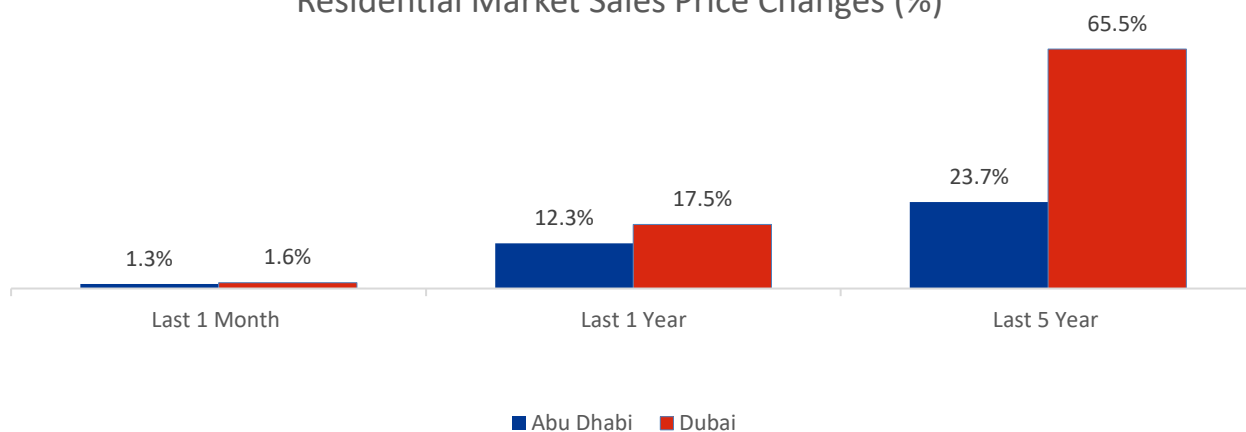
##### Residential Market Sales Price Index (2014, Jan=100)



Source: Reidin

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

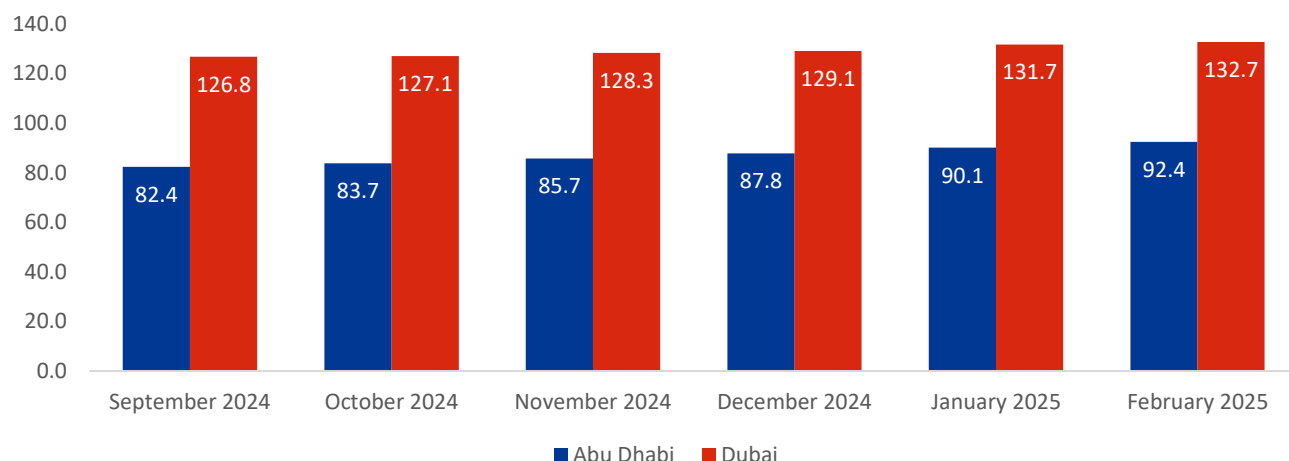
##### Residential Market Sales Price Changes (%)



Source: Reidin

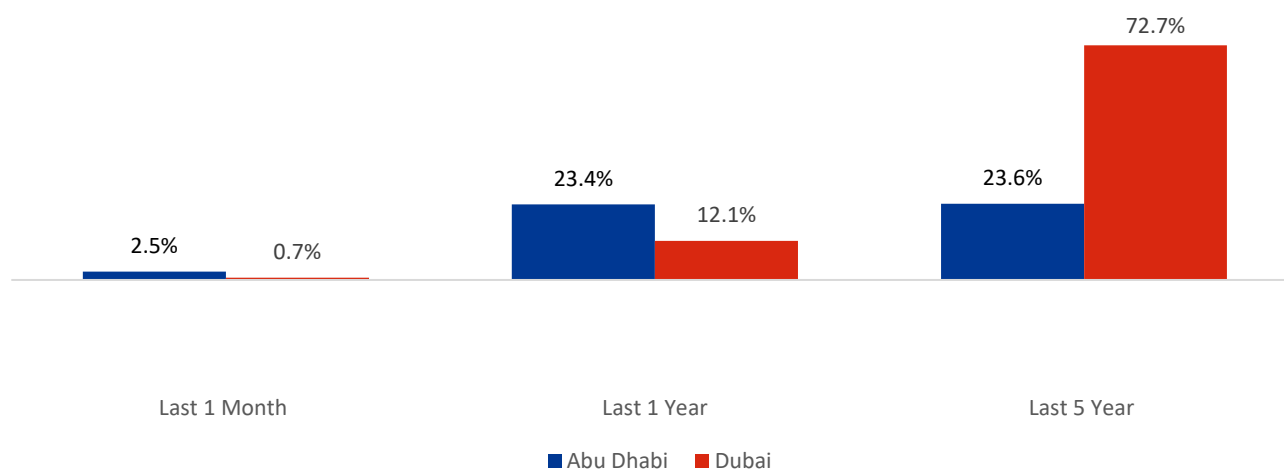
Both Abu Dhabi and Dubai experienced growth in rental rates on a YOY and MOM basis. The Abu Dhabi Residential Property Rent Price Index grew 2.5% MOM to 92.4 in February 2025, while prices rose 23.4% YOY during the same period. Likewise, the Dubai Residential Property Rent Price Index grew marginally 0.7% MOM to 132.7, along with a strong price growth of 12.1% YOY during February 2024.

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



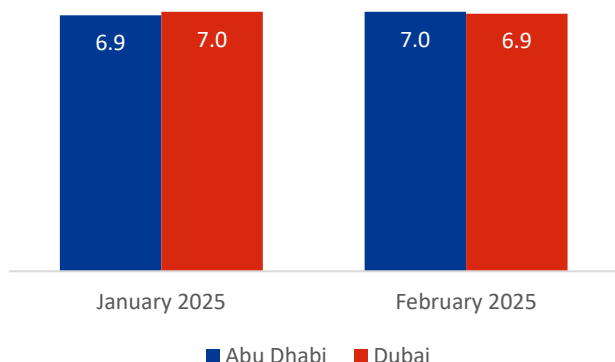
Source: Reidin

### Residential Market Rent Price Changes (%)

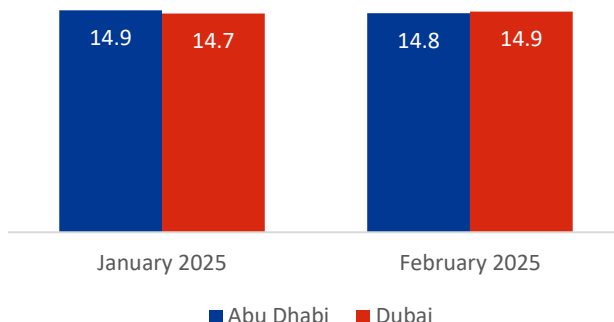


Source: Reidin

### Residential Gross Rental Yield (%)



### Residential Price to Rent Ratio (Years)

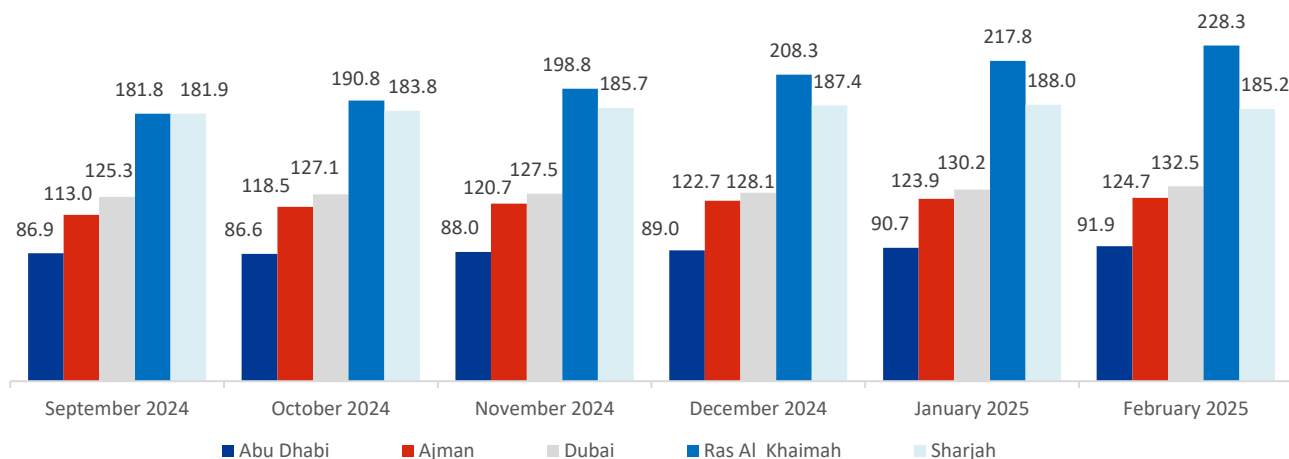


Source: Reidin

## 2. Apartments

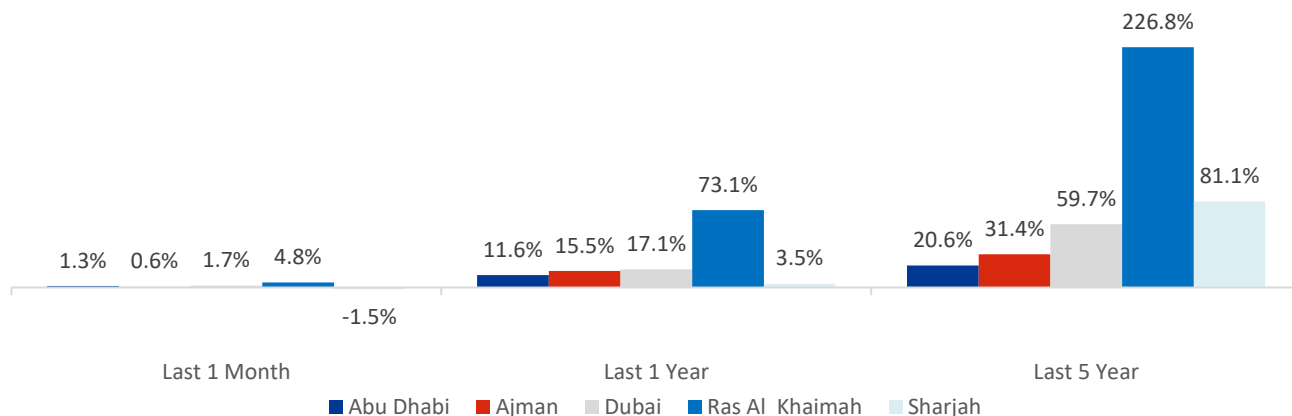
In February 2025, the apartment sale price index in the UAE increased on a YOY basis across all the regions, while on a MOM basis, Sharjah recorded a decline. Sharjah's Sales Price Index for apartments fell 1.5% MOM to 185.2 in February 2025. Abu Dhabi Sales Price Index for apartments rose 1.3% MOM to 91.9 in February 2025. In Ajman, the index grew marginally 0.6% MOM, reaching 124.7 in February 2025. Dubai's Apartments Sales Price Index rose 1.7% MOM, reaching 132.5 in February 2025. In Ras Al Khaimah, the Sales Price Index climbed 4.8% MOM to 228.3 in February 2025. Moreover, Apartment sales prices grew on a YOY basis in all the regions in the UAE. Ras Al Khaimah had the most significant growth in price of 73.1% YOY, followed by Dubai of 17.1% YOY, and Ajman at 15.5% YOY in February 2025. Abu Dhabi and Sharjah also recorded a growth in prices of 11.6% YOY and 3.5% YOY, respectively, in February 2025.

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



Source: Reidin

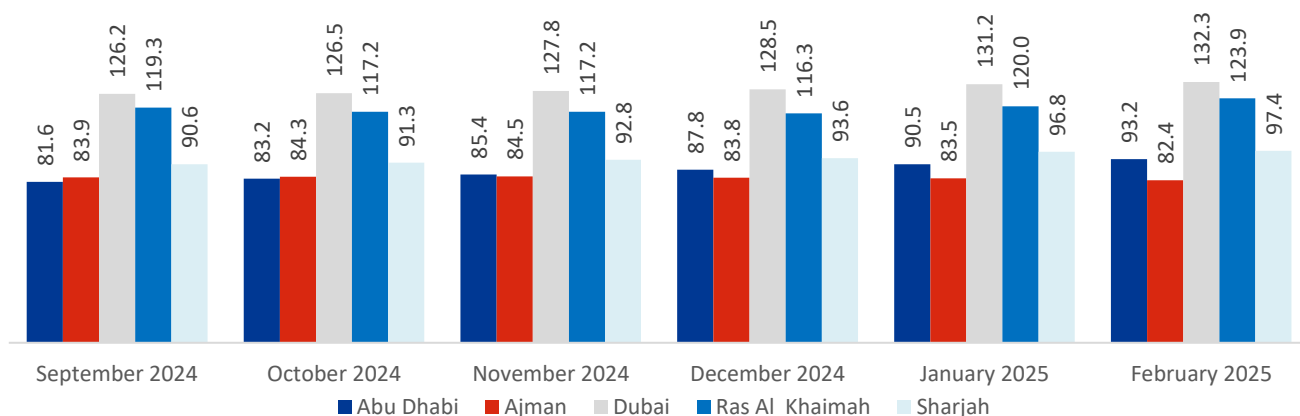
## Apartment Sales Price Changes



Source:Reidin

The apartment rent price index in the UAE increased on a YOY basis across all the regions, while on a MOM basis, Ajman recorded a decline in February 2025. Ras Al Khaimah recorded the highest MOM growth in the apartment rental price index rising 3.3% MOM to 123.9 in February 2025, prices also recorded a growth of 22.6% YOY during February 2025. The Ajman Residential Property Rent Price Index for Apartments declined 1.3% MOM to 82.4 in February 2025 and rents also grew 20.4% on a YOY basis in February 2025. Sharjah Residential Property Rent Price Index for apartments grew 0.5% MOM to 97.4 in February 2025, while prices recorded a significant growth of 23.5% on YOY basis. The Dubai Residential Property Rent Price Index for apartments grew 0.8% MOM to 132.3, prices also rose strongly 12.2% YOY in February 2025. Abu Dhabi Residential Property Rent Price Index for apartments also increased 3.0% MOM to 93.2 in February 2025, while prices rose 26.7% on YOY basis.

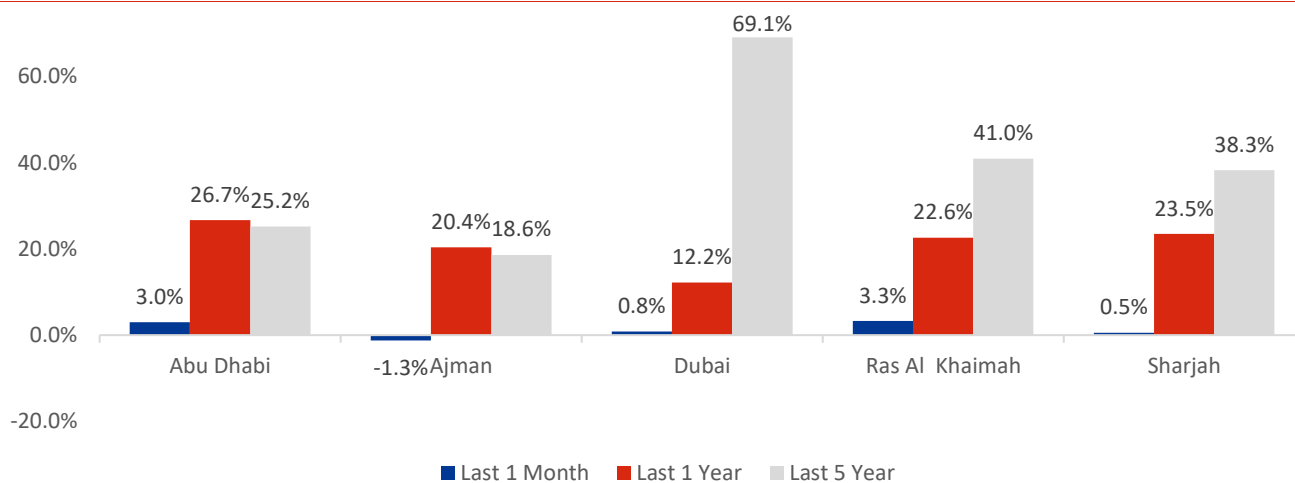
## Apartment Rent Price Index (2014, Jan=100)



Source:Reidin

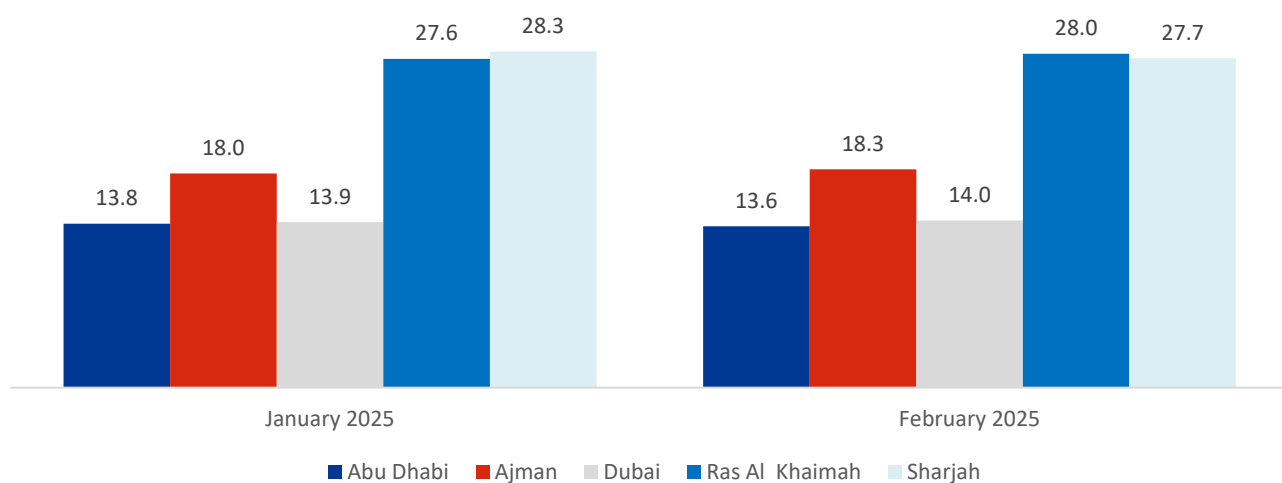


### Apartment Rent Price Changes (%)



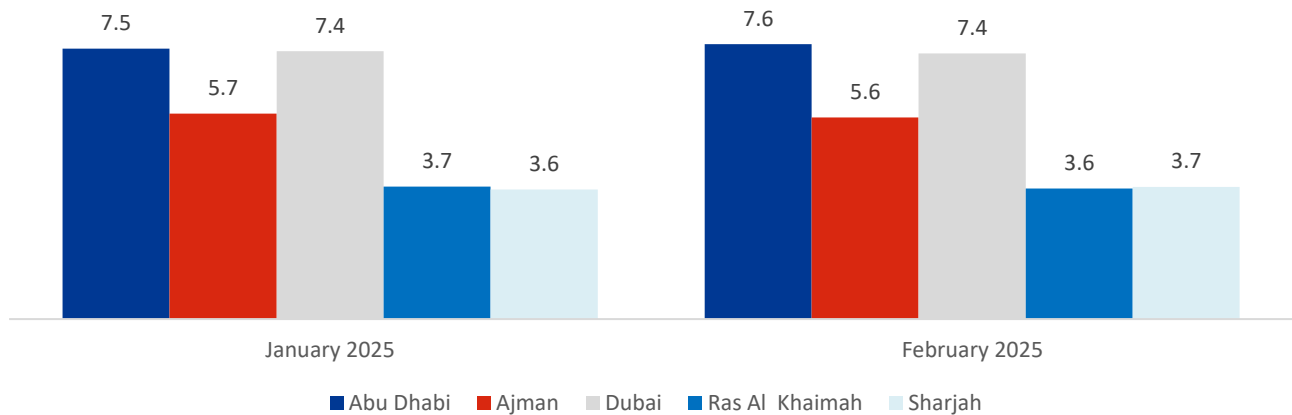
Source: Reidin

### Apartment Price to Rent Ratios (Year)



Source: Reidin

### Apartment Gross Yield Rates (%)

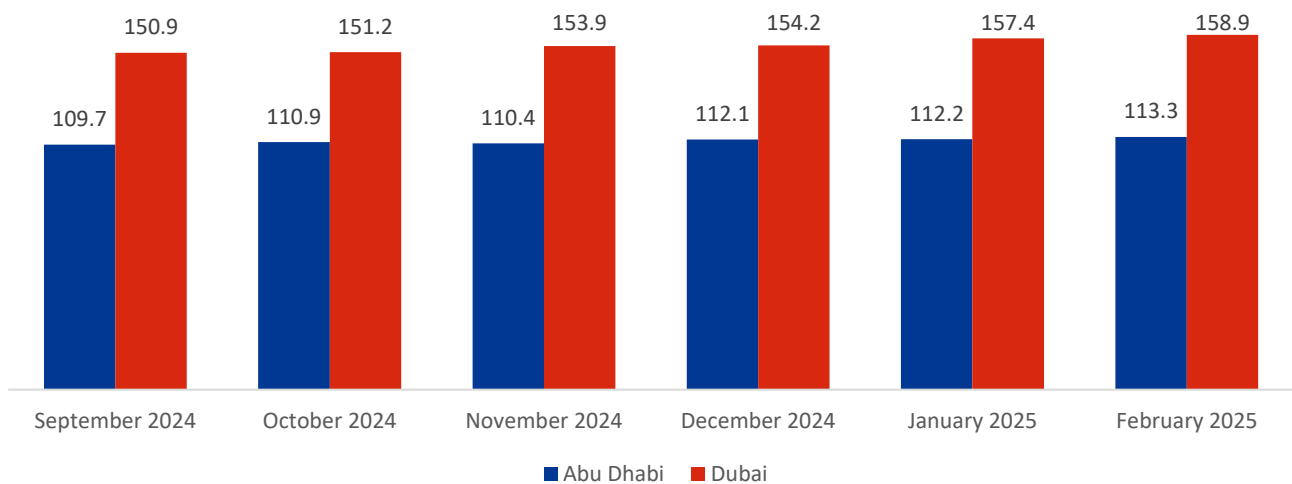


Source: Reidin

### 3. Villas

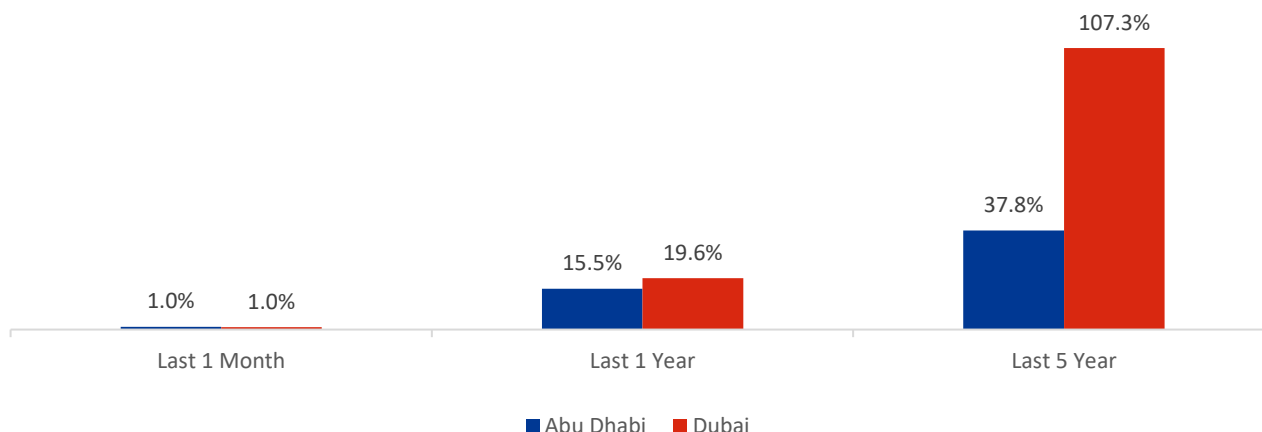
The Villa Sales price index grew in both Dubai and Abu Dhabi on a MOM and YOY basis in February 2025. The Abu Dhabi Sales Price Index for Villa rose 1.0% MOM to 113.3 in February 2025, moreover the prices grew 15.5% YOY during the same period. Whereas, Dubai Sales Price Index for Villa also grew 1.0% MOM to 158.9 in February 2025. Prices also rose strongly 19.6% on YOY basis.

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



Source: Reidin

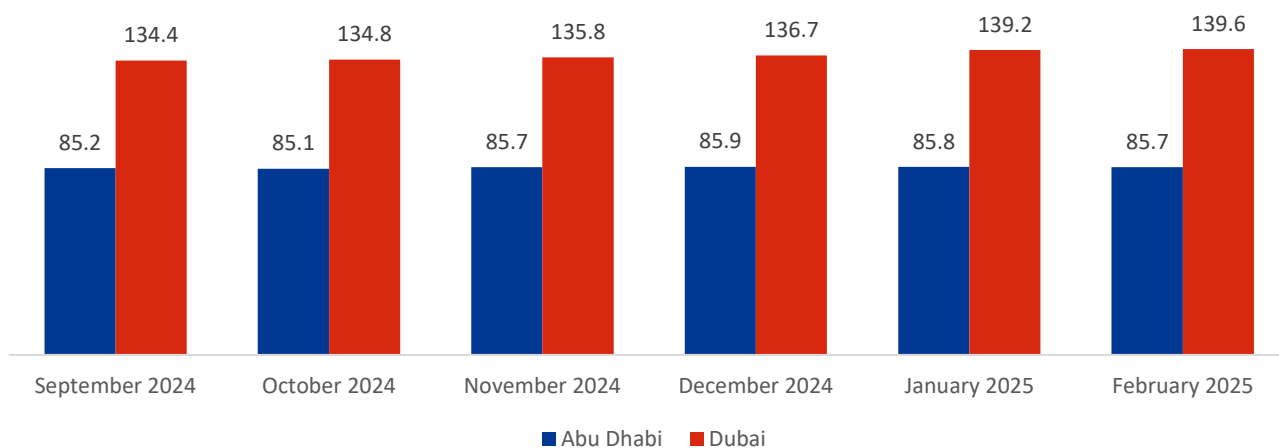
## Villa Sales Price Changes



Source: Reidin

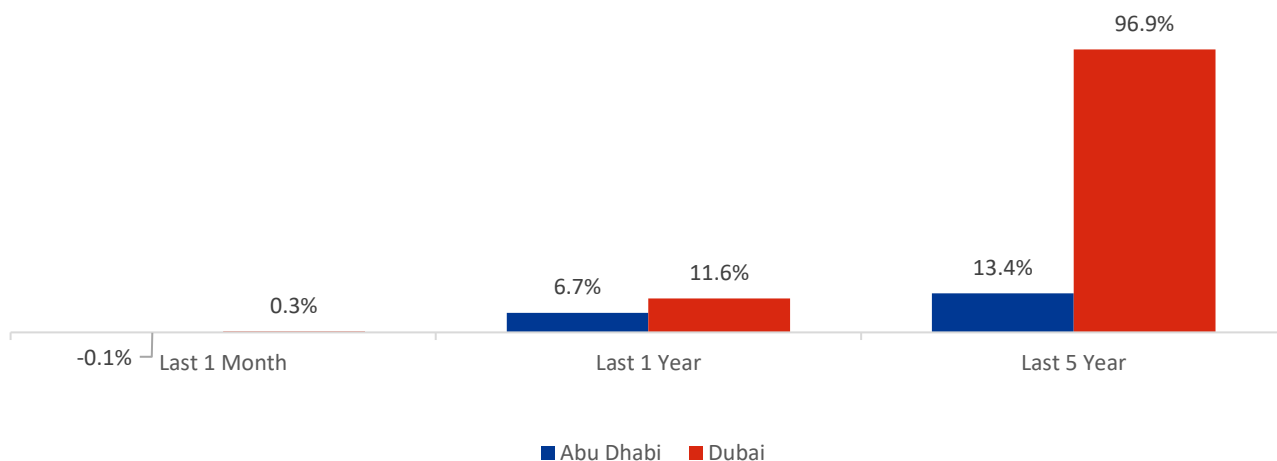
Dubai and Abu Dhabi witnessed growth rate in Villa rents YOY basis, however on a MOM basis Abu Dhabi saw a decline. The Abu Dhabi Rent Price Index for Villa decrease marginally 0.1% MOM to 85.7 in February 2025. However, the prices rose 6.7% on a YOY basis in February 2025. Moreover, the Dubai Residential Property Rent Price Index for Villa increased marginally 0.3% MOM to 139.6 in February 2025. The Prices also rose strongly 11.6% on a YOY basis during the same period.

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



Source: Reidin

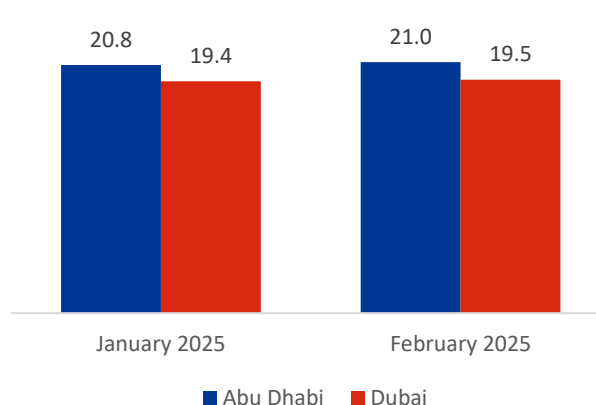
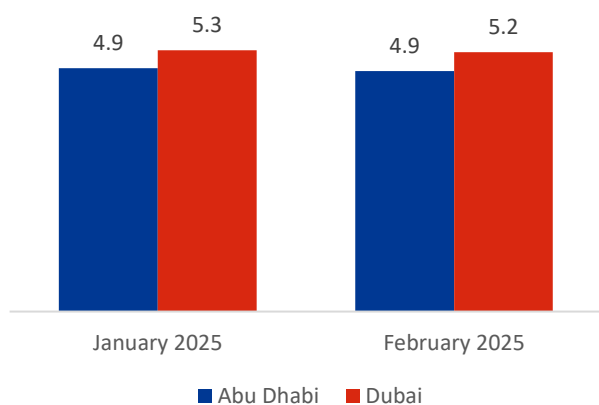
## Villa Rent Price Changes



Source: Reidin

## Villa Gross Rental Yield (%)

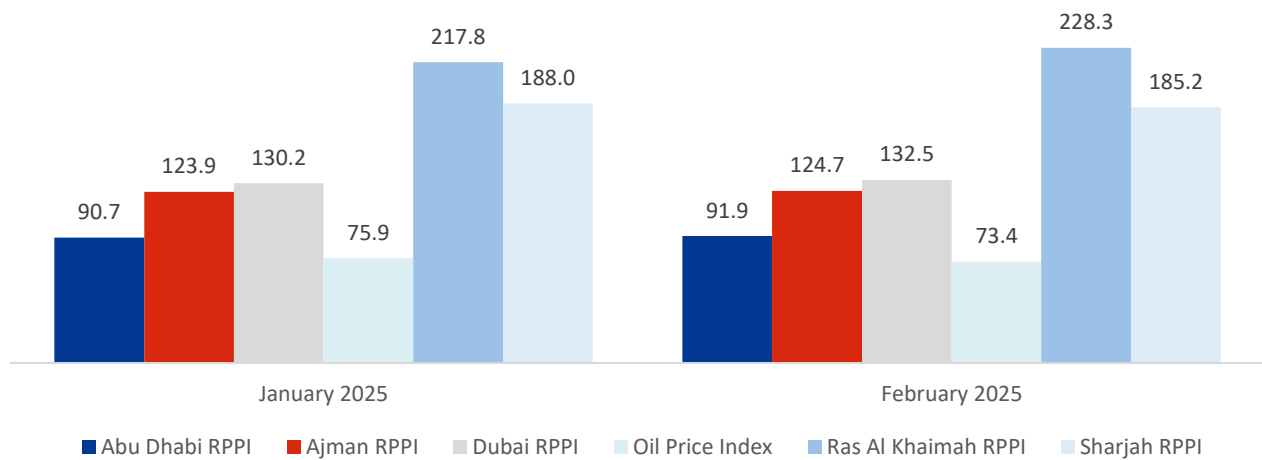
## Villa Price to Rent Ratio (Year)



Source: Reidin

#### 4. Different Asset Classes' Return on Investment

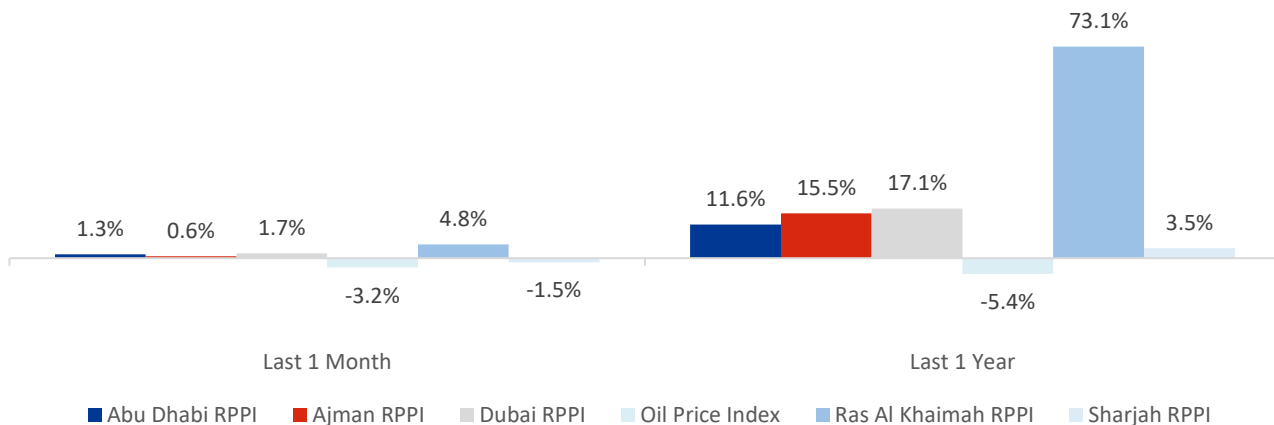
##### Residential Property Price Indices (RPPI) and Financial Indicators



Source: Reidin

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

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



Source: Reidin

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

## Macro Backdrop in the UAE

### Real Estate and UAE Macroeconomic Outlook

#### Dubai Real Estate Market to Stabilize in 12-18 Months

According to Moody's, Dubai's property prices are expected to experience a marginal decline over the next 12 to 18 months. The property developers face challenges in property construction, such as rising costs and project delays due to outsourced building works. Additionally, the impending completion of a significant pipeline of pre-sold units is expected to increase pressure further. Furthermore, property prices are projected to decline in 2025-2026 due to an anticipated rise in residential supply, with around 182,000 units expected to be delivered from properties pre-sold during 2022-2023. However, persistent delivery delays, primarily driven by limited construction capacity, could lead to short-term market tightening and potentially support price increases.

#### Damac Launches High-End Waterfront Projects in Dubai

UAE-based Damac Properties introduced its prime luxury waterfront developments, Damac Bay and Damac Bay 2, owing to the increasing demand for high-end residences fuelled by a surge in investors and lifestyle buyers. These recent projects redefine seafront living in Dubai's most prestigious maritime destinations, catering to high-net-worth individuals, yachting enthusiasts, and global investors. The development also offers panoramic sea views, sky gardens, a private beach, ultra-luxury penthouses, exclusive dining options, and a Cavalli-inspired sensory experience, further enhancing Dubai's luxury real estate landscape.

#### Richmind to Launch 1,000 Residential Units in UAE Real Estate

Richmind, in collaboration with Zaha Hadid Architects, is entering the UAE property market with plans to introduce over 1,000 units on Al Marjan Island in Ras Al Khaimah. The project aims to offer a range of homes, including apartments, villas, duplexes, and penthouses. Furthermore, the project is also anticipated to feature famous beach clubs, spa brands, and a unique dining experience.

#### UAE real estate saw consistent growth in projects and achieved a record high transaction in 2024

The UAE's real estate sector maintained its growth momentum in 2024, driven by increasing investments and ongoing infrastructure projects. The property markets in Abu Dhabi, Dubai, Sharjah, and Ajman experienced strong transaction activity throughout the year, with a total of 331,300 real estate transactions reaching AED 893 Bn in 2024. Abu Dhabi recorded AED 79.3 Bn in real estate transactions through 25,046 transactions, while Dubai achieved a record AED 760.7 Bn through 226,000 transactions during 2024. Sharjah and Ajman also saw strong performances, with Sharjah recording transactions worth AED 36.4 Bn and Ajman at AED 16.35 Bn in transaction values during 2024.

#### Sharjah's real estate transactions reached a record-breaking USD 10.8 Bn in 2024

Sharjah's real estate sector witnessed a 48% YOY increase in transaction volumes in 2024, reaching AED 40 Bn, driven by increasing demand due to population growth, urban expansion, and significant infrastructure investments. The emirate also experienced a rise in investment from 120 nationalities in 2024, up from 103 nationalities in 2023, with 45,676 properties sold in 2024 compared to 31,229 in 2023. Total assets rose to AED 39.5 Bn, and 14 new residential, commercial, and industrial projects were registered to meet the growing demand.

### RAK Properties revealed a USD 1.4 Bn project for 2025

RAK Properties announced the launch of a new project pipeline worth AED 5 Bn in 2025 as part of its Mina master plan. The first project under Mirasol is a resort-style, two-tower residential development on Mina's Raha Island, featuring 339 units and set for handover in mid-2028. RAK Properties is poised to reveal significant luxury hotel partnerships for Mina in 1Q25, enhancing its portfolio, which already includes the ultra-luxury NB Collection and two operational hotels.

### Abu Dhabi's Eagle Hills reveals a USD 5.5 Bn investment plan in Georgia

Eagle Hills has signed a Memorandum of Understanding (MOU) with the Government of Georgia to invest over USD 5.5 Bn in to transform the country's urban landscape. The partnership will lead to two significant developments in Tbilisi and Batumi, creating vibrant, sustainable living with world-class facilities. Key projects include Krtsanisi Park, a riverside development in Tbilisi, and Gonio Marina, a waterfront development in Batumi, both of which blend modern living with natural and eco-friendly practices.

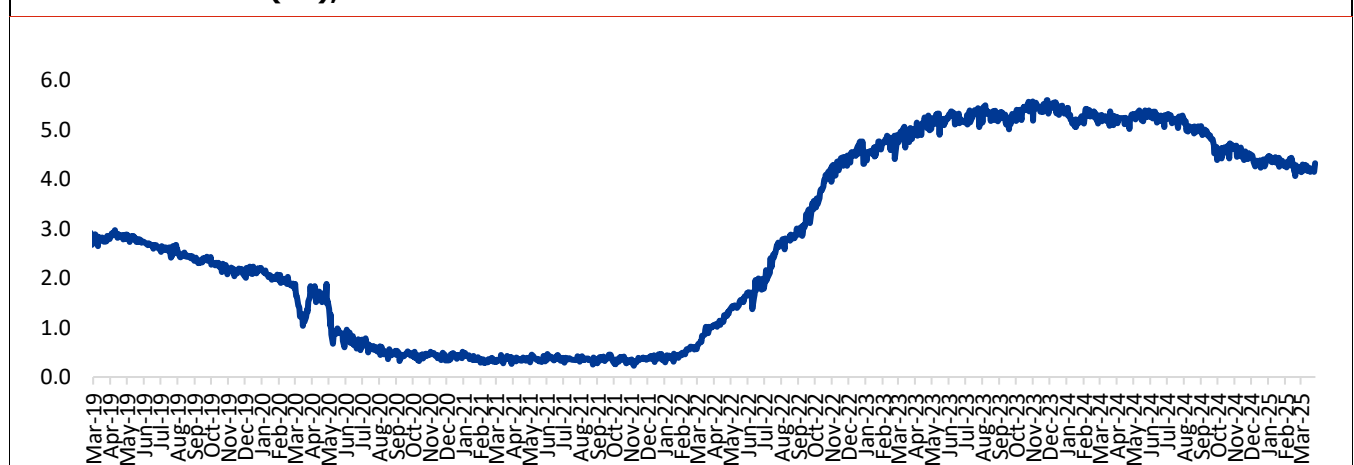
### Emaar plans to invest USD 3.8 Bn for developing Creek Tower and Creek Mall

Emaar Properties is set to invest over AED 14 Bn in the Creek Tower and Creek Mall developments. The company plans to allocate AED 65 Bn over the next five years. Emaar is expected to invest over AED 30 Bn in land replenishment in next five years to maintain its market leadership. Capital expenditure is expected to rise, with AED 1.5 Bn allocated for the expansion of Dubai Mall and further investments in residential rental properties. S&P has given Emaar Properties a BBB+ rating, reflecting its strong business performance.

### EIBOR

The US Federal Reserve cut policy rates by 50 bps in September 2024 for the first time in four years. After that, the Fed reduced benchmark interest rates by 25 bps in November 2024 and 25 bps in December 2024 to a range of 4.25% to 4.50%. Additionally, the Fed announced to make fewer rate cuts in 2025. Since the UAE's currency is pegged to the US dollar, the central bank of UAE closely follows the Fed. The CBUAE also reduced its benchmark rates by 100 bps to 4.40% in 2024, which aligns with the US Federal Reserve's move. CBUAE has maintained the base rate at 4.40% during 1Q25. The 3-month EIBOR rates expanded 21 bps MOM and declined 26 bps QOQ to 4.33% on 28 March 2025. The decline in rates will reduce the interest burden on consumers and businesses and boost the loan growth in the forthcoming period.

**3-month EIBOR (%), March 2019 - March 2025**

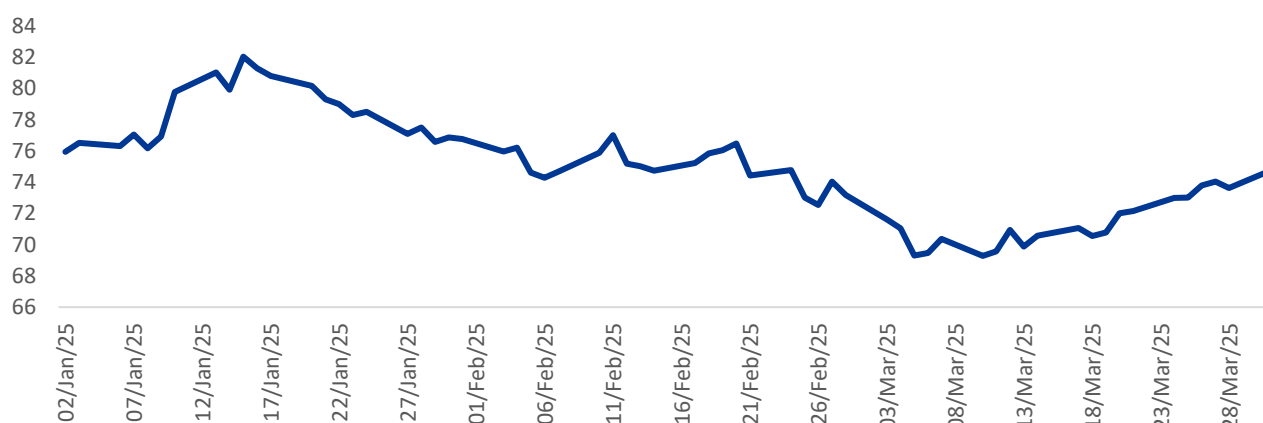


Source: CBUAE

## Oil Outlook

Brent crude oil prices displayed notable fluctuations in 1Q25, ultimately closing at USD 74.74 per barrel on March 31, reflecting a marginal 0.1% QOQ increase. The quarter began with Brent Crude oil prices increasing 2.8% MOM in January 2025 due to the expectation of the adoption of expansionary monetary policy around the world that is likely to boost economic growth, resulting in higher fuel demand. Moreover, anticipation of interest rate cuts by the Fed and proactive policies of China, coupled with colder weather in the northern hemisphere, further supported the oil prices. However, oil prices declined 4.7% MOM in the February 2025, as the US president agreed to hold off tariffs on Mexico and Canada. Oil prices further decreased due to a rise in the US crude inventories that indicated weak demand. Additionally, fears of US-China trade tariffs and concerns of a tariff hike on other countries also contributed to a decline in oil prices. The oil prices were further impacted by the resumption of exports from the Kurdistan oil field, coupled with an uncertainty on global economic growth, partially offset by new US sanctions on Iran and the reversal of Chevron's license in Venezuela during February 2025. Entering March, oil prices initially declined due to the US pausing military aid to Ukraine, OPEC+ plans to raise oil output, and the US's start of tariffs on China, Canada, and Mexico. After mid-month, oil prices increased as the US vowed to keep striking Houthis and China's stimulus to revive consumption. However, prices inched lower after Russia agreed US's proposal for a ceasefire. Additionally, OPEC+ launched new output cuts to compensate for overproduction. Oil prices increased during the end of the month owing to supply fears caused by US sanctions on buying oil from Venezuela and Iran. As a result, average Brent crude oil prices stood at USD 75.0 per bbl. during 1Q25.

### Brent Crude Prices (USD/bbl), Jan 2025 – March 2025



Source: IEA

## Relative valuation and rating

We maintain MARKET WEIGHT on the real-estate companies under our coverage with 4x BUY and 1x ACCUMULATE rating. The 2025F P/B multiples for the below stocks range between RAK Properties (0.6x) and Aldar Properties (1.5x). Emaar Properties 2025F dividend yield is the highest at 8.2%, followed by Emaar Development at 6.4%, Tecom Group at 5.5%, Aldar Properties at 3.7%, and RAK Properties at 2.7%.

Stock	TP	CMP	Gain	Rating	P/B (2025F)	Div. Yld (%) 2025F
Emaar Properties (AED)	15.00	12.20	+23.0%	BUY	1.1	8.2%
Emaar Development (AED)	15.00	11.45	+31.0%	BUY	1.2	6.4%
Aldar Properties (AED)	10.00	7.85	+27.4%	BUY	1.5	3.2%
TECOM GROUP (AED)	3.45	3.06	+12.7%	ACCUMULATE	1.0	5.2%
RAK PROPERTIES (AED)	1.65	1.26	+31.0%	BUY	0.6	0%

Source: FABS Estimate



## 1Q25 preview: Emaar properties

Strong property sales to support top line

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 12.20	AED 15.00	+23.0%	BUY

### 1Q25 estimate

Emaar Properties (EMAAR/the Company) net profit is expected to rise 39.8% YOY to AED 4,083 Mn in 1Q25, mainly due to an expected increase in revenue, other operating income, and decrease in income tax expense partially offset by an increase in the cost of revenue, operating & other expenses, depreciation charge, and increase in non-controlling interest. The Company's revenue is forecasted to increase 59.7% YOY to AED 10,735 Mn in 1Q25, supported by an anticipated rise in revenue across all segments. Cost of revenue is estimated to surge substantially from AED 2,702 Mn in 1Q24 to AED 4,568 Mn in 1Q25. As a result, gross profit is likely to increase 53.4% YOY to AED 6,168 Mn in 1Q25. The Company's other operating income is anticipated to rise 47.0% YOY to AED 193 Mn in 1Q25, whereas other operating expenses is projected to increase from AED 35 Mn in 1Q24 to AED 54 Mn in 1Q25. Selling, G&A expenses are estimated to increase 45.0% YOY to AED 945 Mn in 1Q25. Thus, EBITDA is expected to grow from AED 3,466 Mn in 1Q24 to AED 5,362 in 1Q25. Additionally, EBITDA margin is likely to decline from 51.6% in 1Q24 to 50.0% in 1Q25. The Company's operating profit is anticipated to increase 59.0% YOY to AED 4,971 Mn in 1Q25. Depreciation on PPE is predicted to rise 12.9% YOY to AED 170 Mn in 1Q25, while depreciation on IP is projected to increase 17.2% YOY to AED 221 Mn. On the other hand, finance income is projected to grow 2.7% YOY to AED 508 Mn in 1Q25, whereas finance cost is anticipated to increase marginally 0.9% YOY to AED 235 Mn in 1Q25. Other income is projected to decrease 48.9% YOY to AED 429 Mn in 1Q25. The Company's share of profit from associates is forecasted to fall 40.3% YOY to AED 22 Mn in 1Q25. Additionally, Emaar's income tax expenses are estimated to decline 9.4% YOY to AED 513 Mn in 1Q25. Profit attributable to NCI is expected to rise 41.3% YOY to AED 1,100 Mn in 1Q25.

### 2025 forecast

Emaar Properties net profit is expected to increase 15.4% YOY to AED 15,594 Mn in 2025, mainly due to a projected rise in revenue, other operating income, and other income partially offset by anticipated rise in the cost of revenue, other operating expenses, depreciation charge, increase in tax expenses and non-controlling interest. Revenue is projected to increase 18.3% YOY to AED 42,009 Mn in 2025, mainly due to an anticipated increase in revenue across all segments. The Company's cost of revenue is estimated to rise 19.8% YOY to AED 18,121 Mn in 2025. Thus, gross profit is projected to increase 17.2% YOY to AED 23,888 Mn in 2025. EMAAR's other operating income is anticipated to surge 22.0% YOY to AED 798 Mn in 2025, whereas other operating expenses are forecasted to rise 19.3% YOY to AED 286 Mn in 2025. Operating expenses are projected to increase 22.2% YOY to AED 3,949 Mn in 2025. Thus, EBITDA is predicted to rise 16.4% YOY to AED 20,452 Mn in 2025, whereas EBITDA margin will likely fall 78 bps YOY to 48.7% in 2025. The Company's operating profit is estimated to increase 17.1% YOY to AED 18,888 Mn in 2025. Depreciation of PPE is projected to increase 9.1% YOY to AED 682 Mn, whereas depreciation of IP is estimated to increase 10.1% YOY to AED 882 Mn in 2025. On the other hand, the Company's finance income is projected to decline marginally 0.1% YOY to AED 2,100 Mn in 2025. Similarly, the finance cost is anticipated to fall 2.8% YOY to AED 914 Mn in 2025. Other income is projected to boost 18.4% YOY to AED 1,890 Mn in 2025. Additionally, the Company's share of associates is forecasted to grow marginally 1.0% YOY to AED 6 Mn in 2025. Furthermore, Income tax expenses are expected to rise 36.3% YOY to AED 1,977 Mn in 2025. Profit attributable to NCI is projected to grow 11.8% YOY to AED 4,398 Mn in 2025.

**4Q24 outturn**

Emaar Properties recorded a 39.8% YOY increase in revenue to AED 11,712 Mn in 4Q24, mainly driven by strong retail sales, new project launches, increased tourism activity, and robust demand in the real estate sector. Revenue from the sale of residential units surged 58.9% YOY to AED 8,600 Mn in 4Q24, supported by the launch of new projects and strong property sales of AED 70 Bn, alongside a revenue backlog exceeding AED 110 Bn in 2024. Revenue from the sale of commercial units rose 18.9% YOY to AED 672 Mn in 4Q24. Additionally, revenue from leasing, retail, and related activities under the Emaar Malls segment declined 1.0% YOY to AED 1,837 Mn in 4Q24. The occupancy across Emaar malls stood robust at 98.5% as of 4Q24. The hospitality segment reported a 10.7% YOY growth in revenue to AED 603 Mn in 4Q24, driven by strong domestic spending and rising tourism activity. The hospitality revenue composition included 41% from room revenue, 26% from F&B, and 33% from other sources in 2024. Occupancy across Emaar's UAE hotels stood strong at 79% in 2024. Cost of revenue grew 70.7% to AED 4,963 Mn in 4Q24 due to higher costs associated with residential and commercial units. As a result, gross profit rose 23.3% YOY to AED 6,749 Mn in 4Q24. Other operating income increased 21.2% YOY to AED 188 Mn in 4Q24, while operating expenses declined 29.8% YOY to AED 63 Mn. SG&A expenses rose 14.1% YOY to AED 979 Mn in 4Q24, reflecting the Company's initiatives to enhance operational efficiencies. Emaar's total EBITDA grew 26.0% YOY to AED 5,895 Mn in 4Q24. However, EBITDA margins contracted 551 bps YOY to 50.3% in 4Q24. Depreciation on PPE declined 1.6% YOY to AED 163 Mn, while depreciation on investment properties grew 16.5% YOY to AED 238 Mn in 4Q24. Total operating profit increased 32.0% YOY to AED 5,494 Mn in 4Q24. Operating profit margin declined from 49.7% in 4Q23 to 46.9% in 4Q24. Moreover, finance income declined 1.6% YOY to AED 523 Mn in 4Q24 due to higher returns from bank deposits and securities, whereas finance costs declined 9.1% YOY to AED 271 Mn in 4Q24. Furthermore, the Company reported a profit from associates of AED 43 Mn in 4Q24 compared to a profit of AED 120 Mn in 4Q23. Other income grew 27.7% YOY to AED 683 Mn in 4Q24. Income tax expenses marginally declined from AED 71 Mn in 4Q23 to AED 70 Mn in 4Q24. Additionally, the share of profit attributable to non-controlling interest holders declined 11.1% YOY to AED 1,412 Mn in 4Q24.

**Target price and recommendation**

We revised our rating to BUY on Emaar Properties with a target price of AED 15.00. The Company's stock price grew 7.3% since our last rating. Emaar witnessed robust growth in revenue driven by strong demand in Dubai's real estate market, consistent project execution, and sustained investor confidence. Besides, the continued expansion of Dubai's tourism sector also supported Emaar's top-line growth. The Company's property sales surged from AED 40.3 Bn in 2023 to AED 70.0 Bn in 2024 owing to the launch of 62 projects across various masterclasses. Additionally, the property sales backlog exceeded AED 110.0 Bn in 2024, providing strong revenue visibility that is expected to be recognized over coming years. Emaar's diverse recurring revenue portfolio, which includes malls, hospitality, leisure, entertainment, and commercial leasing, reached AED 9.3 Bn, reflecting an increase of more than 8% YOY in 2024. The average occupancy rate in Emaar's UAE hotels stood strong at 79% in 2024. Additionally, Emaar's international operations, particularly in Egypt and India, saw strong revenue growth, with international property sales reaching AED 4.1 Bn in 2024. The Company's subsidiary, Emaar Developments, recorded property sales of AED 65 Bn in 2024, with a revenue backlog of AED 103 Bn and a very low customer default rate of c. 0.5% of sales value. Furthermore, in 2024, Emaar Mall announced the expansion of Dubai Mall, adding 240 new shops with a capex of AED 1.5 Bn. Post expansion, the mall will attract more visitors and various domestic and international luxury retail and F&B brands. The Company also secured 141 Mn sq ft of land in a prime location in Dubai, with a total development value of AED 96 Bn in 2024. Emaar Properties distributed a cash dividend of AED 1 per share, generating a dividend yield of 8.2% in 2024. Thus, based on our analysis, we assign a BUY rating on the stock.

**Emaar Properties – Relative Valuation**

(at CMP)	2020	2021	2022	2023	2024	2025F
PE (X)	41.41	26.26	15.78	9.27	7.98	6.91
PB (X)	1.57	1.62	1.66	1.39	1.26	1.09
EV / EBITDA	35.19	14.78	13.21	7.95	6.18	5.31
Dividend yield (%)	0.8%	1.2%	2.0%	4.1%	8.2%	8.2%

*FABS estimate & Co Data*
**Emaar Properties - P&L**

AED mm	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	6,723	11,712	10,735	59.7%	-8.3%	35,505	42,009	18.3%
Cost of revenue	-2,702	-4,963	-4,568	69.1%	-8.0%	-15,124	-18,121	19.8%
<b>Gross profit</b>	<b>4,021</b>	<b>6,749</b>	<b>6,168</b>	<b>53.4%</b>	<b>-8.6%</b>	<b>20,381</b>	<b>23,888</b>	<b>17.2%</b>
Other operating income	131	188	193	47.0%	2.6%	654	798	22.0%
Other operating expenses	-35	-63	-54	53.8%	-15.3%	-239	-286	19.3%
SG&A expenses	-652	-979	-945	45.0%	-3.5%	-3,232	-3,949	22.2%
<b>EBITDA</b>	<b>3,466</b>	<b>5,895</b>	<b>5,362</b>	<b>54.7%</b>	<b>-9.0%</b>	<b>17,563</b>	<b>20,452</b>	<b>16.4%</b>
<b>EBIT</b>	<b>3,127</b>	<b>5,494</b>	<b>4,971</b>	<b>59.0%</b>	<b>-9.5%</b>	<b>16,136</b>	<b>18,888</b>	<b>17.1%</b>
Depreciation of PPE	-151	-163	-170	12.9%	4.3%	-625	-682	9.1%
Depreciation of IP	-188	-238	-221	17.2%	-7.2%	-802	-882	10.1%
Finance income	495	523	508	2.7%	-2.8%	2,102	2,100	-0.1%
Finance cost	-233	-271	-235	0.9%	-13.1%	-941	-914	-2.8%
Other income	840	683	429	-48.9%	-37.1%	1,596	1,890	18.4%
Share of assoc. profits/(-loss)	36	43	22	-40.3%	-50.0%	6	6	1.0%
<b>Profit before tax</b>	<b>4,265</b>	<b>6,473</b>	<b>5,695</b>	<b>33.5%</b>	<b>-12.0%</b>	<b>18,900</b>	<b>21,970</b>	<b>16.2%</b>
Income tax	-566	-70	-513	-9.4%	NM	-1,451	-1,977	36.3%
<b>Profit for the period</b>	<b>3,699</b>	<b>6,403</b>	<b>5,183</b>	<b>40.1%</b>	<b>-19.1%</b>	<b>17,449</b>	<b>19,993</b>	<b>14.6%</b>
Non-controlling interests	-778	-1,412	-1,100	41.3%	-22.1%	-3,935	-4,398	11.8%
<b>Profit to shareholders</b>	<b>2,921</b>	<b>4,991</b>	<b>4,083</b>	<b>39.8%</b>	<b>-18.2%</b>	<b>13,514</b>	<b>15,594</b>	<b>15.4%</b>

*FABS estimate & Co Data*
**Emaar Properties - Margins**

	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	59.8%	57.6%	57.5%	-236	-18	57.4%	56.9%	-54
EBITDA	51.6%	50.3%	50.0%	-160	-38	49.5%	48.7%	-78
Operating Profit	46.5%	46.9%	46.3%	-20	-60	45.4%	45.0%	-49
Net Profit	43.4%	42.6%	38.0%	-541	-458	38.1%	37.1%	-94

*FABS estimate & Co Data*

## 1Q25 preview: Emaar Development

Increase in sale of residential units to support profitability

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 11.45	AED 15.00	+31.0%	BUY

### 1Q25 Estimate

Emaar Development's (EMAARDEV/the Company) net profit is estimated to increase 93.5% YOY to AED 2,502 Mn in 1Q25. The rise in net profit is mainly attributable to an expected rise in revenue, finance income, and other income partially offset by increase in cost of revenue, S&G expenses, decline in share of results of joint ventures, and increase in tax expenses and NCI. The Company's revenue is expected to increase significantly from AED 3,507 Mn in 1Q24 to AED 6,491 Mn in 1Q25, mainly due to a strong growth anticipated in property sales. The Company's Cost of revenue is expected to grow significantly from AED 1,619 Mn in 1Q24 to AED 2,921 Mn in 1Q25. Thus, gross profit is expected to increase from AED 1,888 Mn in 1Q24 to AED 3,570 Mn in 1Q25. The Company's S&G expenses are forecasted to almost double from AED 311 Mn in 1Q24 to AED 558 Mn in 1Q25. As a result, operating profit is anticipated to increase from AED 1,578 Mn in 1Q24 to AED 3,012 Mn in 1Q25. The Company's EBITDA is forecasted to surge from AED 1,693 Mn in 1Q24 to AED 3,135 Mn in 1Q25. In contrast, EBITDA margin is anticipated to rise 3 bps YOY to 48.3% in 1Q25. EMAARDEV's finance income is anticipated to surge 18.7% YOY to AED 308 Mn in 1Q25. Finance cost is expected to fall 5.6% YOY to AED 86 Mn in 1Q25. The Company's other income is forecasted to increase 10.1% YOY to AED 97 Mn in 1Q25. On the other hand, share of results of Joint Ventures is anticipated to fall 10.0% YOY to AED 22 Mn in 1Q25. The Company's tax expenses are predicted to increase from AED 165 Mn in 1Q24 to AED 302 Mn in 1Q25. EMAARDEV's share of profit to NCI is projected to rise 37.2% YOY to AED 549 Mn in 1Q25.

### 2025 Forecast

Emaar Development's net profit is expected to rise 46.2% YOY to AED 11,158 Mn in 2025, mainly driven by an expected increase in revenue, finance income, other income and decrease in finance cost partially offset by anticipated rise cost of revenue, S&G expenses, and decrease in share of results of joint ventures coupled with predicted rise in tax expenses and NCI. The Company's revenue is forecasted to increase 40.2% YOY to AED 26,844 Mn in 2025, supported by an anticipated increase in sale of properties. On the other hand, cost of revenue is predicted to grow 34.4% YOY to AED 11,409 Mn in 2025. Thus, Gross profit is projected to increase 44.8% YOY to AED 15,435 Mn in 2025. The Company's S&G expenses are estimated to rise from AED 1,609 Mn in 2024 to AED 2,416 Mn in 2025. As a result, operating profit is projected to increase 43.9% YOY to AED 13,019 Mn in 2025. EMAARDEV's EBITDA is expected to grow 46.5% YOY to AED 13,808 Mn in 2025. The Company's finance income is anticipated to rise 6.2% YOY to AED 1,232 Mn in 2025. Finance cost is projected to decline 14.4% YOY to AED 344 Mn in 2025. EMAARDEV's other income is expected to increase significantly from AED 174 Mn in 2024 to AED 591 Mn in 2025. Share of results of joint ventures is anticipated to fall 5.0% YOY to AED 184 Mn in 2025. The Company's corporate tax is expected to increase significantly from AED 486 Mn in 2024 to AED 1,321 Mn in 2025. Share of NCI is predicted to grow 7.2% YOY to AED 2,202 Mn in 2025.

### 4Q24 Outturn

Emaar Development's revenue surged 46.5% YOY to AED 6,668 Mn in 4Q24, primarily driven by a significant increase in the sale of residential units, as well as the sale of commercial units, plots of land, and development services. Revenue from the sale of residential units rose substantially from AED 4,414 Mn in 4Q23 to AED 6,120 Mn in 4Q24, while revenue from commercial unit sales, plots of land, and development services grew from AED 138 Mn in 4Q23 to AED 549 Mn in 4Q24. EMAARDEV's total property sales increased from AED 8.5 Bn in 4Q23 to AED 17.4 Bn in 4Q24. The Company's cost of revenue recorded a sharp rise from AED 826 Mn in 4Q23 to AED 2,858 Mn in 4Q24. As a result, gross profit increased 2.3% YOY to AED 3,811 Mn in 4Q24, though gross margins contracted from 81.9% in 4Q23 to 57.1% in 4Q24. Selling and general expenses rose 24.6% YOY to AED 524 Mn in 4Q24. Operating profit declined marginally by 0.6% YOY to AED 3,287 Mn in 4Q24. Moreover,

EBITDA fell 3.2% YOY to AED 3,421 Mn in 4Q24. EBITDA margin contracted from 77.6% in 4Q23 to 51.3% in 4Q24. Finance income increased 1.9% YOY to AED 275 Mn in 4Q24, while finance costs rose 4.9% YOY to AED 75 Mn in 4Q24. Other income declined from AED 180 Mn in 4Q23 to AED 21 Mn in 4Q24. The share of results from JVs rose from AED 46 Mn in 4Q23 to AED 110 Mn in 4Q24. Meanwhile, the share of profit attributable to non-controlling interest holders declined from AED 1,160 Mn in 4Q23 to AED 652 Mn in 4Q24. Additionally, the Company recorded a tax reversal of AED 96 Mn in 4Q24.

### Target price and rating

We maintain our BUY rating on Emaar Development with a target price of AED 15.00. EMAARDEV reported a significant increase in profit, driven by robust growth in property sales and strong demand in the UAE's real estate sector. Property sales grew from AED 8.5 Bn in 4Q23 to AED 17.4 Bn in 4Q24, driven by new project launches within existing masterplans. This Company launched 62 development projects during FY2024. The Company's sales backlog rose to AED 90.9 Bn in FY2024, indicating a strong revenue recognition outlook in the coming period. In 4Q24, EMAARDEV launched 'Farm Grove 1 & 2' and Velora 2 at the Valley, an idyllic new township. Additionally, the Company has handed over c. 74,500 residential units since its inception, with over 42,000 residential units currently under development. The continued project launches, and strong revenue backlog ensure the Company's revenue stability in the years ahead. Emaar Development achieved its highest ever property sales of AED 65.4 Bn in FY2024 compared to AED 37.4 Bn in FY2023. Additionally, the Company recorded highest ever revenue of AED 19.1 Bn in FY2024. The Company also acquired 141 Mn SQFT of development land in prime area with a total development value of AED 96 Bn during FY2024. Emaar Development also sold record 19,058 units during FY2024 compared to 11,293 units during FY2023. The Company also owns remaining c. 367 Mn SQFT land bank (GLA) in the UAE. Emaar Development's board paid a cash dividend of AED 2,720 Mn for FY2024, equivalent to 68 fils per share. Given these factors, we maintain BUY rating on the stock.

### Relative Valuation

	2020	2021	2022	2023	2024	2025F
PE (X)	27.64	14.12	12.03	6.91	6.00	4.10
PB (X)	4.1	3.2	2.6	2.0	1.61	1.24
EV / EBITDA	20.88	10.32	8.78	3.88	2.70	3.46
Dividend Yield (%)	NM	NM	4.5%	4.5%	5.9%	6.4%

FABS estimate& Co Data

### Emaar Development - P&L

AED mm	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025	Change
Revenue	3,507	6,668	6,491	85.1%	-2.7%	19,147	26,844	40.2%
Cost of Revenue	-1,619	-2,858	-2,921	80.5%	2.2%	-8,490	-11,409	34.4%
<b>Gross Profit</b>	<b>1,888</b>	<b>3,811</b>	<b>3,570</b>	<b>89.1%</b>	<b>-6.3%</b>	<b>10,657</b>	<b>15,435</b>	<b>44.8%</b>
S&G Expenses	-311	-524	-558	79.7%	6.6%	-1,609	-2,416	50.1%
<b>Operating Profit</b>	<b>1,578</b>	<b>3,287</b>	<b>3,012</b>	<b>90.9%</b>	<b>-8.4%</b>	<b>9,047</b>	<b>13,019</b>	<b>43.9%</b>
<b>EBITDA</b>	<b>1,693</b>	<b>3,421</b>	<b>3,135</b>	<b>85.2%</b>	<b>-8.4%</b>	<b>9,424</b>	<b>13,808</b>	<b>46.5%</b>
Finance Income	259	275	308	18.7%	12.0%	1,160	1,232	6.2%
Finance Cost	-91	-75	-86	-5.6%	14.9%	-402	-344	-14.4%
Other Income	88	21	97	10.1%	NM	174	591	NM
Share of results of Joint Ventures	25	110	22	-10.0%	-80.0%	194	184	-5.0%
<b>Profit before tax</b>	<b>1,859</b>	<b>3,619</b>	<b>3,353</b>	<b>80.4%</b>	<b>-7.3%</b>	<b>10,173</b>	<b>14,682</b>	<b>44.3%</b>
Tax	-165	96	-302	82.9%	NM	-486	-1,321	NM
NCI	400	652	549	37.2%	-15.7%	2,053	2,202	7.2%
<b>Net profit to equity holders</b>	<b>1,293</b>	<b>3,063</b>	<b>2,502</b>	<b>93.5%</b>	<b>-18.3%</b>	<b>7,633</b>	<b>11,158</b>	<b>46.2%</b>

FABS estimate& Co Data

### Emaar Development-Margins

	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	53.8%	57.1%	55.0%	116	-215	55.7%	57.5%	184
EBITDA	48.3%	51.3%	48.3%	3	-301	49.2%	51.4%	222
Operating Profit	45.0%	49.3%	46.4%	141	-289	47.3%	48.5%	125
Net Profit	36.9%	45.9%	38.5%	166	-738	39.9%	41.6%	170

FABS estimate& Co Data



## 1Q25 preview: Aldar Properties

Healthy revenue backlog to boost top-line

Current Price AED 7.85	12-m Target Price AED 10.00	Upside/Downside (%) +27.4%	Rating BUY
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### 1Q25 Estimate

Aldar Properties (Aldar/the Company) is expected to report a 21.6% YOY growth in net profit to AED 1,601 Mn in 1Q25. The increase in net profit is mainly attributable to an anticipated rise in revenue, and total other income partially offset by a predicted increase in direct costs, general expenses, selling & marketing exp, impairment loss, decrease in finance income, increase in finance cost, tax expenses and NCI. Aldar's revenue is forecasted to increase 24.1% YOY to AED 6,966 Mn in 1Q25 mainly driven by strong revenue growth expected across the revenue segments. Aldar Development is predicted to rise 22.5% YOY to AED 4,763 Mn and Aldar Investment to grow 27.5% YOY to AED 2,204 Mn in 1Q25. The Company's direct cost is estimated to increase 23.0% YOY to AED 4,417 Mn in 1Q25. Thus, gross profit will likely rise 25.8% YOY to AED 2,549 Mn in 1Q25. General expenses are anticipated to increase 21.2% YOY to AED 522 Mn in 1Q25. Whereas selling and marketing expenses are projected to increase significantly from AED 24 Mn in 1Q24 to AED 42 Mn in 1Q25. Hence, the Company's EBITDA will likely increase 18.0% YOY to AED 2,140 Mn in 1Q25. EBITDA margin is likely to fall from 32.3% in 1Q24 to 30.7% in 1Q25. Moreover, the Company's, operating income is expected to grow 26.3% YOY to AED 1,985 Mn and operating profit margin is likely to increase 52 bps YOY to 28.5% in 1Q25. The Company's provisions are expected to rise significantly from AED 9 Mn in 1Q24 to AED 49 Mn in 1Q25. Additionally, Aldar's finance income is forecasted to decrease 14.5% YOY to AED 153 Mn in 1Q25. Finance cost is estimated to rise 23.7% YOY to AED 259 Mn in 1Q25. Moreover, total other income is anticipated to increase 12.1% YOY to AED 118 Mn in 1Q25. The Company's tax expense is expected to increase 32.0% YOY to AED 88 Mn in 1Q25. Furthermore, non-controlling interest is projected to boost 2.6% YOY to AED 261 Mn in 1Q25.

### 2025 Forecast

Aldar Properties net profit is expected to rise 24.5% YOY to AED 6,969 Mn in 2025 owing to an expected increase in revenue, partially offset by an anticipated rise in direct costs, general expenses, selling & marketing expenses, impairment losses, decrease in finance income, increase in finance costs, decline in total other income, increase in tax expenses and NCI. Aldar's revenue is expected to grow 33.5% YOY to AED 30,695 Mn in 2025 due solid demand expected across its revenue segments. Aldar Development is predicted to rise 40.4% YOY to AED 22,059 Mn and Aldar Investment to grow 18.5% YOY to AED 8,636 in 2025. The Company's direct cost is estimated to grow 32.6% YOY to AED 19,829 Mn in 2025. Thus, gross profit will likely increase 35.1% YOY to AED 10,866 Mn in 2025. The Company's general expenses are projected to increase 26.3% YOY to AED 2,271 Mn, whereas selling & marketing expenses are estimated to surge significantly from AED 129 Mn in 2024 to AED 215 Mn in 2025. Thus, EBITDA is forecasted to grow 16.8% YOY to AED 9,002 Mn in 2025. Whereas, EBITDA margin is likely to fall from 33.5% in 2024 to 29.3% in 2025. Moreover, operating profit is expected to grow 37.0% YOY to AED 8,379 Mn and operating profit margin to rise 70 bps YOY to 27.3% in 2025. The Company's impairment losses are projected to boost from AED 199 Mn in 2024 to AED 338 Mn in 2025. Aldar's finance income is anticipated to decline 14.2% YOY to AED 614 Mn in 2025. Finance cost is predicted to increase 9.7% YOY to AED 1,035 Mn in 2025. The Company's other income is estimated to decrease 21.4% YOY to AED 921 Mn in 2025. Aldar's tax expenses are projected to grow 24.5% YOY to AED 442 Mn in 2025. Similarly, NCI is estimated to increase 24.5% YOY to AED 1,130 Mn in 2025.

## 4Q24 Outturn

Aldar's revenue increased significantly by 47.8% YOY to AED 6,498 Mn in 4Q24, driven by strong growth in both development and investment business, supported by demand for new and existing projects, a rising appeal among international buyers, and a successful execution of revenue backlog coupled with record development sales. Additionally, the Company's revenue backlog stood at AED 54.6 Bn as of 2024, compared to AED 36.8 Bn in 2023. Aldar's development revenue almost doubled from AED 2,440 Mn in 4Q23 to 4,336 Mn in 4Q24, supported by the successful execution of the revenue backlog from newly launched and existing projects. Whereas, Aldar Investment revenue grew 9.9% YOY to 2,341 Mn in 4Q24. The Elimination of inter-segment transactions accounted for negative AED 179 Mn in 4Q24. The Company's direct costs surged 46.5% YOY to AED 4,129 Mn in 4Q24 mainly due to a sharp increase in Property Development & Sales costs, substantial rise in project management and significant increase in Estates (Principal Investment) cost. Thus, gross profit increased from AED 1,580 Mn in 4Q23 to AED 2,369 Mn in 4Q24, whereas gross margin increased 54 bps YOY to 36.5% in 4Q24. G&A expenses increased 25.1% YOY to AED 549 Mn in 4Q24. Additionally, S&M expenses rose 35.5% YOY to AED 45 Mn in 4Q24. EBITDA of Aldar Development increased from AED 612 Mn in 4Q23 to AED 1,123 Mn in 4Q24 and EBITDA of Aldar Investment rose 12.3% YOY to AED 713 Mn in 4Q24 due to strong performance from the investment properties portfolio marked by high occupancy and favourable rental rates, coupled with higher contributions from Aldar Estates and Aldar Education. Performance was further fuelled by strategic acquisitions during the last two years, which have driven the growth in the platform's AUM to AED 42 Bn. Hence, Aldar's adjusted EBITDA grew 42.7% YOY to AED 2,312 Mn in 4Q24. However, the EBITDA margin declined 126 bps YOY to 35.6% in 4Q24. The Company's operating profit increased from AED 1,107 Mn in 4Q23 to AED 1,775 4Q24, while the operating profit margin expanded 214 bps YOY to 27.3% in 4Q24. Aldar's provision increased significantly from 57 Mn in 4Q23 to AED 173 Mn in 4Q24. The Company's finance income boosted 24.9% YOY to AED 190 Mn in 4Q24, and finance cost surged 30.1% YOY to AED 246 Mn in 4Q24. On the other hand, total other income increased 22.4% to AED 533 Mn in 4Q24. Aldar's income tax surged significantly from AED 37 Mn in 4Q23 to AED 150 Mn in 4Q24 due to the introduction of corporate tax in the UAE. Furthermore, profit attributable to non-controlling interest increased 39.2% YOY to AED 289 Mn in 4Q24.

## Target price and rating

We revised our rating on Aldar properties from ACCUMULATE to BUY with an unchanged target price of AED 10.0. Aldar demonstrated strong profitability growth, mainly due to robust revenue expansion driven by strong demand for new developments and existing inventory and an increase in EBITDA during 4Q24. Aldar successfully initiated twelve new developments as of 2024, including four in 4Q24. Additionally, international buyers and expats have increased their purchasing activity in the UAE, with their share of total sales rising from 66% in 2023 to 78% in 2024. The Company's project backlog has grown to AED 54.6 Bn, with AED 45.9 Bn in the UAE. This backlog is expected to drive significant revenue recognition over the next 2-3 years. Additionally, By the end of December 2024, the project management services backlog stood at AED 91.1 Bn, with AED 50 Bn currently under construction. Furthermore, the UAE revenue backlog for Aldar Development reached AED 45.9 Bn in FY2024, reflecting a 57% YOY increase from AED 29.1 Bn in FY2023, SODIC's revenue backlog reached AED 6.3 Bn by the end of December 2024, with an average duration of 36 months, driven by the successful launch of Ogami in 3Q24 and strong demand from cross-selling into the UAE market. On the other hand, London Square's revenue backlog increased to AED 2.4 Bn (GBP 524.8 Mn), with an average duration of 27 months, offering strong revenue visibility over the next 2-3 years. In FY2024, London Square completed 13 land acquisitions and launched four developments. Aldar Investment's adjusted EBITDA grew 20.2% YOY to AED 2.7 Bn in FY2024, with 4Q24 EBITDA grew 12.3% YOY to AED 713 Mn. This growth was driven by strong performance in the investment properties portfolio, high occupancy, and contributions from Aldar Estates and Aldar Education. Additionally, strategic acquisitions over the past two years increased the platform's assets under management to AED 42 Bn. In FY2024, activity increased in Egypt with SODIC's successful Ogami launch and in the UK with London Square launching four developments and acquiring 13 land sites. The strategic partnership with Mubadala progressed with the closure of three joint ventures involving assets at Masdar City, land at Al Falah, and an island near Saadiyat Island. The Residential portfolio

saw strong renewals and higher rental rates, with occupancy at 99%, and longer-duration residential bulk leases now making up 63% of total leases. The Hospitality portfolio, occupancy exceeding 73%, and average daily rates and revenue per available room increasing by 5% and 9% YoY in 2024. This growth was supported by an AED 1.5 Bn transformation program across key assets. Aldar's digital platforms received 4.2 Mn visits in 2024, with 45% of the traffic coming from international markets, demonstrating strong global engagement. Thus, considering the abovementioned factors, we revise our rating to BUY on the stock.

**Aldar- Relative Valuation**

(At CMP)	2020	2021	2022	2023	2024	2025F
PE	31.74	26.48	21.20	16.06	11.16	8.80
PB	2.39	2.28	2.16	1.97	1.76	1.52
EV/EBITDA	25.94	21.98	17.72	13.46	9.14	7.56
Dividend Yield	1.9%	1.9%	2.1%	2.2%	2.4%	3.2%

FABS estimate & Co Data

**Aldar - P&L**

AED (Mn)	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	5,616	6,498	6,966	24.1%	7.2%	22,998	30,695	33.5%
Direct costs	-3,590	-4,129	-4,417	23.0%	7.0%	-14,953	-19,829	32.6%
<b>Gross profit</b>	<b>2,026</b>	<b>2,369</b>	<b>2,549</b>	<b>25.8%</b>	<b>7.6%</b>	<b>8,045</b>	<b>10,866</b>	<b>35.1%</b>
General expenses	-431	-549	-522	21.2%	-4.9%	-1,799	-2,271	26.3%
Sell & Mktg Exp	-24	-45	-42	77.6%	-6.6%	-129	-215	66.0%
<b>EBITDA</b>	<b>1,814</b>	<b>2,312</b>	<b>2,140</b>	<b>18.0%</b>	<b>-7.4%</b>	<b>7,709</b>	<b>9,002</b>	<b>16.8%</b>
<b>EBIT</b>	<b>1,571</b>	<b>1,775</b>	<b>1,985</b>	<b>26.3%</b>	<b>11.8%</b>	<b>6,117</b>	<b>8,379</b>	<b>37.0%</b>
Share of assoc.	-1	-1	0	NM	NM	-2	0	NM
Provision/(reversal)	-9	-173	-49	NM	-71.8%	-199	-338	69.5%
Finance income	179	190	153	-14.5%	-19.2%	715	614	-14.2%
Finance cost	-209	-246	-259	23.7%	5.4%	-943	-1,035	9.7%
Total other income	106	533	118	12.1%	-77.8%	1,171	921	-21.4%
<b>Profit before tax</b>	<b>1,637</b>	<b>2,079</b>	<b>1,949</b>	<b>19.0%</b>	<b>-6.3%</b>	<b>6,859</b>	<b>8,541</b>	<b>24.5%</b>
Income tax	-66	-150	-88	32.0%	-41.5%	-355	-442	24.5%
<b>Profit after tax</b>	<b>1,571</b>	<b>1,929</b>	<b>1,861</b>	<b>18.5%</b>	<b>-3.5%</b>	<b>6,504</b>	<b>8,099</b>	<b>24.5%</b>
Non-controlling interest	254	289	261	2.6%	-9.8%	908	1,130	24.5%
<b>Net profit</b>	<b>1,317</b>	<b>1,640</b>	<b>1,601</b>	<b>21.6%</b>	<b>-2.4%</b>	<b>5,596</b>	<b>6,969</b>	<b>24.5%</b>

FABS estimate & Co Data

**Aldar - Margins**

	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	36.1%	36.5%	36.6%	52	13	35.0%	35.4%	42
EBITDA	32.3%	35.6%	30.7%	-158	-486	33.5%	29.3%	-419
Operating Profit	28.0%	27.3%	28.5%	52	117	26.6%	27.3%	70
Net Profit	23.4%	25.2%	23.0%	-47	-226	24.3%	22.7%	-163

FABS estimate & Co Data



## 1Q25 preview: Tecom Group

Higher revenue growth across the segments to boost bottom line

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 3.06	AED 3.45	+12.7%	ACCUMULATE

### 1Q25 estimate

Tecom Group's (TECOM/the Company) net profit is expected to increase marginally 0.8% YOY to AED 295 Mn in 1Q25, mainly driven by an anticipated growth in sales partially offset by a forecasted increase in direct costs, total operating expenses, D&A expenses, decline in finance income and increase in finance cost. TECOM's sales are projected to increase 14.9% YOY to AED 648 Mn in 1Q25 due to healthy performance expected across all the revenue segments. Revenue from Commercial Leasing is anticipated to rise 13.7% YOY to AED 336 Mn and revenue from Industrial Leasing is predicted to increase in 19.4% YOY to AED 98 Mn in 1Q25. Similarly, Revenue from Land Leasing is forecasted to grow 17.0% YOY to AED 149 Mn and Services Revenue is estimated to boost 10.0% YOY to AED 65 Mn in 1Q25. The direct cost is anticipated to rise 23.5% YOY to AED 229 Mn in 1Q25. Thus, gross profit is likely to grow 10.6% YOY to AED 419 Mn in 1Q25. G&A expenses are estimated to increase 28.5% YOY to AED 57 Mn in 1Q25. Marketing and selling expenses are forecasted to rise significantly from AED 9 Mn in 1Q24 to AED 14 Mn in 1Q25. Furthermore, other income is anticipated to grow 33.0% YOY to AED 18 Mn in 1Q25. Other expenses are predicted to fall 11.3% YOY to AED 3 Mn in 1Q25. Thus, TECOM's operating profit is expected to surge 8.1% YOY to AED 362 Mn in 1Q25. Operating profit margin will likely fall from 59.3% in 1Q24 to 55.8% in 1Q25. Depreciation & amortization is expected to increase 10.6% YOY to AED 116 Mn in 1Q25. Hence, EBITDA is anticipated to rise 8.7% YOY to AED 477 Mn in 1Q25. However, EBITDA margin is anticipated to decline from 77.8% in 1Q24 to 73.7% in 1Q25. The Company's finance income is anticipated to decline 22.0% YOY to AED 15 Mn in 1Q25. Finance cost is expected to increase 41.8% YOY to AED 70 Mn in 1Q25. TECOM's tax expense is projected to decline marginally 0.4% YOY to AED 12 Mn in 1Q25.

### 2025 forecast

TECOM's net profit is expected to decrease 2.2% YOY to AED 1,202 Mn in 2025, mainly due to an estimated increase in direct cost, total operating expenses, D&A expenses, decrease in finance income, increase in finance cost and tax expenses partially offset by rise in sales. The Company's sales are anticipated to rise 8.9% YOY to AED 2,616 Mn in 2025 due to the strong performance estimated across all its revenue segments. Revenue from Commercial Leasing is forecasted to rise 10.0% YOY to AED 1,339 Mn and revenue from Industrial Leasing is predicted to increase 8.9% YOY to AED 389 Mn in 2025. Similarly, Revenue from Land Leasing is estimated to grow 3.6% YOY to AED 551 Mn and Services Revenue is estimated to boost 14.0% YOY to AED 337 Mn in 2025. Direct cost is predicted to rise 7.8% YOY to AED 916 Mn in 2025. Thus, gross profit is likely to increase 9.5% YOY to AED 1,700 Mn in 2025. G&A expenses are expected to grow 12.2% YOY to AED 230 Mn in 2025. Marketing and selling expenses are anticipated to increase 4.1% YOY to AED 57 Mn in 2025. Other income is projected to fall significantly from AED 138 Mn in 2024 to AED 70 Mn in 2025. Whereas other expenses are expected to rise substantially from AED 6 Mn in 2024 to AED 13 Mn in 2025. As a result, operating profit is expected to increase 3.2% YOY to AED 1,470 Mn in 2025. D&A expenses are projected to increase 7.6% YOY to AED 462 Mn in 2025. Tecom's EBITDA is projected to grow 4.3% YOY to AED 1,933 Mn in 2025. The Company's finance income is forecasted to decline 9.1% YOY to AED 60 Mn, and finance cost is predicted to rise 25.9% YOY to AED 281 Mn in 2025. The Company is expected to incur income tax expenses of AED 47 Mn in 2025 compared to AED 38 Mn in 2024.

### 4Q24 outturn

TECOM's revenue increased by 10.8% YOY to AED 643 Mn in 4Q24, supported by higher occupancy levels, growth in rental rates, and a healthy retention rate. Commercial Leasing segment revenue grew 7.0% YOY to AED 315 Mn in 4Q24, primarily due to new leases, an increase in gross GLA and

higher rental rates. Similarly, the Industrial Leasing segment revenue increased 24.3% YOY to AED 99 Mn in 4Q24. Furthermore, revenue from land leasing declined 3.4% YOY to AED 137 Mn in 4Q24. The services revenue rose from AED 64 Mn in 4Q23 to AED 92 Mn in 4Q24. However, direct costs increased 21.2% YOY to AED 241 Mn in 4Q24. As a result, the Company's gross profit rose 5.4% YOY to AED 402 Mn in 4Q24. TECOM's G&A expenses dropped from AED 69 Mn in 4Q23 to AED 53 Mn in 4Q24, while selling and marketing expenses increased 13.5% YOY to AED 26 Mn in 4Q24. Furthermore, other income grew from AED 10 Mn in 4Q23 to AED 25 Mn in 4Q24. Total operating expenditure declined 30.5% YOY to AED 57 Mn in 4Q24. As a result, operating profit increased 15.2% YOY to AED 346 Mn in 4Q24 with operating margin rose 204 bps to 53.7% in 4Q24. The Commercial leasing segment EBITDA declined 4.3% YOY to AED 189 Mn in 4Q24, while the Industrial leasing segment EBITDA rose 19.0% YOY to AED 66 Mn. Furthermore, Service segment EBITDA improved from AED 37 Mn in 4Q23 to AED 72 Mn in 4Q24 and EBITDA of Land Leasing segment declined 5.6% YOY to AED 132 Mn in 4Q24. The Company's overall EBITDA increased 14.2% YOY to AED 458 Mn with an EBITDA margin of 71.3% in 4Q24 compared to 69.2% in 4Q23. TECOM's finance income dropped to AED 11 Mn in 4Q24 from AED 41 Mn in 4Q23, while finance cost rose 33.9% YOY to AED 64 Mn in 4Q24 due to the additional facilities drawdown for new acquisitions. The Company recorded income tax expense of AED 7 Mn in 4Q24.

### Target price and recommendation

We revise our rating from HOLD to ACCUMULATE on TECOM with an unchanged target price of AED 3.45. TECOM's revenue generation is driven by increasing rental rates and strong demand, which can drive rent by 13% YOY in FY25 in Dubai, according to the UAE Industrial Report 2024 Cushman & Wakefield. Dubai has the second-highest office occupancy rate in the world at 92% in FY2024, benefiting the top line and is projected to achieve 94% occupancy by the end of FY2025. The BTS (Build-to-Suit) completed properties have developed the ability of the Company to gain revenues via future BTS projects. Dubai is emerging as a global business hub, with Tecom having a total of 153 buildings commercially leased, 1,140 warehouses and 92 worker accommodations, along with 846 land plots leased with lease periods ranging from one year to 50 years, generating recurring revenue streams. The Company's customer base reached more than 11,900 in FY2024. The loan-to-value ratio of the Company is 15.0% for FY2024. Tecom is investing AED 2.7 Bn for long-term growth in acquisitions and completion of projects. These projects include the development of six grade-A office buildings with phase 2 spanning GLA of 629K SQFT with an investment amount of AED 825 Mn, the launch of a grade-A office in phase 3 at Dubai Internet City, along with acquiring two existing grade-A office buildings with AED 420 Mn to add 334K SQFT of GLA in the premium segment, and acquisition of an AED 729 Mn office park in Dubai Internet City and a 13.9 Mn SQFT land bank in Dubai Industrial City for industrial leasing at AED 410 Mn. Businesses like OZON Pharma, Neelkanth Cables, and Elite Group Holding joined Dubai Industrial City in FY2024, demonstrating the demand. The Company generates 7.7% of the total electricity by solar power, with an increase of 15.5% YTD to 14.2 GWh in FY2024. Tecom's growth capex increased from AED 54 Mn in FY2023 to AED 1,591 Mn in FY2024, with maintenance and enhancement capex at AED 235 Mn in FY2024, focusing on organic and inorganic growth to generate future revenue. According to the dividend policy of Tecom, management announced a dividend of AED 400 Mn for 2H24, with AED 800 Mn dividend for FY2024. Thus, considering the abovementioned factors, we revise our rating to ACCUMULATE on the stock.

#### Tecom Group – Relative Valuation

(at CMP)	2020	2021	2022	2023	2024	2025E
PE (X)	26.25	20.21	15.84	14.10	12.37	12.65
PB (X)	1.04	0.78	0.71	0.91	1.00	0.98
EV / EBITDA	16.52	13.36	12.18	11.99	10.64	10.65
Dividend yield (%)	4.3%	12.2%	11.3%	5.3%	5.2%	5.2%

FABS estimate & Co Data

**Tecom Group - P&L**

	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
<b>AED mm</b>								
Sales	564	643	648	14.9%	0.7%	2,402	2,616	8.9%
Direct cost	-185	-241	-229	23.5%	-5.0%	-850	-916	7.8%
<b>Gross profit</b>	<b>379</b>	<b>402</b>	<b>419</b>	<b>10.6%</b>	<b>4.1%</b>	<b>1,552</b>	<b>1,700</b>	<b>9.5%</b>
G&A expenses	-45	-53	-57	28.5%	7.1%	-205	-230	12.2%
Marketing & Selling exp.	-9	-26	-14	57.6%	-45.2%	-54	-57	4.1%
Other income	13	25	18	33.0%	-29.8%	138	70	-49.1%
Other expenses	-4	-3	-3	-11.3%	30.4%	-6	-13	111.2%
Total OPEX	-44	-57	-57	29.7%	0.5%	-128	-230	79.4%
<b>Operating profit</b>	<b>335</b>	<b>346</b>	<b>362</b>	<b>8.1%</b>	<b>4.7%</b>	<b>1,424</b>	<b>1,470</b>	<b>3.2%</b>
Depreciation & Amortization	104	113	116	10.6%	2.3%	429	462	7.6%
<b>EBITDA</b>	<b>439</b>	<b>458</b>	<b>477</b>	<b>8.7%</b>	<b>4.1%</b>	<b>1,854</b>	<b>1,933</b>	<b>4.3%</b>
Finance income	19	11	15	-22.0%	31.3%	66	60	-9.1%
Finance cost	-50	-64	-70	41.8%	10.3%	-224	-281	25.9%
<b>Profit before zakat</b>	<b>304</b>	<b>293</b>	<b>306</b>	<b>0.7%</b>	<b>4.5%</b>	<b>1,267</b>	<b>1,249</b>	<b>-1.4%</b>
Income tax	-12	-7	-12	-0.4%	58.2%	-38	-47	24.2%
<b>Profit to shareholders</b>	<b>293</b>	<b>286</b>	<b>295</b>	<b>0.8%</b>	<b>3.2%</b>	<b>1,228</b>	<b>1,202</b>	<b>-2.2%</b>

FABS estimate & Co Data

**Tecom group - Margins**

	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	67.1%	62.5%	64.7%	-246	213	64.6%	65.0%	37
EBITDA	77.8%	71.3%	73.7%	-417	243	77.2%	73.9%	-329
Operating Profit	59.3%	53.7%	55.8%	-347	214	59.3%	56.2%	-309
Net Profit	51.9%	44.4%	45.5%	-636	109	51.1%	45.9%	-521

FABS estimate & Co Data

## 1Q25 preview: **RAK Properties**

Solid growth across revenue segment to boost profitability

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 1.26	AED 1.65	+31.0%	BUY

### 1Q25 estimate

RAK Property's ("RAKPROP", "the Company") net profit is expected to increase 60.0% YOY to AED 66 Mn in 1Q25, mainly driven by an anticipated increase in revenue, finance income and decline in finance costs partially offset by an estimated rise in cost of sales, increase in G&A expenses, decrease in other income and rise in tax expenses. The Company's revenue is projected to increase 32.5% YOY to AED 384 Mn in 1Q25, driven by an expected increase in revenue across all its business segments. Revenue from property sales segment is anticipated to rise 40.0% YOY to AED 319 Mn in 1Q25. Revenue from Property leasing & Facility Management segment is forecasted to increase 11.8% YOY to AED 16 Mn in 1Q25. Similarly, revenue from Hotel Operations is expected to grow 3.0% YOY to AED 49 Mn in 1Q25. Cost of sales is estimated to increase 31.2% YOY to AED 241 Mn in 1Q25. Thus, gross profit is estimated to rise 34.7% YOY to AED 143 Mn in 1Q25. SG&A expenses are anticipated to grow 19.4% YOY to AED 60 Mn in 1Q25, whereas other income is forecasted to decline significantly from AED 7 Mn in 1Q24 to AED 2 Mn in 1Q25. Moreover, EBITDA is expected to surge 18.0% YOY to AED 98 Mn in 1Q25. However, EBITDA margin is likely to fall from 28.7% in 1Q24 to 25.6% in 1Q25. The Company's operating profit is forecasted to increase 34.4% YOY to AED 86 Mn in 1Q25. While operating profit margin is anticipated to rise 31 bps YOY to 22.4% in 1Q25. RAK Property's finance cost is anticipated to decline 12.9% YOY to AED 20 Mn in 1Q25. Finance income is forecasted to grow from AED 4 Mn in 1Q24 to AED 7 Mn in 1Q25. RAKPROP's tax charge is estimated to rise substantially from AED 4 Mn in 1Q24 to AED 7 Mn in 1Q25.

### 2025 forecast

RAK Property is expected to report a marginal rise of 0.3% YOY in net profit to AED 282 Mn in 2025, mainly due to an anticipated increase in revenue, and decrease in finance costs, partially offset by an anticipated rise in cost of sales and decrease in other income. Revenue is forecasted to increase 13.3% YOY to AED 1,594 Mn in 2025, driven by an expected increase in revenue across all its business segments. Revenue from property sales segment is anticipated to rise 15.1% YOY to AED 1,319 Mn, whereas revenue from Property leasing & Facility Management segment is forecasted to increase 8.0% YOY to AED 65 Mn in 2025. Additionally, revenue from Hotel Operations is expected to grow 4.8% YOY to AED 209 Mn in 2025. On the other hand, cost of sales is predicted to increase 14.1% YOY to AED 985 Mn in 2025. Thus, gross profit is expected to increase 12.1% YOY to AED 609 Mn in 2025. G&A expenses are expected to boost 2.3% YOY to AED 255 Mn in 2025. Additionally, other income is expected to decrease substantially from AED 80 Mn in 2024 to AED 9 Mn in 2025. As a result, EBITDA is estimated to increase 9.4% YOY to AED 411 Mn in 2025, while EBITDA margin is likely to decline from 26.7% in 2024 to 25.8% in 2025. Operating profit is anticipated to decrease 2.9% YOY to AED 363 Mn in 2025. Additionally, operating profit margin to decline from 26.6% in 2024 to 22.7% in 2025. The Company's finance cost is expected to decrease 9.8% YOY to AED 81 Mn, while finance income is anticipated to increase marginally 0.5% YOY to AED 28 Mn in 2025. Additionally, tax expenses are projected to boost 2.3% YOY to AED 28 Mn in 2025.

### 4Q24 outturn

RAK Properties revenue grew 61.5% YOY to AED 515 Mn in 4Q24, mainly due to a substantial across the property sales and hospitality segments. Revenue from the sale of properties grew 59.1% YOY to AED 429 Mn in 4Q24. RAKPROP's revenue from the hospitality business grew substantially from AED 36 Mn in 4Q23 to AED 70 Mn in 4Q24 driven by solid contribution from the food and restaurant revenue. The Company's occupancy rate in the intercontinental hotel stood at 68.9%, while at the Antara resort stood at 53.3% during 4Q24. Furthermore, the Company's asset management segment revenue grew 16.5% YOY to AED 16 Mn in 4Q24. RAKPROP's cost of sales rose 63.1% YOY to AED 315 Mn in 4Q24. However, gross profit grew strongly from AED 126 Mn in 4Q23 to AED 200 Mn in 4Q24 due to higher revenue. However, gross margins declined 61 bps YOY to 38.9% in 4Q24. G&A

expenses recorded a sharp rise from AED 41 Mn in 4Q23 to AED 92 Mn in 4Q24. Other income grew strongly from AED 14 Mn in 4Q23 to AED 74 Mn in 4Q24. Thus, the Company's operating profit grew from AED 99 Mn in 4Q23 to AED 182 Mn in 4Q24. RAKPROP's EBITDA grew 25.0% YOY to AED 139 Mn in 4Q24. Furthermore, finance cost declined 12.2% YOY to AED 21 Mn in 4Q24. Finance income grew from AED 4 Mn in 4Q23 to AED 14 Mn in 4Q24. The Company incurred a tax expense of AED 15 Mn in 4Q24, owing to the introduction of UAE corporate tax.

### Target price and recommendation

We maintain our BUY rating on RAK Properties with a target price of AED 1.65. The Company's stock price grew 27.3% since our last rating. RAKPROP delivered strong growth in profitability driven by higher revenue across all the segments in 4Q24. RAKPROP continued to progress across its residential, commercial and hospitality portfolios. The Company witnessed high demand and performance across its hospitality and residential portfolio, with AED 1,389 Mn in sales value as of December 2024. RAKPROP generated AED 261 Mn in recurring revenue from its hospitality, retail, and leasing assets, reflecting stable demand across its income-generating portfolio. The Company also announced a partnership with Minor Hotels to introduce Anantara Branded Residences, which is set to launch in 1H25, enhancing its growth potential in the hospitality segment. Furthermore, the Company holds approximately 50 million sq. ft. land bank in Mina Al Arab for residential property sales while it has 1 Mn sq. ft. GLA under asset management. Recently, the Company announced its Mina masterplan with an AED 5 Bn GDV development pipeline for 2025, including diverse luxury residences, waterfront villas and branded apartments. The project is set to include the Mina yacht club, harbour, and Mina Boulevard featuring vibrant retail and dining 137 retail outlets across 23,000 sqm. Additionally, the Company also announced its partnership with Four Seasons to introduce a luxury beach resort and private residences at Mina, which will feature c.150 rooms, suites, and signature villas alongside 130 private residences. The Company's Mirasol, a luxury development featuring studios, apartments, and duplexes first phase 1, successfully sold out underscoring the strong demand for RAK Properties residential offerings. RAKPROP boast a strong revenue backlog of AED 1.9 Bn as of December 2024. The extensive land bank, coupled with robust demand, promises strong revenue visibility. Thus, considering the abovementioned factors, we maintain our BUY rating on the stock.

### RAK Properties – Relative Valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE (X)	22.7	12.8	83.8	12.8	11.2	13.2
PB (X)	0.7	0.6	0.6	0.6	0.6	0.6
EV / EBITDA	23.8	15.2	34.0	12.0	10.5	9.3
Dividend yield (%)	0.0%	0.0%	0.0%	2.3%	0.0%	0.0%

FABS estimate & Co Data

### RAK Properties- P&L

AED Mn	1Q24	4Q24	1Q25F	YOY Ch.	QOQ Ch.	2024	2025F	YOY ch.
Sales	290	515	384	32.5%	-25.4%	1,406	1,594	13.3%
Direct cost	-183	-315	-241	31.2%	-23.5%	-863	-985	14.1%
<b>Gross profit</b>	<b>106</b>	<b>200</b>	<b>143</b>	<b>34.7%</b>	<b>-28.4%</b>	<b>543</b>	<b>609</b>	<b>12.1%</b>
G&A expenses	-50	-92	-60	19.4%	-35.6%	-249	-255	2.3%
Other income/(expenses)	7	74	2	-70.7%	-97.0%	80	9	-89.0%
<b>EBITDA</b>	<b>83</b>	<b>139</b>	<b>98</b>	<b>18.0%</b>	<b>-29.0%</b>	<b>376</b>	<b>411</b>	<b>9.4%</b>
<b>EBIT</b>	<b>64</b>	<b>182</b>	<b>86</b>	<b>34.4%</b>	<b>-52.6%</b>	<b>373</b>	<b>363</b>	<b>-2.9%</b>
Finance cost	-23	-21	-20	-12.9%	-2.7%	-90	-81	-9.8%
Finance income	4	14	7	59.5%	-49.7%	28	28	0.5%
Other non-operating income/(exp)	0	0	0	NM	NM	-3	0	-100.0%
<b>Profit before tax</b>	<b>46</b>	<b>175</b>	<b>73</b>	<b>60.0%</b>	<b>-58.3%</b>	<b>308</b>	<b>310</b>	<b>0.4%</b>
Income tax	4	15	7	60.3%	-57.1%	27	28	2.3%
<b>Profit to shareholders</b>	<b>41</b>	<b>160</b>	<b>66</b>	<b>60.0%</b>	<b>-58.4%</b>	<b>281</b>	<b>282</b>	<b>0.3%</b>

FABS estimate & Co Data

**RAK Properties- Margins**

	1Q24	4Q24	1Q25F	YOY Ch.	QOQ Ch.	2024	2025F	YOY ch.
Gross Profit	36.7%	38.9%	37.4%	61	-155	38.6%	38.2%	-41
EBITDA	28.7%	26.9%	25.6%	-314	-130	26.7%	25.8%	-93
Operating Profit	22.1%	35.3%	22.4%	31	-1,287	26.6%	22.7%	-380
Net Profit	14.3%	31.0%	17.3%	296	-1,371	20.0%	17.7%	-230

*FABS estimate & Co Data*



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