

Property Developers - April 2022

Sector Weighting:

NEUTRAL**Preview Note 1Q 2022****Property prices in the UAE are expected to continue growing in 2022****Property market outlook**

Property prices in the UAE are expected to continue growing in 2022, owing to favorable economic changes and an expedited vaccination campaign that has aided in the recovery from last year's coronavirus-induced downturn. The UAE property market has recovered following a three-year oil price fall that began in 2014 due to oversupply worries and the resulting crisis, as residents migrate to larger houses with outdoor facilities, as well as a rise in remote working and online learning. Furthermore, market confidence has improved because of economic assistance measures and government efforts, such as residency permits for retirees and remote workers, as well as the expansion of the 10-year golden visa program. Due to increased demand for residential property, developers are likely to build 50,000 to 60,000 units in 2022. The price gain will be sustainable, but it will be tempered by the influx of new supply, notably in the apartment market. Residential property prices in Dubai increased by 23% in 2021, from Dh1,021 per square foot in January to Dh1,519 per square foot in December. Property is being purchased in large quantities by ultra-high-net-worth people, among others, to support the market. There is a lot of worldwide demand from regions and nations that are more short-term investors. However, these investors are now coming in intending to own a second or third house in Dubai in the long run. Apart from government incentives, different developers' incentives are also luring investors to the UAE.

Dubai real estate is projected to continue its golden run after Expo 2020, as international investors return to the market to take advantage of the emirate investment prospects. In 2022, foreign investors, end-users, and District 2020 will continue to fuel Dubai's real estate sector growth, as the emirate provides property purchasers a lifestyle with great infrastructure. Last year, the Dubai property market attracted around 52,415 investors, resulting in 72,207 new agreements for Dh148 billion invested in the emirate's different projects. Over 38,318 of the total investors were foreigners, who made 51,544 investments worth Dh99 billion, and this growing trend is projected to continue throughout the year, even after Expo 2020 closes its doors on March 31, 2022. Dubai's world-class infrastructure, long-term visa possibilities for foreign investors, and world-class facilities are some of the primary factors attracting foreign investment. Expo 2020 also had a part, although based on recent patterns, it is projected that following the Expo, the market would see greater activity due to the return of foreign investors.

The transition of Expo 2020 into District 2020 is also predicted to stimulate the Dubai property market in 2022, in addition to the return of international investors. It is envisioned as a mixed-use community that will make use of 80% of Expo's resources. District 2020 will maintain its legacy as a sustainable and human-centric future metropolis when the Expo ends in a few days. It will have a mix of commercial and retail space, as well as modern co-living, loft, and urban-style residential units. In October 2022, the handover is expected to take place. According to Dubai's master urban plan 2040, which was revealed in early 2021, the District 2020 project would repurpose 80% of the present Expo 2020 site and will become one of five main metropolitan centers. The signing of technology and innovation-focused anchor tenants such as Siemens, Terminus, DP World, and Siemens Energy has already established demand. On a strategic level, District 2020 will undoubtedly be a successful center for international business and operate as a big stimulus for the entire city, given its position and superior infrastructure.

With Expo 2020 Dubai approaching and excellent resident visa options becoming more accessible, Dubai is projected to see a significant surge in sustainable, creative developments, bringing in even more end-users, investors, and a new generation. In the new quarters of 2022, the market remains bullish for the off-plan and secondary markets. With several transactions taking place in the off-plan and secondary markets, desirable sites will continue to be in great demand.

Stock	TP	CMP	Gain	Rating	P/B (2021F)	Div. Yld (%) 2021F
Emaar Properties (AED)	7.00	6.04	15.9%	BUY	0.63	2.5%
Aldar Properties (AED)	5.20	5.15	1.0%	HOLD	1.42	2.9%
Emaar Development (AED)	5.40	4.62	16.9%	BUY	1.07	0

Source: FABS Estimate

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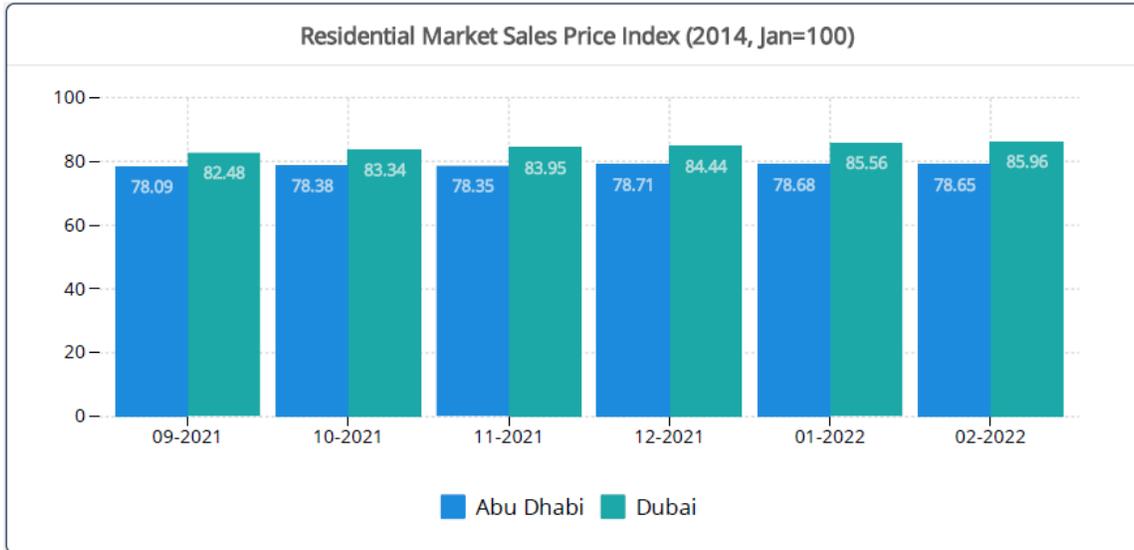
Property market outlook.....	1
Real Estate Overview.....	4
Macro backdrop in the UAE	13
EIBOR.....	14
Sector stock performance Most of the stocks traded in positive territory.....	16
1Q22 preview: Emaar Properties	18
1Q22 preview: Emaar Development	21
1Q22 preview: Aldar Properties	25

Real Estate Overview

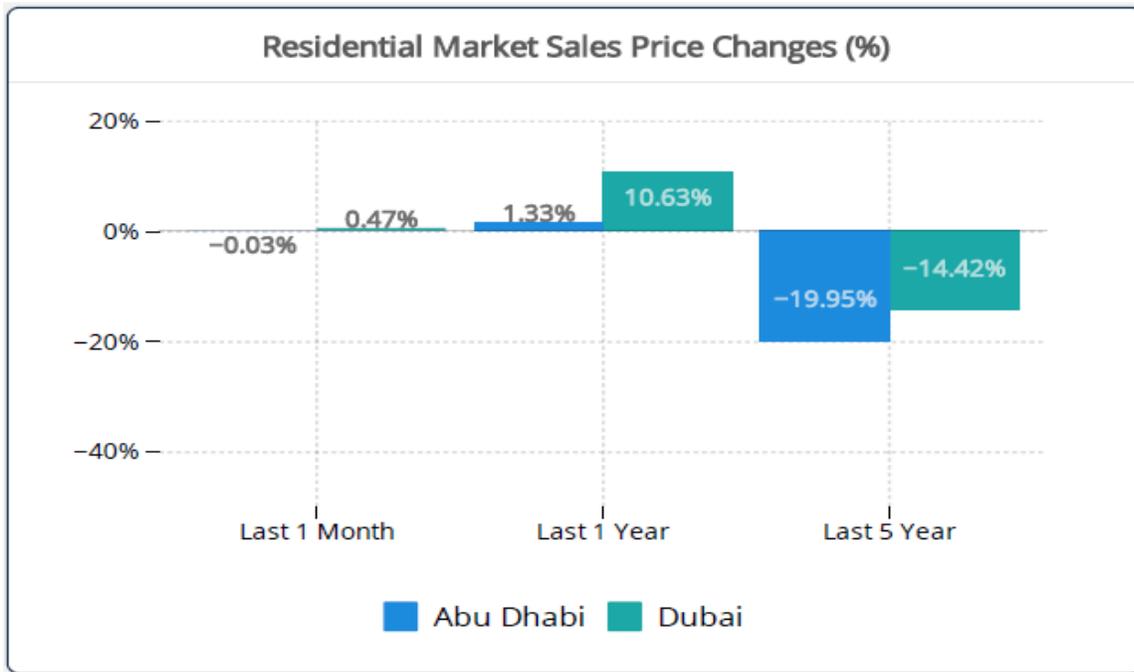
Sales and Rent Price Indices For Residential Property

1. All Residential Market

In February 2022, the Abu Dhabi Residential Property Sales Price Index fell from 78.68 to 78.65, a 0.03% fall. Prices rose 1.33% year over year. In February 2022, the Dubai Residential Property Sales Price Index grew by 0.40 points, from 85.56 to 85.96, or a 0.47% rise. Prices climbed by 10.63 percent year over year.

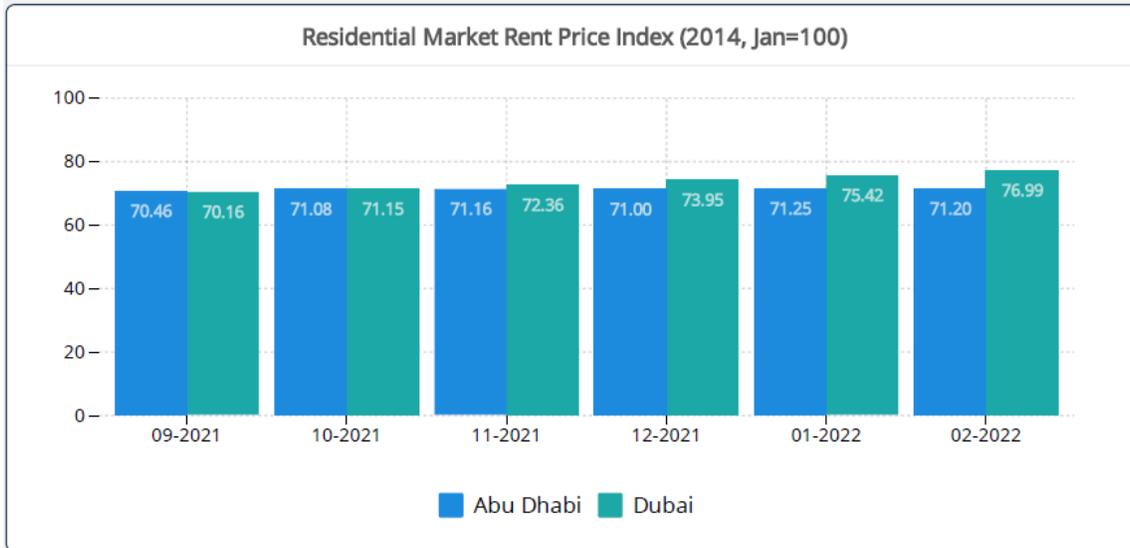


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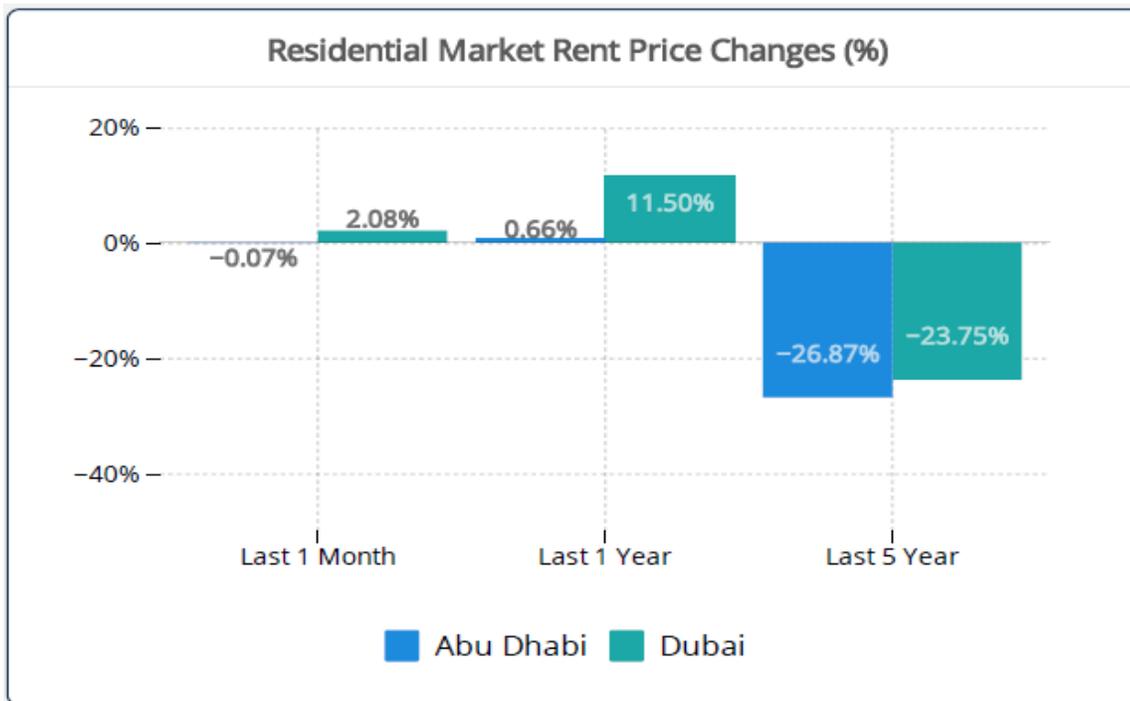


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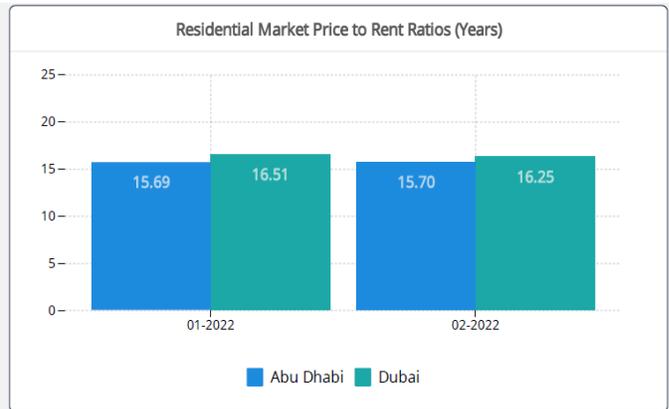
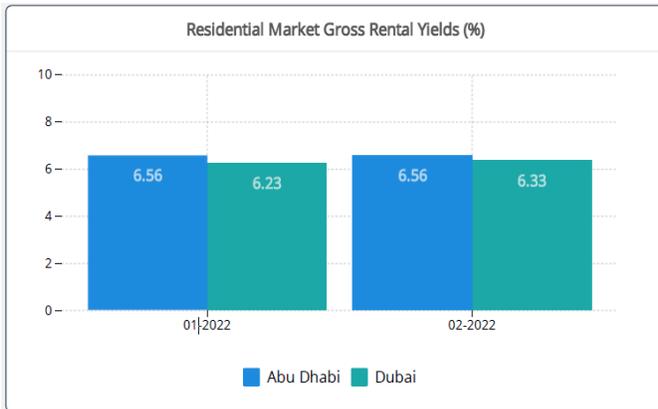
In February 2022, the Abu Dhabi Residential Property Rent Price Index fell by 0.05 points, from 71.25 to 71.20. Prices rose 0.66% year over year. However, the Dubai Residential Property Rent Price Index jumped by 1.57 points, from 75.42 to 76.99, or a 2.08% rise. Prices climbed by 11.50% year over year.



Source:Reidin



Source:Reidin



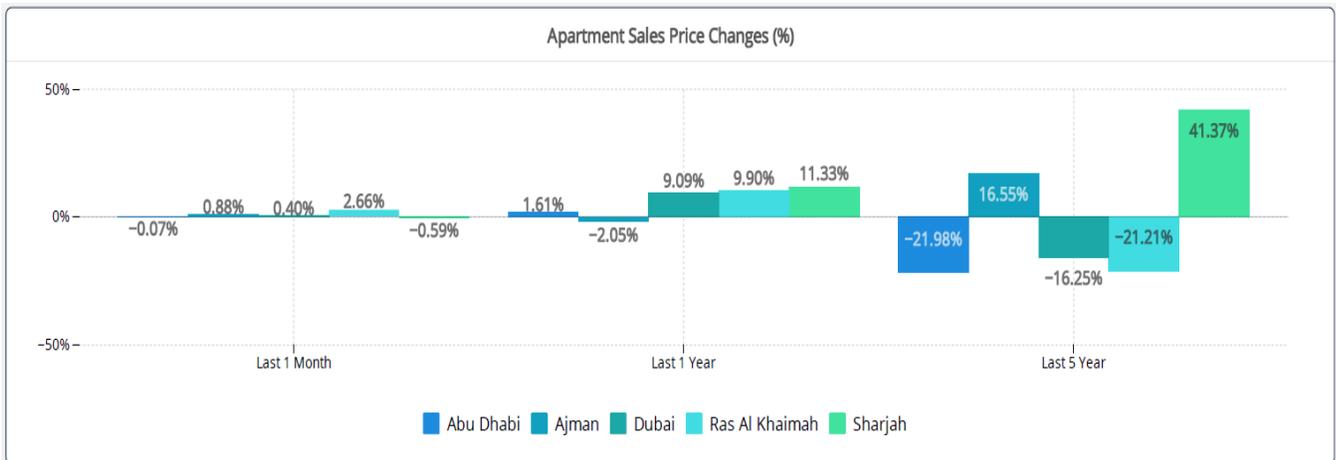
Source:Reidin

2. Apartments

In February 2022, the Abu Dhabi Residential Property Sales Price Index for apartments fell by 0.06 points, from 76.53 to 76.47, or a 0.07% reduction. Meanwhile, prices climbed by 1.61% year over year. In February 2022, the Ajman Residential Property Sales Price Index for apartments climbed by 0.88 points, from 99.99 to 100.87, or a 0.88% rise. However, prices fell 2.05% year over year. Dubai Residential Property Sales Price Index for apartments also climbed by 0.34 points, from 84.39 to 84.73, or a 0.40% gain. Prices climbed by 9.09% year over year. In February 2022, the Ras Al Khaimah Residential Property Sales Price Index for flats climbed by 1.93 points, from 72.71 to 74.64. Prices also increased by 9.90% year over year. Sharjah Residential Property Sales Price Index for apartments fell by 0.86 points, from 145.16 to 144.30, or a 0.59% reduction. Meanwhile, prices climbed by 11.33% year over year.

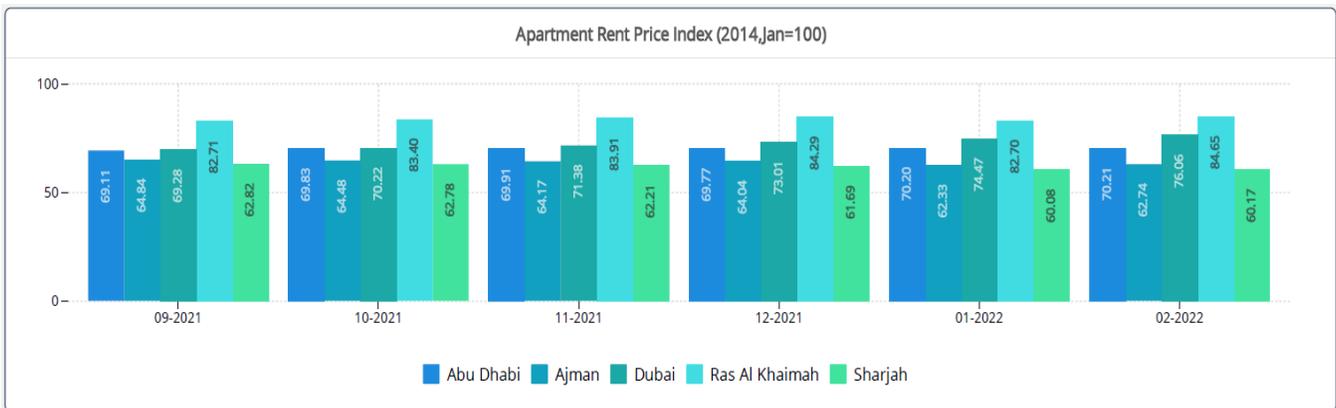


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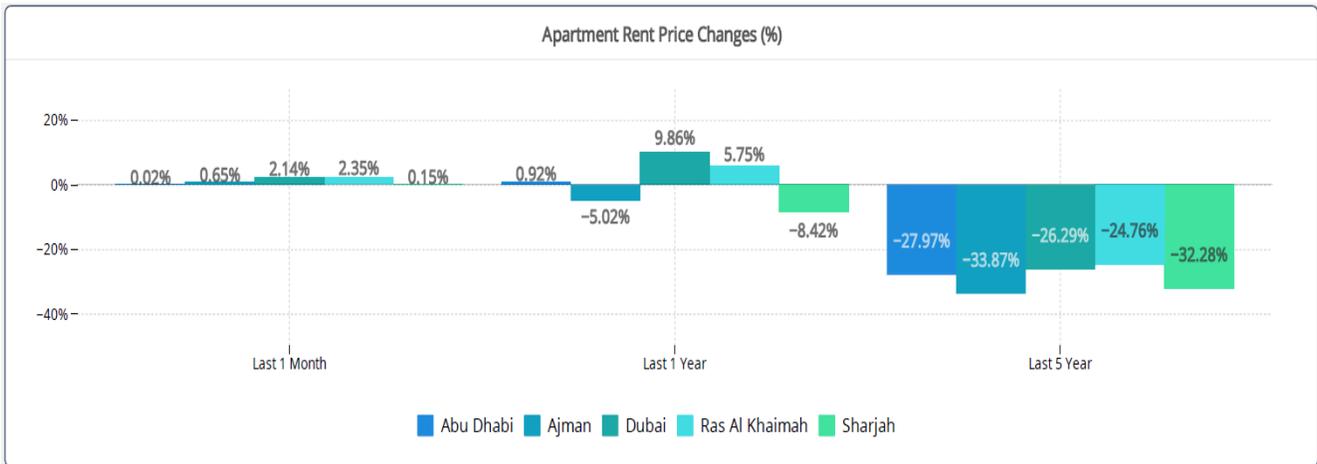


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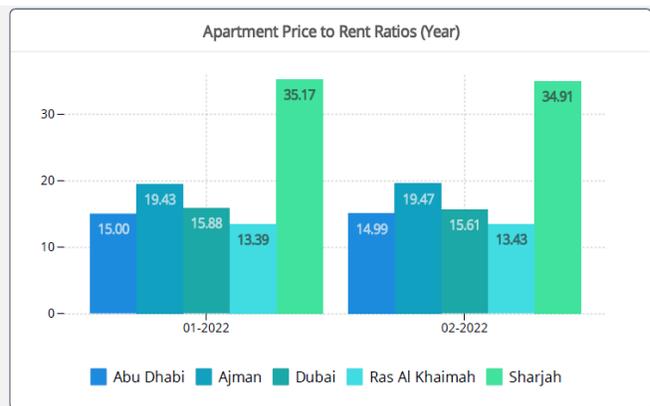
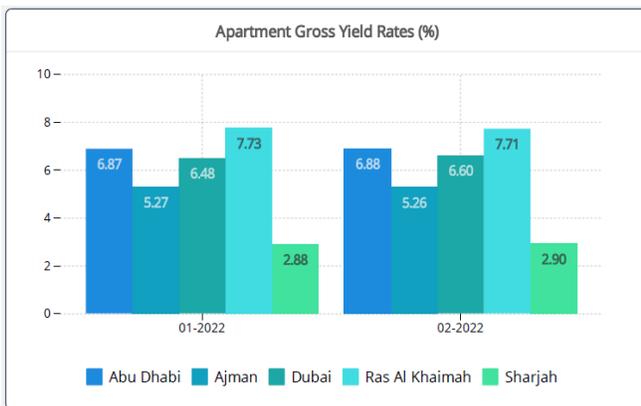
In February 2022, the Abu Dhabi Residential Property Rent Price Index for apartments climbed by 0.01 points, from 70.20 to 70.21, or a 0.02% rise. In addition, prices climbed by 0.92% year over year. Ajman Residential Property Rent Price Index for apartments grew by 0.41 points, from 62.33 to 62.74, or a 0.65% rise. However, prices fell 5.02% year over year. Dubai Residential Property Rent Price Index for flats grew by 1.59 points, from 74.47 to 76.06, or a 2.14% rise. Prices climbed by 9.86% year over year. Ras Al Khaimah Residential Property Rent Price Index for flats grew by 1.95 points, from 82.70 to 84.65. Prices rose 5.75% year over year. Sharjah Residential Property Rent Price Index for apartments also grew by 0.09 points, from 60.08 to 60.17, or a 0.15% rise. Prices fell by 8.42% year over year.



Source:Reidin



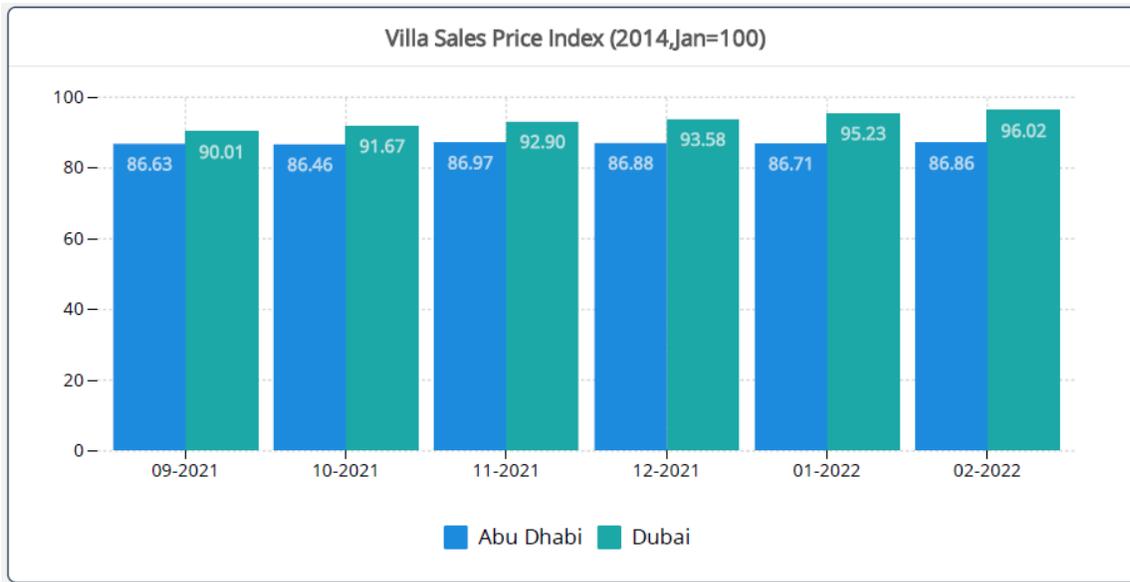
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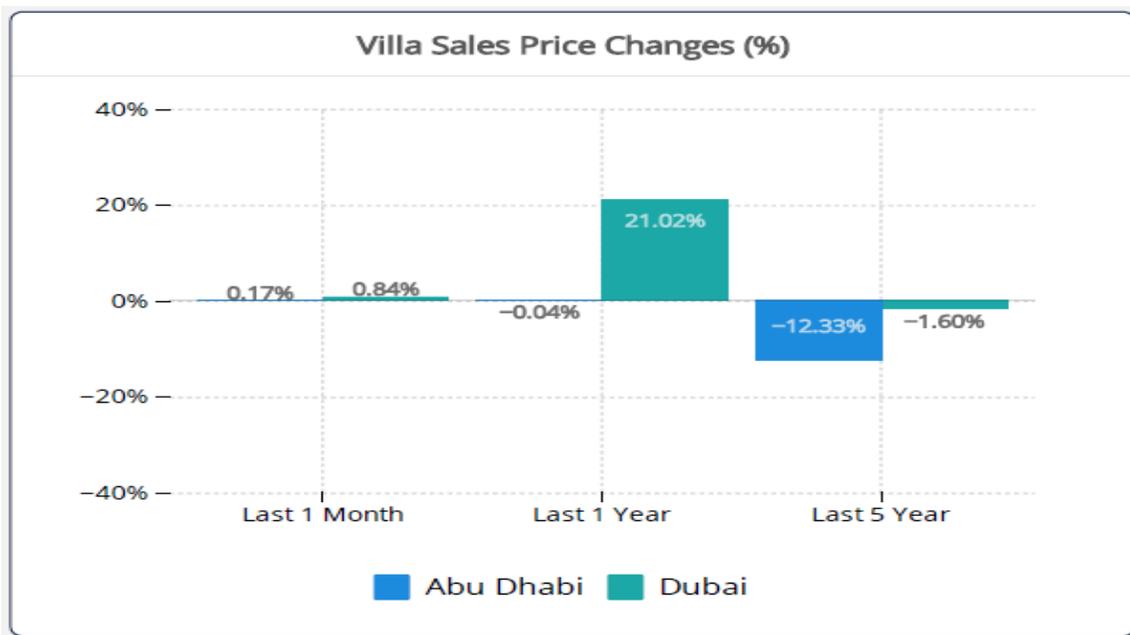
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3. Villas

In February 2022, the Abu Dhabi Residential Property Sales Price Index for villas climbed by 0.15 points, from 86.71 to 86.86, or a 0.17% gain. However, prices fell by 0.04% year over year. In Meanwhile, Dubai Residential Property Sales Price Index for villas grew by 0.79 points, from 95.23 to 96.02. Prices climbed by 21.02% year over year.

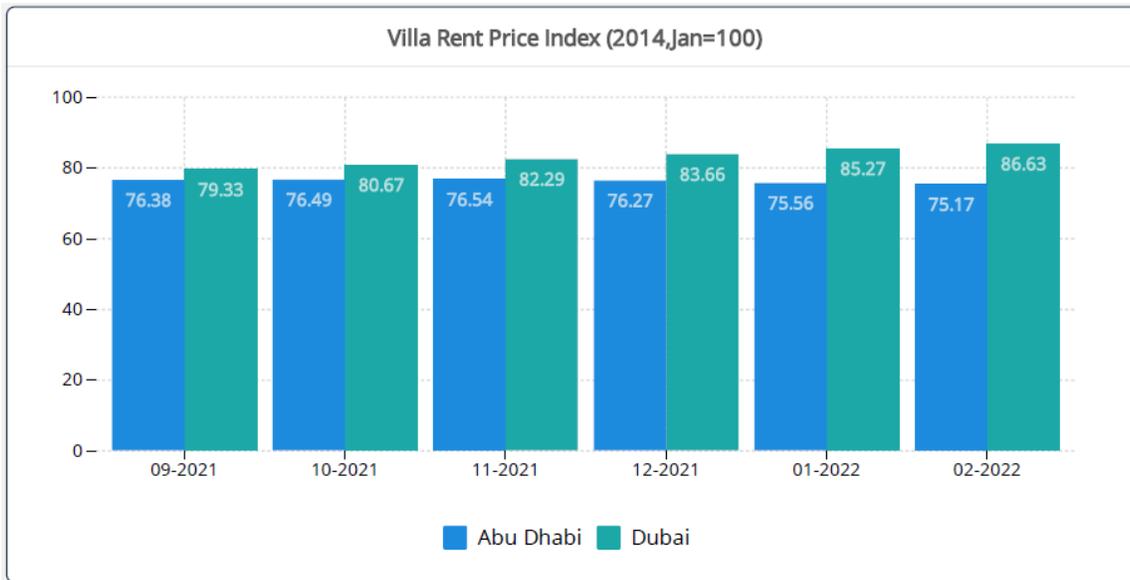


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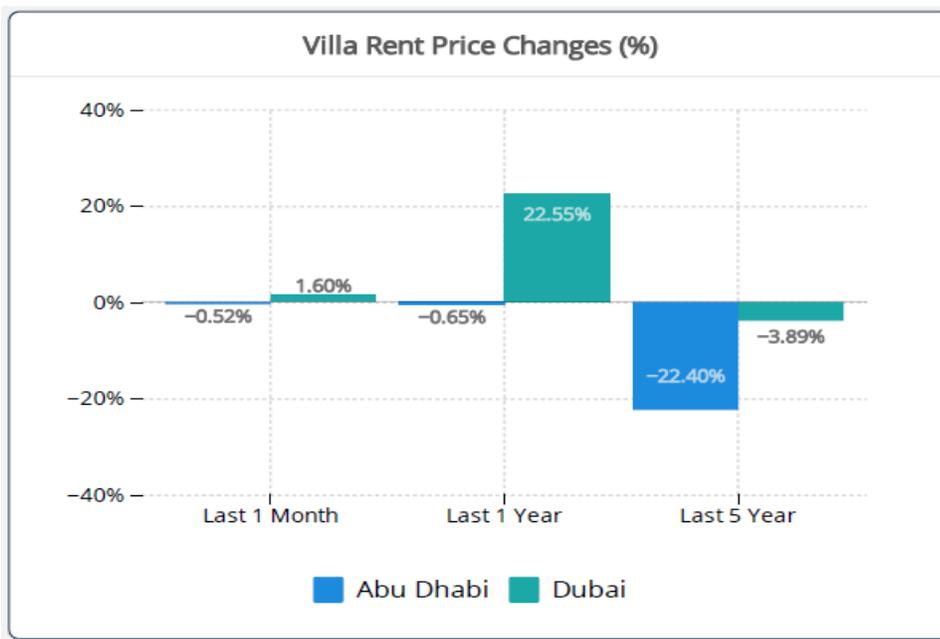


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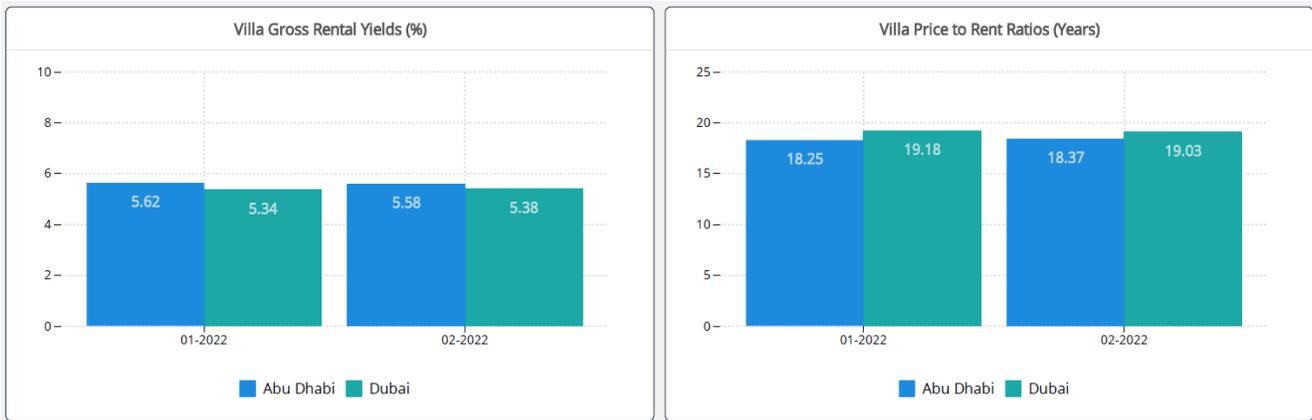
In February 2022, the Abu Dhabi Residential Property Rent Price Index for villas fell by 0.39 points, from 75.56 to 75.17, or a 0.52% decline. In addition, prices fell 0.65% year over year. Meanwhile, Dubai Residential Property Rent Price Index for villas climbed by 1.36 points, from 85.27 to 86.63, or a 1.60% gain. Prices grew by 22.55% year over year.



Source:Reidin

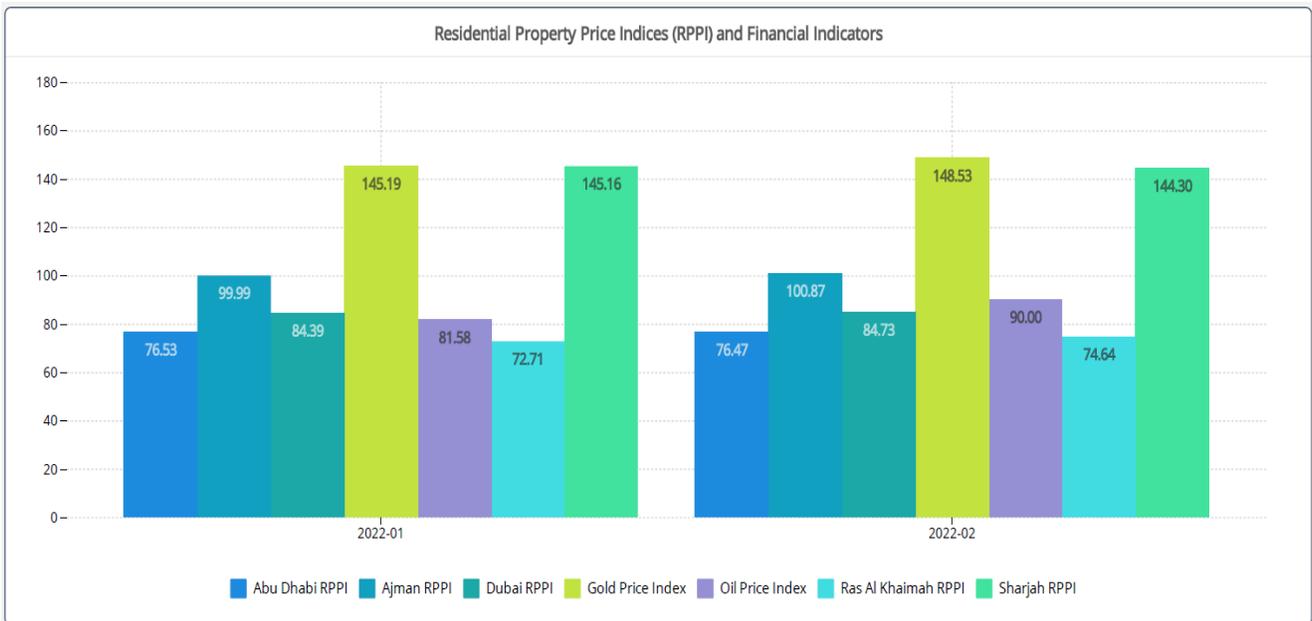


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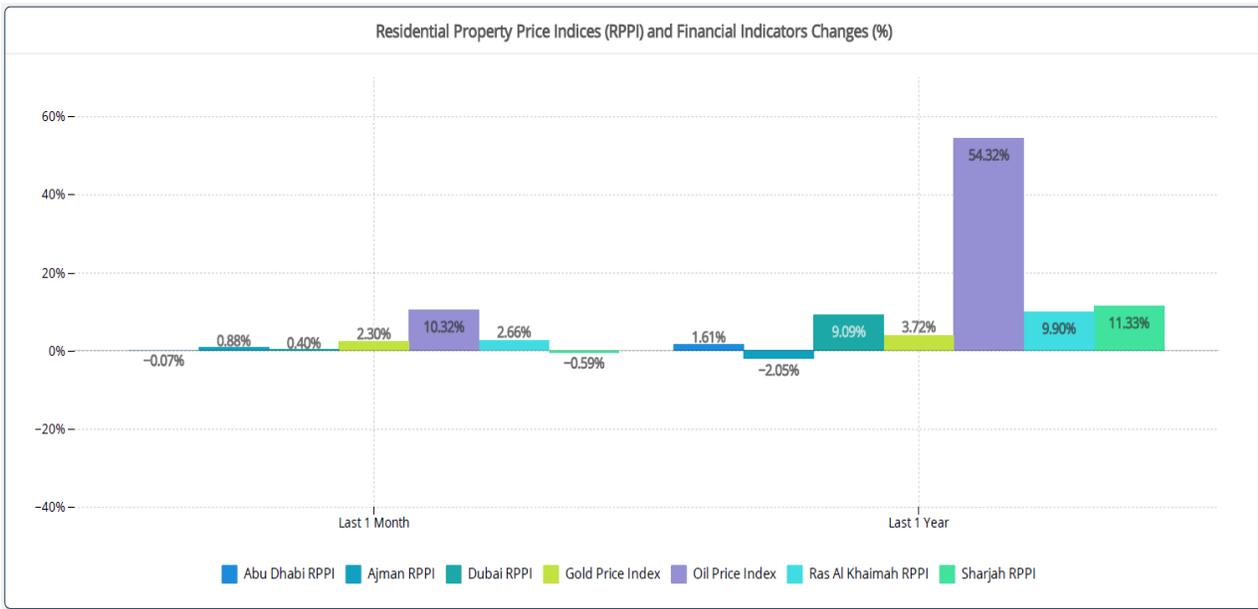
Source:Reidin

Different Asset Classes' Return on Investment



Source:Reidin

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



Source:Reidin

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

Macro backdrop in the UAE

Real estate and UAE macroeconomic outlook

Real estate deals in Dubai total \$517 million

On Tuesday, March 22, Dubai's real estate market saw 474 sales transactions for AED1.52 billion and mortgage deals of AED441.56 million, as well as 11 gift transactions worth AED27.4 million. 376 homes and flats worth AED849.54 million were sold, as well as 98 land plots for AED671.55 million. The mortgages comprised 57 houses and apartments for AED321.33 million, as well as 18 land plots worth AED120.23 million, bringing today's real estate transactions to almost AED1.9 billion.

Bloom Holdings announces the opening of a new gated community in Abu Dhabi

Bloom Living, a completely integrated and all-inclusive community in Abu Dhabi, has been unveiled by Bloom Holding, a leading real estate development business. The landmark gated community, which spans 2.2 million square meters and includes over 4,000 residences, has a variety of villas, townhouses, and flats to satisfy the demands of inhabitants of all generations. Bloom Living's architecture is influenced by the Mediterranean's rustic ambiance and flawlessly blends classic Spanish design with modern finishes. The project is in line with Abu Dhabi Economic Vision 2030, which emphasizes the significance of diversity, inclusion, and a high standard of living in attaining long-term economic growth.

Dubai's off-plan sales are surging due to a significant increase in return on investment

Off-plan investment prospects in Dubai are now gaining "generational interest," with rental yields increasing at their fastest rate since 2014. The market provides excellent rental returns for investors. After a relatively constant third quarter, average apartment rentals in Dubai increased by 4% in the fourth quarter of 2021, the highest rise since 2014. Strong returns on investment (ROI) are no longer limited to core places like Downtown Dubai or Dubai Marina; they can now be found in dynamic suburban neighborhoods like Sports City, Jumeirah Village Circle, Arjan, Arabian Ranches, and Al Barsha South for example. Furthermore, the local off-plan market is seeing growth: in the fourth quarter of 2021, Dubai's off-plan apartment sales totaled Dh11.65 billion across 5,303 transactions, up from Dh9.79 billion across 4,905 transactions in the third quarter of the previous year.

Ma'an's social contracting programs receive significant funding from Aldar

The Authority of Social Contribution - Ma'an has announced an AED4 million (\$1.08 million) investment by major developer Aldar, which will be devoted to two social contracting initiatives, building on the success of the ATMAH project, the region's first Social Impact Bonds. The new social investment contributions include AED2.7 million for the Abu Dhabi Early Childhood Authority's (ECA) family counseling services project and AED1.3 million to support the beneficiaries of the Abu Dhabi Social Support Authority's Program for Emirati Upskilling and Employment, which aims to improve career opportunities for Emirati workers. In addition, notable businessman Dr. Abdulkader Sankari, Founder of Sankari Fashion & Investment Group, would give AED1 million to the Abu Dhabi Social Support Authority's Program for Emirati Upskilling and Employment.

In Dubai, real estate sales totalled \$2.53 billion over the course of a week.

During the week of March 18, 2022, real estate and property transactions totalled AED 9.3 billion, with a sum of 2,400 transactions. 355 plots were sold for AED 1.33 billion, while 1,547 flats and villas were sold for AED 2.96 billion. The top three transactions were land in Al Safouh First that sold for AED 180 million, a property in Al Thanayah Fourth that sold for AED 46 million, and land in Al Safouh First that sold for AED 180 million in third place. An apartment sold for AED 371 million in

Marsa Dubai, a second apartment sold for AED 268 million in Business Bay, and a third property sold for AED 213 million in Burj Khalifa rounded out the top three transfers for apartments and villas. The total value of mortgaged properties for the week was 4.63 billion, with the highest value being AED 315 million for a plot of land in Dubai Investment Park First.

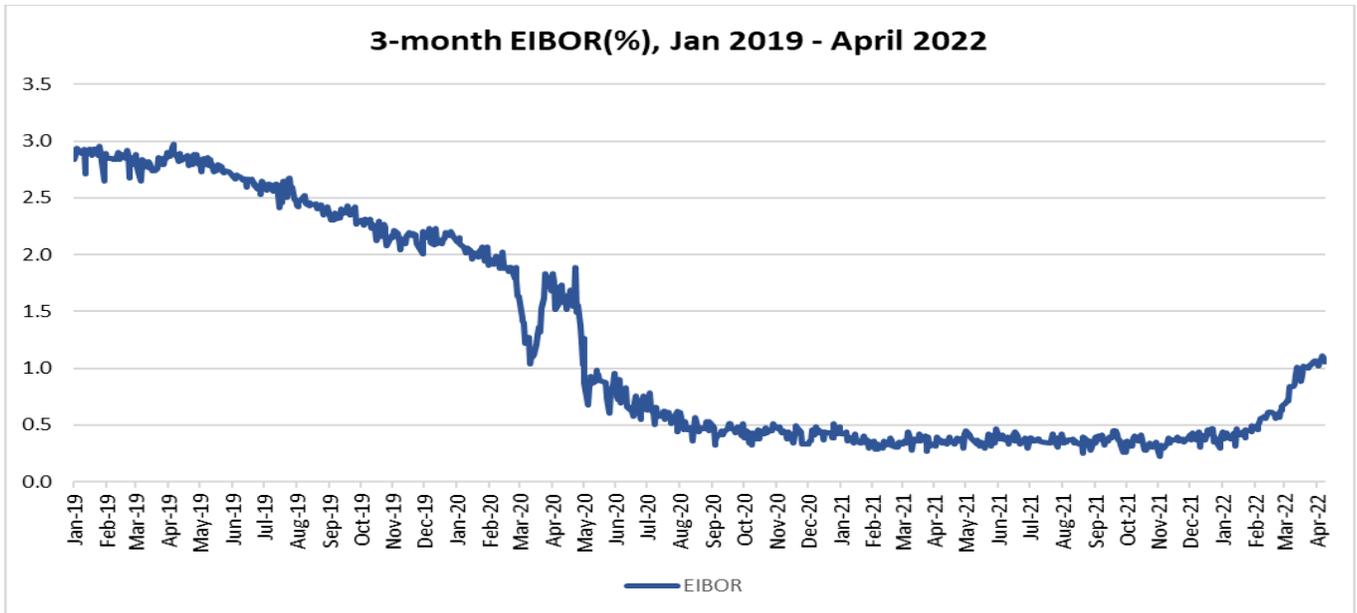
Louvre, Aldar Properties The world's first Louvre-branded homes have been announced in Abu Dhabi

The Louvre Abu Dhabi Residences will be the first of its kind in the world, according to Aldar Properties (Aldar). Louvre Abu Dhabi Residences, located inside Saadiyat Grove and offering unrivaled vistas, designs, spaces, facilities, and services, will be the most sought-after address in Abu Dhabi once completed in 2025. On Saadiyat Island, Aldar's iconic and immersive AED 10 billion landmark destination, Saadiyat Grove, will cover 242,000 square meters and feature immersive retail, entertainment, and leisure areas. The mixed-use attraction will include roughly 3,000 residential apartments, two hotels, and co-working spaces for innovative businesses and start-ups, including Louvre Abu Dhabi Residences.

Every unit at Louvre Abu Dhabi Residences will be finished with interior fittings and fixtures, as well as built-in home appliances from world-renowned brands, for distinction and refinement. The Louvre Abu Dhabi's attitude of promoting cultural links resonates with Aldar's vision and experience in establishing the most inclusive communities. With the Louvre Abu Dhabi Residences, you can now live in the world's most fascinating cultural destination. With the introduction of Louvre Abu Dhabi Residences, residents and homeowners will be able to take advantage of an exclusive membership that includes access to Louvre Abu Dhabi exhibits and events, branded goods, and individualized art consulting and services.

EIBOR

UAE's 3-month EIBOR was reported at 1.140% on 14 April 2022, increasing from the closing of 1 January 2022 of 0.295%. The Central Bank of the United Arab Emirates (CBUAE) has decided to increase the Overnight Deposit Facility's Base Rate by 25 basis points, effective March 17, 2022. This decision was made in response to the US Federal Reserve Board's announcement on March 16, 2022, that the Interest Rate on Reserve Balances will be raised by 25 basis points. In addition, the CBUAE has decided to keep the cost for borrowing short-term liquidity from the CBUAE via all standing credit facilities at 50 basis points over the Base Rate. The CBUAE's monetary policy is signaled by the Base Rate, which is tied to the IORB of the US Federal Reserve. It also gives overnight money market rates an effective interest rate floor.

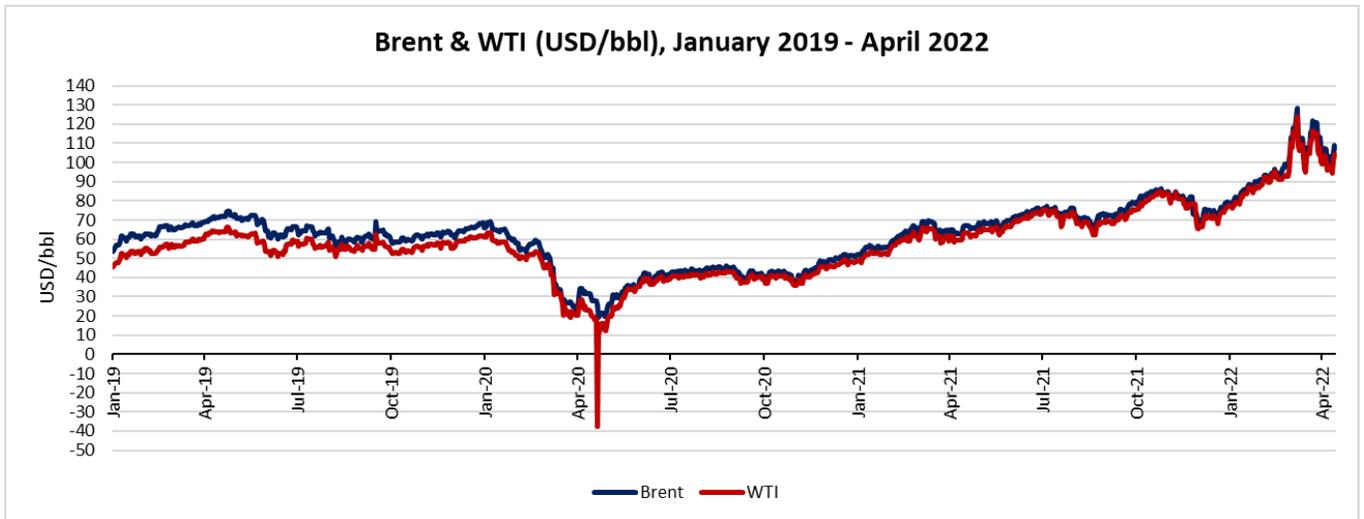


Source: FABS from Bloomberg data

Oil prices are falling as a result of China's lockdowns, and reserves are being released

After a significant rise in the first part of the week, oil prices dipped on Thursday 14 April as traders evaluated a larger-than-expected build in US oil reserves against tighter global supply. Brent futures were down 0.4% at \$108.33 a barrel, while WTI futures in the US were down 0.7% at \$103.56 a barrel. The pace of demand growth is slowing, and the outlook for the second half of the year is becoming increasingly gloomy. The oil complex, on the other hand, is largely focused on the near term, with worries of supply shortages drowning out that perspective. The International Energy Agency warned on Wednesday, April 13th, that sanctions or voluntary embargoes may shut down nearly 3 million barrels per day of Russian oil starting in May. Although the chances of an EU embargo on Russian oil being agreed upon are essentially nil, no one will be able or willing to say so. Major global trading institutions are also expected to reduce crude and gasoline imports from Russia's state-owned oil businesses.

Despite signs that global supply disruptions may continue, oil supplies in the United States increased by more than 9 million barrels last week, according to the US Energy Information Administration, owing to releases from the country's strategic reserves. In a Reuters survey, analysts predicted an 863,000-barrel build. Last week, gasoline stockpiles in the United States plummeted by 3.6 million barrels, significantly more than expected, and distillate inventories also fell. Oil prices are looking pretty comfortable over \$100, as demand from the United States and China appears to be on the rise.

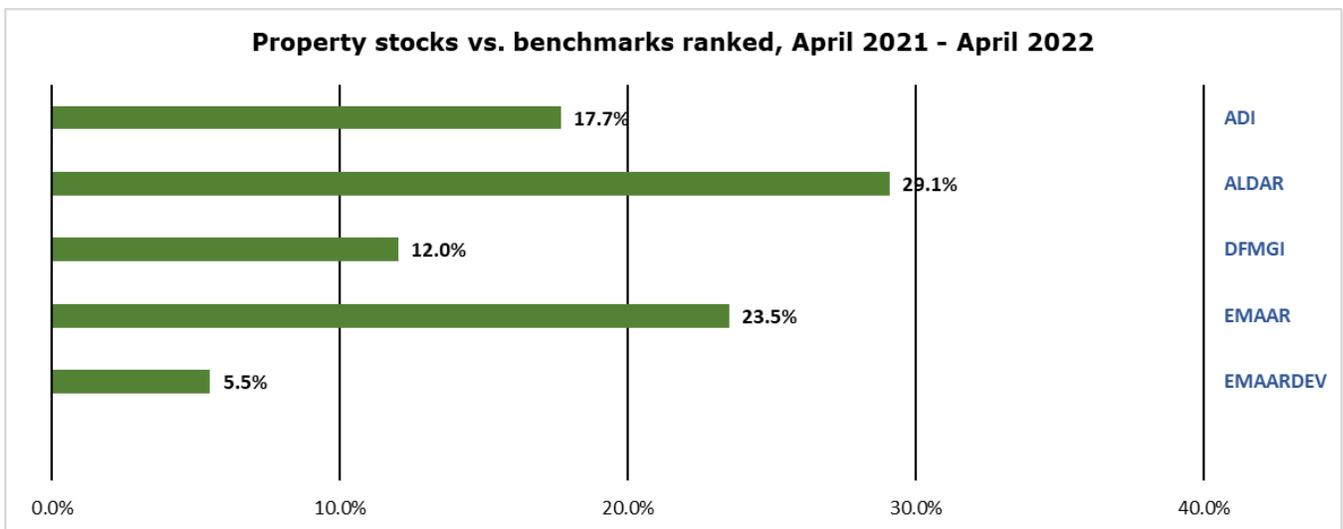


Source: FABS from Bloomberg data

Sector stock performance

Most of the stocks traded in positive territory

On a YTD basis, no stocks under our coverage traded in the negative territory. Aldar and Emaar Properties gained a positive figure in April 2021 to April 2022. Aldar amongst all gained the highest at 29.1% YTD basis.



Source: FABS from Bloomberg data

Relative valuation and rating

We maintain MARKET WEIGHT on the real-estate companies under our coverage led by 2x BUYs and 1x HOLD. The 2021 P/B multiples for the below stocks ranges between EMAAR (0.63x) and Aldar Properties (1.42x). Among the stocks, only Emaar Properties (0.63x) was trading at a 2021 PB multiple lower than one. ALDAR's 2022F dividend yield is the highest at 2.9%, followed by Emaar properties with 2.5%.

Stock	TP	CMP	Gain	Rating	P/B (2022F)	Div. Yld (%) 2022F
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Emaar Development (AED)	5.40	4.62	16.9%	BUY	1.07	0

FABS Estimate

1Q22 preview: Emaar Properties

Strong Growth in Revenue would support profitability

CMP (AED): 6.04

Potential upside (%): +15.9%

12-m target price:

AED 7.00

Stock rating:

BUY

1Q22 Estimate

The Net Profit is expected to increase significantly to AED1,319 Mn in 1Q22, up from AED657 Mn in 1Q21. The Gross Profit is likely to increase by 26.6% YOY to AED3,392 Mn in 1Q22, up from AED2,680 Mn in 1Q21. It is likely to be driven by 34.3% YOY increase in Revenue to AED8,050 Mn in 1Q22, up from AED5,993 Mn in 1Q21. The Cost of Revenue is expected to increase by 40.6% YOY to AED4,658 Mn in 1Q22, up from AED3,313 Mn in 1Q21. The EBIT is expected to increase by 42.5% YOY to AED2,468 Mn in 1Q22, up from AED1,733 Mn in 1Q21. It is mainly impacted by 52.3% YOY increase in Net Other Operating Income to AED71 Mn in 1Q22, up from AED47 Mn in 1Q21. The General and Administrative Expenses are likely to increase slightly by 0.1% YOY to AED995 Mn in 1Q22. The Share of Results of associates is expected to increase significantly to a profit of AED79 Mn in 1Q22, up from loss of AED102 Mn in 1Q21. The Provision and Impairment is expected to increase significantly to AED44 Mn in 1Q22, as compared to no impairments in 1Q21. The Finance Income is likely to increase by 22% YOY to AED104 Mn in 1Q22, up from AED85 Mn in 1Q21. The Finance Cost is expected to increase significantly to AED515 Mn in 1Q22, up from AED236 Mn in 1Q21. The Other Income is likely to decline by 43.2% YOY to AED62 Mn in 1Q22, up from AED109 Mn in 1Q21. The Depreciation Charges are expected to decline slightly by 0.6% YOY AED304 Mn in 1Q22, down from AED306 Mn in 1Q22. As a result, the Profit Before Tax is expected to increase strongly by 44.3% YOY to AED1,848 Mn in 1Q22, up from AED1,281 Mn in 1Q21. The Income Tax is expected to increase by 37.8% YOY to AED111 Mn in 1Q22, up from AED80 Mn in 1Q21. The Profit for the Period is likely to increase by 44.7% YOY to AED1,737 Mn in 1Q22, up from AED1,201 Mn in 1Q21. The NCI is expected to decline by 23.1% YOY to AED419 Mn in 1Q22, down from AED544 Mn in 1Q21. As a result, the Net Profit is expected to increase significantly to AED1,319 Mn in 1Q22, up from AED657 Mn in 1Q21.

2022 Forecast

The Net Profit is expected to increase by 34.1% YOY to AED5,097 Mn in 2022, as compared to AED3,800 Mn in 2021. The Revenue is expected to increase by 15% YOY to AED32,500 Mn in 2022, up from AED28,270 Mn in 2021. The Cost of Revenue is expected to increase by 14.1% YOY to AED18,850 Mn in 2022, as compared to AED16,518 Mn in 2021. As a result, the Gross Profit is expected to increase by 16.2% YOY to AED13,650 Mn in 2022, up from AED11,751 Mn in 2021. The EBIT is likely to increase by 25% YOY to AED9,913 Mn in 2022, as compared to AED7,931 Mn in 2021. The General and Administrative Expenses are expected to decline by 0.7% YOY to AED4,043 Mn in 2022, down from AED4,072 Mn in 2021. However, the Net Other Operating Income is expected to increase by 21.7% YOY to AED306 Mn in 2022, as compared to AED252 Mn in 2021. The Share of results of associates is expected to increase by 3% YOY to AED324 Mn in 2022, up from AED315 Mn in 2021. The Provisions and Impairment charges are expected to increase by 46.9% YOY to AED280 Mn in 2022, up from AED191 Mn in 2021. The Finance Income is expected to decline by 2.4% YOY to AED420 Mn in 2022, as compared to AED430 Mn in 2021. However, the Finance Cost is likely to increase by 62.1% YOY to AED2,100 Mn in 2022, up from AED1,295 Mn in 2021. The Other Income is likely to increase by 21.2% YOY to AED262 Mn in 2022, as compared to AED216 Mn in 2021. The Depreciation charges are likely to decline by 3.9% YOY to AED1,232 Mn in 2022, down from AED1,282 Mn in 2021. As a result, the Profit before tax is expected to increase by 19.3% YOY to

AED7,307 Mn in 2022, as compared to AED6,124 Mn in 2021. The Income Tax charges are likely to increase by 25.6% YOY to AED512 Mn in 2022, as compared to AED407 Mn in 2021. The NCI is likely to decline by 11.3% YOY to AED1,699 Mn in 2022, as compared to AED1,916 Mn in 2021. Therefore, the Net Profit is likely to increase by 34.1% YOY to AED5,097 Mn in 2022, as compared to AED3,800 Mn in 2021.

4Q21 Outturn

The Gross Profit surged by 78.4% YOY to AED3,743 Mn in 4Q21, up from AED2,098 Mn in 4Q20. It was mainly due to an increase by 59.4% YOY in Revenue to AED8,938 Mn in 4Q21, up from AED5,608 Mn in 4Q20. The Cost of Revenue increased by 48% YOY to AED5,194 Mn in 4Q21, as compared to AED3,510 Mn in 4Q20. While the General and Administrative expenses have declined by 19.1% YOY to AED1,026 Mn in 4Q21, down from AED1,268 Mn in 4Q20. Other operating income strongly increased reaching AED70 Mn in 4Q21, up from AED29 Mn in 4Q20. As a result, the EBIT robustly increased to AED2,788 Mn in 4Q21, up from AED859 Mn in 4Q20. The Share of results of associates and joint ventures declined by 31.2% YOY to AED141 Mn in 4Q21. Impairment charges reached AED77 Mn in 4Q21, as compared to a nil in 4Q20. Finance charges increased by 54% YOY to AED540 Mn in 4Q21, up from AED351 Mn in 4Q20. Whereas the Finance Income grew by 46.6% YOY to AED148 Mn in 4Q21, up from AED101 Mn in 4Q20. The Other Income declined by 74.4% YOY to AED58 Mn in 4Q21, as compared to AED228 Mn in 4Q20. Therefore, the Profit before tax strongly increased to AED1,879 Mn in 4Q21, up from AED305 Mn in 4Q20. The Company reported a significant increase in the Income tax expense in 4Q21 standing at AED192 Mn, as compared to AED51 Mn in 4Q20. The NCI significantly increased to AED465 Mn in 4Q21, up from AED201 Mn in 4Q20. As a result, the Net Profit increased significantly to AED1,222 Mn in 4Q21, as compared to AED52 Mn in 4Q20. Total Assets have increased by 3.3% YOY to AED121.85 Bn in 4Q21, up from AED117.98 Bn in 4Q20. While the Total liabilities have barely increase by 0.5% YOY to AED53.65 Bn in 4Q21, as compared to AED53.4 Bn in 4Q20. Whereas the Total equity increased by 5.6% YOY to AED68.2 Bn in 4Q21, up from AED64.58 Bn in 4Q20.

Target price and rating

We maintain our BUY rating on EMAAR with a revised target price of AED7.00. Emaar Properties reported a strong increase in Net Profit to AED3.8 Bn in 2021, as compared to AED2.1 Bn in 2020, up by 80.2% YOY. It was driven by strong increase in Gross Profit and significant decline in Provisions and Impairment charges. The Gross Profit increased by 79.9% YOY to AED11.75 Bn in 2021, up from AED6.53 Bn in 2020. It was driven by increase in Total Revenue by 57.4% YOY to AED28.3 Bn in 2021, as compared to AED18 Bn in 2020. Similarly, the Cost of Revenue increased by 44.6% YOY to AED16.5 Bn in 2021, as compared to AED11.4 Bn in 2020. The Gross Profit Margin increased by 519 bps to 41.6% in 2021, up from 36.4% in 2020. The EBIT increased significantly to AED7.9 Bn in 2021, up from AED3.2 Bn in 2020. The growth was partially impacted by strong increase in General and Administrative Expenses by 15.4% YOY to AED4.1 Bn in 2021, up from AED3.53 Bn in 2020. However, The Net Other Operating Income increased by 52.3% YOY to AED252 Mn in 2021, as compared to AED165 Mn in 2020, and positively impacted the EBIT in 2021. As a result, the Operating Profit Margin increased by 1041 bps to 28.1% in 2021, up from 17.6% in 2020. The Share of associates increased significantly to positive AED315 Mn in 2021, up from losses of AED582 Mn in 2020. The significant decline in Impairment charges stood at AED191 Mn in 2021, down from AED551 Mn in 2020. The Finance Income declined by 11.3% YOY to AED430 Mn in 2021, down from AED485 Mn in 2020. The Finance Cost increased by 18.2% YOY to AED1.3 Bn in 2021, up from AED1.1 Bn in 2020. The Other Income declined strongly by 91.2% YOY to AED216 Mn in 2021, down from AED2.4 Bn in 2020. The Other Income recorded was due to a one-time gain in 2020. As a result, the Profit

before Tax increased significantly to AED6.1 Bn in 2021, up from AED2.6 Bn in 2020. The Income Tax recorded stood at AED407 Mn in 2021, up from AED192 Mn in 2020. The NCI contribution increased by 2.7x times to AED1.9 Bn in 2021, as compared to AED697 Mn in 2020. As a result, the Net Profit increased by 80.2% YOY to AED3.8 Bn in 2021, up from AED2.1 Bn in 2020.

Emaar Properties recorded the highest property sales in 2021, to AED33.76 Bn. It was more than 3 times higher than in 2020. The domestic property sales reported a strong increase of 335% YOY to AED27.517 Bn in 2021. The property backlog stood at AED46.057 Bn in 2021 and will provide Revenue visibility for the future. The Company currently has 24,500 units under construction in UAE and around 10,700 units in international markets.

Emaar Properties has four core business units – Emaar Development, Emaar International, Emaar Malls and lastly Emaar Hospitality, Leisure, and Entertainment. Emaar Development recorded the highest property sales to AED27.440 Bn in 2021, up from AED6.308 Bn in 2020. The Total Revenue increased by 60% YOY to AED15.602 Bn in 2021. Similarly, the Net Profit increased by 96% YOY to AED3.244 Bn in 2021. Emaar International reported increase in property sales by 36% YOY to AED6.244 Bn in 2021, up from AED4.581 Bn in 2020. The Total Revenue increased by 66% YOY to AED5.096 Bn in 2021, as compared to 2020. It represents 18% of the Group's Total Revenue. The performance in international markets is mainly driven by India, Pakistan, and Egypt. Emaar Malls reported a 42% YOY growth in Total Revenue to AED4.988 Bn in 2021, as compared to 2020. The Net Profit increased significantly by 160% YOY to AED1.832 Bn in 2021, as compared to 2020. The Mall's occupancy level stood at 87% in 2021. In 1Q 2022, the Company is launching the Dubai Hills Mall in a strategic locality. Similarly, for Dubai Mall, the Chinatown Development is expected to launch in 2H 2022. The e-commerce platform Namshi is consistently achieving strong results. The Sales stood at AED1.541 Mn in 2021. The main geographical customer base is in Saudi Arabia, Kuwait, Qatar (launched in 2021) and Other GCC countries. Lastly, Emaar Hospital, Leisure and Entertainment reported a 60% YOY increase in Total Revenue to AED2.584 Bn in 2021, as compared to 2020. The occupancy rates stood at 66% in 2021. The Entertainment segment launched two new destinations in 4Q21. All the business segments represent 27% of the Group's Total Revenues in 2021. The Board of Directors have proposed AED0.15 per share in cash dividends for 2021. Based on our analysis, we assign a BUY rating.

Emaar Properties – Relative Valuation

(at CMP)	2018	2019	2020	2021	2022F
PE (X)	7.0	6.9	20.8	11.6	8.6
PB (X)	0.9	0.8	0.8	0.8	0.6
Dividend yield (%)	2.3%	2.4%	2.4%	2.5%	2.5%

FABS estimate & Co Data

Emaar Properties - P&L

AED mm	1Q21	4Q21	1Q22F	YOY Ch	QOQ Ch	2021	2022F	Change
Revenue	5993	8938	8050	34.3%	-10.5%	28270	32500	15.0%
Cost of revenue	-3313	-5194	-4658	40.6%	-11.3%	-16518	-18850	14.1%
Gross profit	2680	3743	3392	26.6%	-9.4%	11751	13650	16.2%
General and admin expenses	-994	-1026	-995	0.1%	-3.0%	-4072	-4043	-0.7%
Net other operating Income	47	70	71	52.3%	1.2%	252	306	21.7%
EBIT	1733	2788	2468	42.5%	-11.5%	7931	9913	25.0%
Share of assoc. profits/(-loss)	-102	-141	79	NM	NM	315	324	3.0%
Provisions and impairment	0	-77	-44	NA	-42.0%	-191	-280	46.9%
Finance income	85	148	104	22.0%	-30.0%	430	420	-2.4%
Finance cost	-236	-540	-515	NM	-4.7%	-1295	-2100	62.1%
Other income	109	58	62	-43.2%	6.0%	216	262	21.2%
Depreciation	-306	-357	-304	-0.6%	-14.7%	-1282	-1232	-3.9%
Profit before tax	1281	1879	1848	44.3%	-1.7%	6124	7307	19.3%
Income tax	-80	-192	-111	37.8%	-42.3%	-407	-512	25.6%
Profit for the period	1201	1687	1737	44.7%	3.0%	5717	6796	18.9%
NCI	-544	-465	-419	-23.1%	-10.0%	-1916	-1699	-11.3%
Profit to shareholders	657	1222	1319	NM	7.9%	3800	5097	34.1%

FABS estimate & Co Data

Emaar Properties - Margins

AED mm	1Q21	4Q21	1Q22F	YOY Ch	QOQ Ch	2021	2022F	Change
GPM	44.7%	41.9%	42.4%	-232	52	41.6%	42.0%	43
OPM	28.9%	31.2%	30.9%	194	-34	28.1%	30.5%	245
NPM	11.0%	13.7%	16.5%	553	281	13.4%	15.7%	224

FABS estimate & Co Data

1Q22 preview: Emaar Development

Growth in Revenue and decline in Expenses to support Profit

CMP (AED): 4.62

Potential upside (%): +16.9%

12-m target price:
AED5.40

Stock rating:
BUY

1Q22 Estimate

We estimate EMAAR DEVELOPMENT to report an increase of 9.5% YOY in Net Profit to AED855 Mn in 1Q22, up from AED781 Mn in 1Q21. The Gross Profit is expected to decline by 3.2% YOY to AED1,465 Mn in 1Q22, down from AED1,513 Mn in 1Q21. It is expected to be driven by 1.6% YOY decline in Revenue to AED3,785 Mn in 1Q22, down from AED3,848 Mn in 1Q21. Similarly, the Cost of Revenue is expected to decline by 0.6% YOY to AED2,320 Mn in 1Q22, down from AED2,335 Mn in 1Q21. As a result, the decline in Revenue is expected to negatively impact the Gross Profit in 1Q22. The Operating Profit is likely to decline by 1.5% YOY to AED1,054 Mn in 1Q22, down from AED1,070 Mn in 1Q21. The Selling, General and Administrative expenses are expected to decline by 7.2% YOY to AED411 Mn in 1Q22, down from AED443 Mn in 1Q21. However, the decline in Revenue is expected to contract the Operating Profit. The Finance Income is likely to increase significantly to AED31 Mn in 1Q22, up from AED8 Mn in 1Q21. The Finance Cost is expected to increase by 23.1% YOY to AED67 Mn in 1Q22, up from AED55 Mn in 1Q21. Similarly, the Other Income has increased significantly to AED25 Mn in 1Q22, up from AED3 Mn in 1Q21. The Share of results of Joint Ventures are expected to decline by 4.4% YOY to AED59 Mn in 1Q22, down from AED61 Mn in 1Q21. As a result, the Profit for the year (Before NCI) is expected to increase by 1.3% YOY to AED1,102 Mn in 1Q22, up from AED1,088 Mn in 1Q21. The NCI is likely to decline by 19.4% YOY to AED247 Mn in 1Q22, down from AED307 Mn in 1Q21. As a result, the Net Profit is expected to increase by 9.5% YOY to AED855 Mn in 1Q22, as compared to AED781 Mn in 1Q21.

2022 Forecast

The Net Profit is expected to increase by 6.7% YOY to AED3,460 Mn in 2022, as compared to AED3,244 Mn in 2021. The Gross Profit is expected to increase by 3% YOY to AED5,909 Mn in 2022, up from AED5,735 Mn in 2021. The Revenue is expected to increase by 1% YOY to AED15,758 Mn in 2022, as compared to AED15,602 Mn in 2021. However, the Cost of Revenue is expected to decline by 0.2% YOY to AED9,849 Mn in 2022, as compared to AED9,867 Mn in 2021. The Selling, General expenses are likely to decline by 2.6% YOY to AED1,610 Mn in 2022, as compared to AED1,654 Mn in 2021. As a result, the Operating Profit is expected to increase by 5.3% YOY to AED4,299 Mn in 2022, as compared to AED4,081 Mn in 2021. The Finance Income is expected to increase by 5.3% YOY to AED131 Mn in 2022, as compared to AED124 Mn in 2021. The Finance Cost is likely to increase by 3% YOY to AED276 Mn in 2022, as compared to AED268 Mn in 2021. The Other Income is expected to increase by 6.3% YOY to AED64 Mn in 2022, as compared to AED61 Mn in 2021. The Share of results of Joint ventures is likely to increase by 4.6% YOY to AED246 Mn in 2022, as compared to AED235 Mn in 2021. As a result, the Net Profit is likely to increase by 6.7% YOY to AED3,460 Mn in 2022, as compared to AED3,244 Mn in 2021.

4Q21 Outturn

Revenue strongly increased by 47.1% YOY to AED3,862 Mn in 4Q21, up from AED2,625 Mn in 4Q20. The Cost of Revenue increased by 52.8% YOY to AED2,553 Mn in 4Q21, as compared to AED1,671 Mn in 4Q20. Therefore, the Gross profit increased by 37.1% YOY to AED1,309 Mn in 4Q21, up from AED955 Mn in 4Q20, with a Gross Margin equal to 33.9% from 36.4% in 4Q20. While the General & Administrative expenses have declined by 15% YOY reaching AED390 Mn in 4Q21. Thus, the Operating Profit strongly surged by 85.2% YOY to AED919 Mn in 4Q21, as compared to AED497 Mn in 4Q20. As a result, the Operating Profit Margin improved slightly by 490 bps to 23.8% in 4Q21, up from 18.9% in 4Q20. Moreover, the Finance Income has significantly increased to AED96 Mn in 4Q21. Meanwhile, the Finance cost strongly decreased by 80.2% YOY to AED34 Mn in 4Q21, down from AED174 Mn in 4Q20. The Share of results from associates and Joint ventures improved by 7.5% YOY to AED90 Mn in 4Q21, as compared to AED84 Mn in 4Q20. The NCI was down by 9.2% YOY to AED123 Mn in 4Q21. As a result, the Net Profit increased significantly to AED981 Mn in 4Q21, as compared to AED299 Mn in 4Q20. The Total Assets have increased by 7.3% YOY to AED36.17 Bn in 4Q21, as compared to AED33.71 Bn in 4Q20. While the Total Liabilities have decreased by 2.3% YOY to AED19.75 Bn in 4Q21, down from AED20.21 Bn in 4Q20. Total Equity increased by 21.6% YOY to AED16.42 Bn in 4Q21, up from AED13.5 Bn in 4Q20.

Target price and recommendation

We maintain our BUY rating on EMAARDEV with a revised target price of AED5.40. Emaar Development recorded a substantial increase in fundamentals in 2021, with some highest ever metrics. The Company reported a strong increase in Net Profit by 95.8% YOY to AED3.24 Bn in 2021, as compared to AED1.66 Bn in 2020. The Gross Profit increased strongly by 64.9% YOY to AED5.74 Bn in 2021, as compared to AED3.5 Bn in 2020. It is driven by 59.9% YOY increase in Total Revenue to AED15.6 Bn in 2021, as compared to AED9.6 Bn in 2020. Similarly, the Cost of Revenue increased by 57.1% YOY to AED9.9 Bn in 2021, as compared to AED6.3 Bn in 2020. However, the increase in Revenue outperformed the increase in Cost of Revenue and positively impacted the Gross Profit. As a result, the Gross Profit Margin improved by 111 bps to 36.8% in 2021, up from 35.6% in 2020. The Operating Profit increased strongly by 87.8% YOY to AED4.1 Bn in 2021, as compared to AED2.2 Bn in 2020. However, the increase was hampered by 26.7% YOY increase in Selling and General expenses to AED1.7 Bn in 2021, as compared to AED1.3 Bn in 2020. The Operating Profit Margin improved by 388 bps to 26.2% in 2021, up from 22.3% in 2020. The Profit of the year improved significantly to AED4.2 Bn in 2021, up from AED2.1 Bn in 2020. It was driven by increase in Finance Income to AED124 Mn in 2021, up from AED57 Mn in 2020. The Finance Cost declined by 10.7% YOY to AED268 Mn in 2021, as compared to AED300 Mn in 2020. The Other Income increased strongly to AED61 Mn in 2021, up from AED28 Mn in 2020. The Share of Joint Ventures increased to AED235 Mn in 2021, as compared to AED98 Mn in 2020. The contribution from NCI increased significantly to AED988 Mn in 2021, as compared to AED398 Mn in 2020. The Net Profit increased by 95.8% YOY to AED3.24 Bn in 2021, as compared to AED1.66 Bn in 2020. The Net Profit Margin increased by 381 bps to 20.8% in 2021, up from 17% in 2020.

Emaar Development reported a 4x times increase in Property Sales to AED27.440 Bn in 2021, as compared to 2020. The reported property sales were amongst the highest ever with 335% YOY increase in 2021, as compared to 2020. The sales backlog increased to AED28.616 Bn in 2021, as compared to 2020. The performance was driven by focus on inventory sales, and several launches of prime properties that will contribute to the Revenue backlog. The Company launched several high-profile projects in Dubai Hills Estate, Emaar Beachfront etc. Emaar Development delivered 4,700 residential units in 2021 in several prime localities in Dubai. As of 2021, around 24,500 residential

units are under construction in UAE and soon will be delivered. The Board of Directors have proposed to not pay any Dividends in 2021. Based on our analysis, we assign a BUY rating.

Emaar Development – Relative Valuation

(at CMP)	2018	2019	2020	2021	2022F
PE (X)	4.7	6.8	11.2	5.7	5.3
PB (X)	2.3	1.9	1.6	1.3	1.1
Dividend yield (%)	0.0%	11.3%	0.0%	0.0%	0.0%

FABS estimate & Co Data

Emaar Development - P&L

AED mm	1Q21	4Q21	1Q22F	YOY Ch	QOQ Ch	2021	2022F	Change
Revenue	3848	3862	3785	-1.6%	-2.0%	15602	15758	1.0%
Cost of Revenue	-2335	-2553	-2320	-0.6%	-9.1%	-9867	-9849	-0.2%
Gross Profit	1513	1309	1465	-3.2%	11.9%	5735	5909	3.0%
Selling, General & Administrative expenses	-443	-390	-411	-7.2%	5.5%	-1654	-1610	-2.6%
Operating Profit	1070	919	1054	-1.5%	14.6%	4081	4299	5.3%
Finance Income	8	96	31	NM	-67.6%	124	131	5.3%
Finance Cost	-55	-34	-67	23.1%	94.6%	-268	-276	3.0%
Other Income	3	33	25	NM	-24.0%	61	64	6.3%
Share of results of Joint Ventures	61	90	59	-4.4%	-35.0%	235	246	4.6%
Profit for the year	1088	1105	1102	1.3%	-0.3%	4233	4464	5.5%
NCI	307	123	247	-19.4%	100.0%	988	1003	1.5%
Net profit to equity holders	781	981	855	9.5%	-12.9%	3244	3460	6.7%

FABS estimate & Co Data

Emaar Development-Margins

AED mm	1Q21	4Q21	1Q22F	YOY Ch	QOQ Ch	2021	2022F	Change
GPM	39.3%	33.9%	38.7%	-61	480	36.8%	37.5%	74
OPM	27.8%	23.8%	27.8%	4	403	26.2%	27.3%	112
NPM	20.3%	25.4%	22.6%	229	-282	20.8%	22.0%	117

FABS estimate & Co Data

1Q22 preview: Aldar Properties

Higher Revenue expected to support the bottom-line

CMP (AED): 5.15

Potential upside (%): +1.0%

12-m target price:

AED5.20

Stock rating:

HOLD

1Q22 Estimate

Aldar properties is expected to report a 41.1% YOY increase in Net Profit to AED768 Mn in 1Q22, from AED543 Mn in 1Q21. This is mainly due to an expected increase in Revenue. Revenue is expected to increase by 16.1% YOY to AED2,369 Mn in 1Q22, up from AED2,041 Mn in 1Q21. Direct Costs are expected to drop by 0.7% YOY to AED1,255 Mn in 1Q22, down from AED1,265 Mn in 1Q21. Resultantly, the Gross profit is expected to increase by 43.4% YOY to AED1,113 Mn in 1Q22, up from AED776 Mn in 1Q21, with GPM standing at 47% from 38% in 1Q21. General Expenses are expected to increase by 38.8% YOY to AED232 Mn in 1Q22, up from AED167 Mn in 1Q21. Selling & marketing expenses are estimated to surge by 20.5% YOY to AED46 Mn in 1Q22, compared to AED38 Mn in 1Q21. Despite the increase in expenses, the EBIT is expected to increase by 46.2% YOY to AED836 Mn in 1Q22, up from AED571 Mn in 1Q21. Finance Income is expected to slightly decrease by 1.3% YOY to AED12 Mn in 1Q22. Finance Cost is expected to increase by 4.6% YOY to AED67 Mn in 1Q22, up from AED64 Mn in 1Q21. While the Other income is expected to decline by 23.1% YOY to AED57 Mn in 1Q22, down from AED74 Mn in 1Q21. Provisions are expected to be higher by 30% YOY to AED62 Mn in 1Q22.

2022 Forecast

Aldar Properties is expected to post a 32.3% YOY increase in Net Profit to AED3,063 Mn in 2022, as compared to AED2,316 Mn in 2021. The Revenue is likely to increase by 13.6% YOY to AED9,739 Mn in 2022, as compared to AED8,576 Mn in 2021. The Direct Costs are likely to increase by 5.7% YOY to AED5,259 Mn in 2022, as compared to AED4,976 Mn in 2021. Therefore, the Gross Profit is expected to increase by 24.4% YOY to AED4,480 Mn in 2022, as compared to AED3,600 Mn in 2021. The EBIT is likely to grow by 32.6% YOY to AED3,294 Mn in 2022, as compared to AED2,484 Mn in 2021. The General expenses are likely to increase by 6.6% YOY to AED995 Mn in 2022, as compared to AED934 Mn in 2021. The Selling and Marketing expenses are likely to increase by 4.6% YOY to AED191 Mn in 2022, as compared to AED183 Mn in 2021. The Share of associates are likely to decline by 13.8% YOY to AED7 Mn in 2022, as compared to AED8 Mn in 2021. The Provision/reversal is likely to decline by 14% YOY to AED212 Mn in 2022, as compared to AED247 Mn in 2021. The Finance Income is expected to increase by 1.5% YOY to AED49 Mn in 2022, as compared to AED48 Mn in 2021. Similarly, the Finance Cost is expected to increase by 2.9% YOY to AED273 Mn in 2022, as compared to AED266 Mn in 2021. The Other Income is expected to increase by 0.2% YOY to AED64 Mn in 2022, up from 2021. As a result, the Net Profit is expected to surge by 32.3% YOY to AED3,063 Mn in 2022, as compared to AED2,316 Mn in 2021.

4Q21 Outturn

Revenue has decreased by 11% YOY to AED2,256 Mn in 4Q21, as compared to AED2,534 Mn in 4Q20. Whereas the Direct costs have dropped by 34.4% YOY to AED1,090 Mn in 4Q21. Resultantly, Gross Profit increased by 33.6% YOY to AED1,166 Mn in 4Q21, up from AED873 Mn in 4Q20, with GPM equal to 51.7% from 34.4% in 4Q20. General expenses have increased by 65.8% YOY to AED388 Mn in 4Q21. Also, the Selling and Marketing expenses have surged by 50.1% YOY reaching AED85 Mn in 4Q21. Despite the increase in the Selling & overhead expenses, the EBIT in 4Q21

increased by 19% YOY to AED693 Mn, up from AED582 Mn in 4Q20, with an OPM margin equal to 30.7% in 4Q21. Provision charges have decreased by 20.3% YOY to AED157 Mn compared to AED197 Mn in 4Q20. The Finance income has increased by 35.8% YOY to AED14 Mn in 4Q21 from AED10 Mn in 4Q20. Similarly, the Finance cost slightly declined by 0.9% YOY to AED66 Mn in 4Q21. Moreover, the Non-controlling interest has significantly increased to AED15 Mn, up from AED7 Mn in 4Q20. As a result, the Net Profit improved by 7.9% YOY to AED780 Mn in 4Q21, as compared to AED723 Mn in 4Q20. Total assets have increased by 23.1% YOY to AED49.54 Bn in 4Q21, up from AED40.23 Bn in 4Q20. Similarly, the Total equity increased by 7.5% YOY to AED27.64 Bn in 4Q21 from AED25.7 Bn in 4Q20. Total liabilities have strongly increased by 50.8% YOY to AED21.91 Bn, as compared to AED14.53 Bn in 4Q20.

Target price and rating

We assign a HOLD rating on ALDAR with revised target price of AED5.20. Aldar reported a strong increase in Net Profit by 19.8% YOY to AED2.32 Bn in 2021, up from AED1.9 Bn in 2020. It was mainly due to decline in Direct Cost, Provision Charges, Finance Costs, and improvement in margins. The Gross Profit increased strongly by 20.7% YOY to AED3.6 Bn in 2021, as compared to AED2.98 Bn in 2020. It was mainly driven by 8% YOY decline in Direct Costs to AED4.98 Bn in 2021, down from AED5.4 Bn in 2020. Furthermore, the Revenue increased by 2.2% YOY to AED8.576 Bn in 2021, up from AED8.4 Bn in 2020. As a result, the Gross Profit was positively impacted and increased by 20.7% YOY. The Gross Profit Margin improved by 643 bps to 42% in 2021, up from 35.5% in 2020. The EBIT increased by 13.1% YOY to AED2.5 Bn in 2021, up from AED2.2 Bn in 2020. The growth was hampered by strong increases in overheads. The General Expenses increased by 41.1% YOY to AED934 Mn in 2021, up from AED662 Mn in 2020. Similarly, the Selling and Marketing Expenses increased by 45.6% YOY to AED183 Mn in 2021, up from AED125 Mn in 2020. As a result, the growth in EBIT was limited. The Operating Profit Margin improved by 280 bps to 29% in 2021, up from 26.2% in 2020. The Profit for Period increased strongly by 20.8% YOY to AED2.33 Bn in 2021, as compared to AED1.9 Bn in 2020. The Share of Associates declined by 16.8% YOY to AED8 Mn in 2021, as compared to AED10 Mn in 2020. The Provision charges declined by 16.5% YOY to AED247 Mn in 2021, down from AED296 Mn in 2020. The decline supported the increase in Net Profit in 2021. The Finance Income declined strongly by 28% YOY to AED48 Mn in 2021, as compared to AED67 Mn in 2020. Similarly, the Finance Cost decreased by 14.5% YOY to AED266 Mn in 2021, as compared to AED311 Mn in 2020. Likewise, the Other Income declined by 66.5% YOY to AED64 Mn in 2021, as compared to AED190 Mn in 2020. The contribution from NCI increased significantly to AED18 Mn in 2021, as compared to AED0.01 Mn in 2020. As a result, the Net Profit increased strongly by 19.8% YOY to AED2.3 Bn in 2021, as compared to AED1.9 Bn in 2020. Therefore, the Net Profit Margin increased by 398 bps to 27% in 2021, up from 23% in 2020.

The Company reported the highest ever yearly sales in 2021. The Revenue backlog stood at AED6 Bn in 2021, focused on strong visibility for the Group. The Company has robust cash position (unrestricted) at AED5.4 Bn as of 2021, and around AED4.7 Bn accounts for undrawn facilities that are preserved for coming prospects. The full year sales stood at AED7.2 Bn with Q4 sales at AED1.1 Bn in 2021. The year witnessed varied customer base such as International, female, and young. The fee-based business has increased and has a project backlog of AED41.1 Bn as of 2021.

Aldar Development mainly operates via two main segments Property Development & Sales and Project Management Services. The Revenue from Aldar Development increased by 1% YOY to AED5.033 Bn in 2021, as compared to AED4.96 Bn in 2020. The Gross Profit increased strongly by 30% YOY to AED1.82 Bn in 2021, up from AED1.4 Bn in 2020. It was driven by significant increase

in Sales to AED7.2 Bn in 2021, up from AED3.6 Bn in 2020. The Sales were driven by high demand from overseas customers and expats with 44% contribution to Total Sales. During 4Q, the Company entered international markets with 85.52% stake in Egypt's SODIC upon acquisition. The consortium plans to become the leading developer in the country. Aldar Investment, that represents AED21 Bn in assets under management, operates via four business segments namely – Investment Properties, Aldar Education, Hospitality and Leisure and Principal Investments. The Total Revenue increased by 6% YOY to AED3.3 Bn in 2021, as compared to AED3.1 Bn in 2020. The Net Operating Income increased by 11% YOY to AED1.7 Bn in 2021, up from AED1.56 Bn in 2020. The Occupancy rates increased strongly by 5% YOY to 93% in 2021, up from 88% in 2020. Aldar Investment's Total Revenue for 4Q21 increased strongly by 7% YOY to AED927 Mn. The portfolio witnessed strong growth in 2021 due to strong fundamentals. The Apollo Global Management invested AED3.68 Bn in 1Q 2022. It also includes AED1.47 Bn investment in the Group's joint venture. The Board of Directors recommended Dividends worth AED0.15 per share in 2021. Based on our analysis, we assign a HOLD rating on the stock.

Aldar – Relative Valuation

(at CMP)	2018	2019	2020	2021	2022F
PE (X)	21.8	20.4	20.9	17.5	13.2
PB (X)	1.7	1.6	1.6	1.5	1.4
Dividend yield (%)	2.3%	2.7%	2.8%	2.8%	2.9%

FABS estimate and Co data

Aldar - P&L

AED mm	1Q21	4Q21	1Q22F	YOY Ch	QOQ Ch	2021	2022	Change
Revenue	2,041	2,256	2369	16.1%	5.0%	8576	9739	13.6%
Direct costs	-1,265	-1,090	-1255	-0.7%	15.2%	-4976	-5259	5.7%
Gross profit	776	1,166	1113	43.4%	-4.5%	3600	4480	24.4%
General expenses	-167	-388	-232	38.8%	-40.1%	-934	-995	6.6%
Selling & Marketing exp.	-38	-85	-46	20.5%	-46.4%	-183	-191	4.6%
EBIT	571	693	836	46.2%	20.6%	2484	3294	32.6%
Share of assoc.	-2	-2	-2	-11.0%	1.0%	-8	-7	-13.8%
Provision/(reversal)	-47	-157	-62	30.0%	-60.6%	-247	-212	-14.0%
Finance income	12	14	12	-1.3%	-14.3%	48	49	1.5%
Finance cost	-64	-66	-67	4.6%	2.0%	-266	-273	2.9%
Other income	74	312	57	-23.1%	-81.8%	64	64	0.2%
Profit for the period	544	795	774	42.3%	-2.6%	2333	3090	32.4%
Non-controlling interest	-1.1	-15.1	-6.2	458.2%	-59.0%	-18	-26	47.4%
Net profit	543	780	768	41.4%	-1.5%	2316	3063	32.3%

FABS estimate & Co Data

Aldar - Margins

	1Q21	4Q21	1Q22F	YOY Ch	QOQ Ch	2021	2022F	Change
AED mm								
GPM	38.0%	51.7%	47.0%	896	-468	42.0%	46.0%	402
OPM	28.0%	30.7%	35.3%	728	455	29.0%	33.8%	486
Net margin	26.6%	34.6%	32.4%	581	-215	27.0%	31.5%	445

FABS estimate & Co Data

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