Emaar Properties PJSC

Master Developer, Pulling the Strings

Emaar Properties PJSC (DFM: EMAAR.AE) is the United Arab Emirates' master real estate developer perhaps best known for its work on infamous projects like the Burj Khalifa. The company has a diversified portfolio of commercial, residential, and retail space split across its wholly-owned "Dubai Malls" subsidiary (retail) and an additional 79% stake in the publicly-listed Emaar Development company.

Company Thesis I: The Emirati Empire

It's clear that Emaar is the leader of the UAE's real estate oligopoly, being involved in the development and sale of 1 in 4 Dubai RE projects since the 2000s. A particularly fragmented industry, Emaar dominates its peers in terms of projects launched and units shipped: June 2025 saw Emaar deliver 4.5B AED ($1.25B USD) worth of units in one project alone (Dubai Investment Park #2). With sweeping dominance in pure-play domestic RE and a commitment to international expansion, Emaar has plenty of headroom to actualize as a global real estate empire backed by the tailwinds of Dubai's domestic market.

Company Thesis II: Dubai Real Estate, the Right Place at the Right Time

FY2024 was a record year for the company, marked by 33% topline growth and 16% on the bottom line. This momentum seems to have perpetuated into Q1 2025, where toplines are up 48% YoY thanks to continued demand for Dubai's luxury residential space. This makes Emaar's dominance in Emirati RE particularly profitable as it rides a cyclical market's uptrend—marked by sweeping surges in both volume and pricing across all portfolio segments.

EMAAR

RESEARCH REPORT

ANDREW GRIGNANO
JULY 2025

Ticker: EMAAR.AE

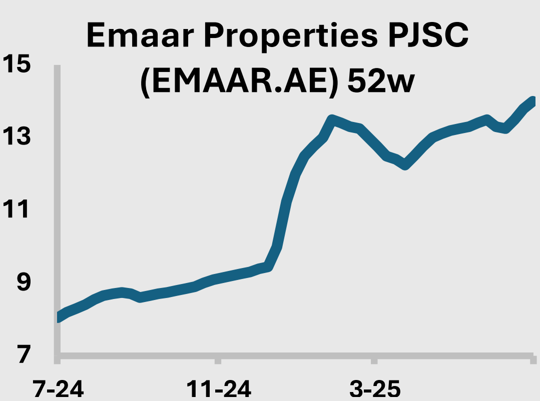
Price (07/10/2025): 14.00 AED

BASIC STATISTICS:

Market Cap:	124.185B AED
Sector:	Real Estate
Dividend Y%:	7.35
P/E Ratio:	8.64x
EV/EBIDTA TTM:	3.40x

PERFORMANCE:

Stock YTD:	+8.95%
Stock 6M:	+9.37%



ALL FIGURES IN AED

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> *"I COULD'VE BOUGHT A PLACE IN D.U.M.B.O. BEFORE IT WAS D.U.M.B.O.*
>
> *FOR LIKE 2 MILLION*
>
> *THAT SAME BUILDING TODAY IS WORTH 25 MILLION"*
>
> - JAY Z, 2017

In the early 2010s, New York's D.U.M.B.O. area claimed the title of 4th most expensive neighborhood in the United States. Median sale prices doubled as investors were perpetually appalled at the neighborhood's meteoric rise in both prices and scale.

In that same time, however, only one development in the world outperformed D.U.M.B.O's real estate explosion: the city of Dubai, with median sale prices increasing tenfold in the 2010s.

In fact, if one were to glance at the flashy Emirati skyline, they would notice the same name plastered upon nearly every office, hotel, mall, and gated community in the area. A name that everybody recognizes, but fails to know on a deeper level.

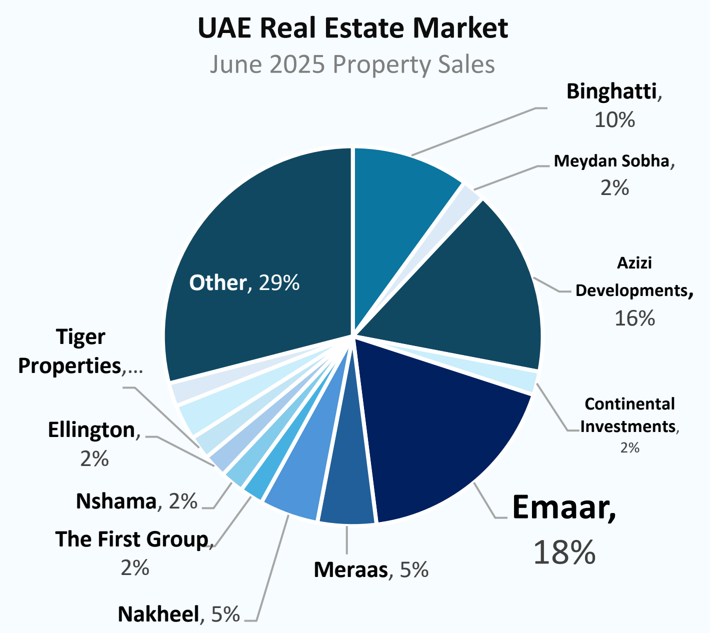
That name is EMAAR the Emirati real estate empire that has quietly built one in every four of Dubai's real estate projects since its founding in 1997.

From the Dubai Mall to the Burj Khalifa, Emaar Properties is the master developer of the worlds new most lucrative real estate scene out in the Middle East and beyond.

Master Developer, Pulling the Strings

Emaar Properties PJSC
Andrew Grignano

EXHIBIT 1: EMAAR'S DOMINANCE IN UAE REAL ESTATE



Company & Industry Overview

Emaar monopolizes approx. 1/5 sales in the 761B AED ($207B USD) Emirati real estate sector. Unlike the mature Western RE sector, the UAE is home to an emerging RE sector with plenty of headroom: the sector's CAGR, for instance, is forecasted at upwards of 8.4% through 2030, double the United States' 4.41%.

In June 2025, RE sales value and volumes are up 20.5% and 16% YoY in Dubai alone, with similar growth across the board in neighboring cities like Abu Dhabi.

Emaar themselves monetizes in this explosive industry primarily via build-to-sell (BTS) developments (villas, apartments, condos) alongside retail/commercial leasing with Dubai Malls. For FY2024, 75% of topline income came from BTS property transactions with another 19.6% sourced from leasing on commercial/retail spaces. A marginal 5.68% of revenues come from "Hospitality," Emaar's hotel verticals.

Revenue Breakdown

BTS sales prove by far to be Emaar's most lucrative business line, growing 49% between FY2023-24. Leasing revenues are comparatively less profitable but more durable, hovering around ~7B AED ($1.91B USD) since 2022.

On the bottom line, Emaar maintains disciplined net margins of 35.68% for Q1 2025: a remarkable feat compared to Western rivals like Simon PG (28.14%) and even domestic rivals (Al Dar's 20.36%).

EXHIBIT 2: EMAAR REVENUE BREAKDOWN 2018 – 2024

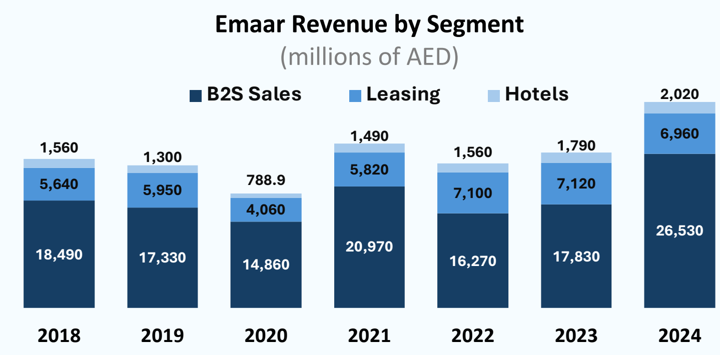
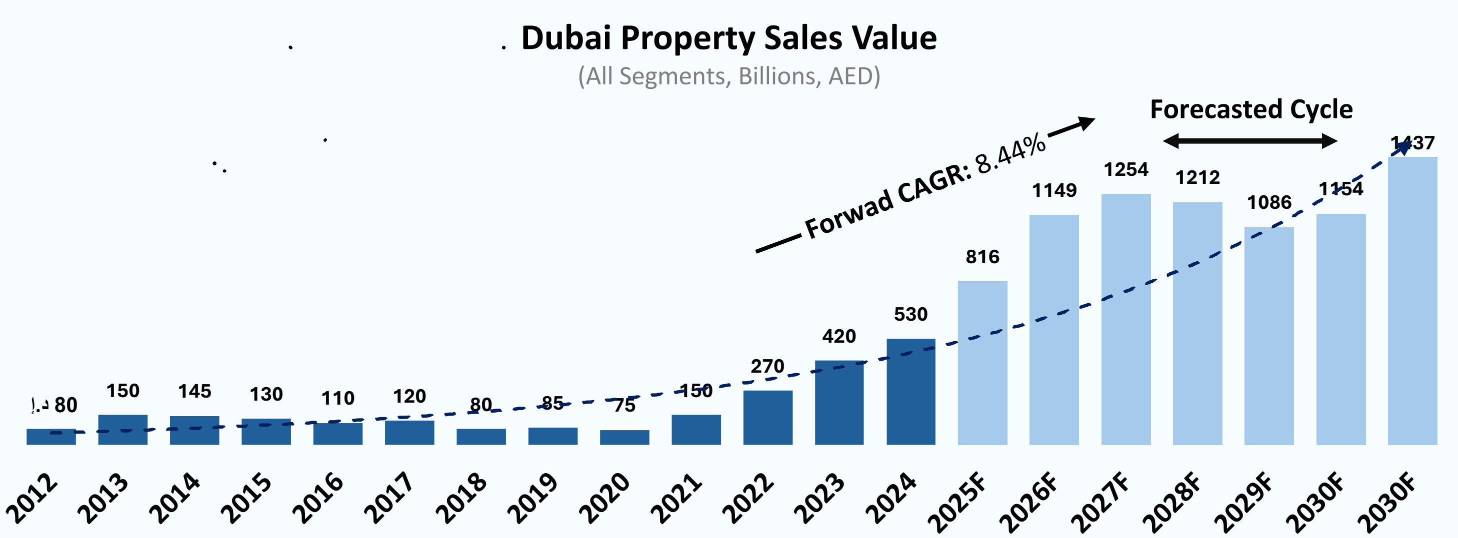


EXHIBIT 3: UAE REAL ESTATE SECTOR GROWTH AND CAGR



A Tale of Two Cities: Abu Dhabi & Dubai

Quite literally every famous site in the UAE is in some way affiliated with Emaar, whether it be as a lessor or as a developer. From Abu Dhabi to Dubai, Emaar has spent the last twenty years quietly erecting their own empire out in the Middle East. BTS sales and leases on these megaprojects are obviously incredibly lucrative, hence Emaar's roaring success in the last twenty years.

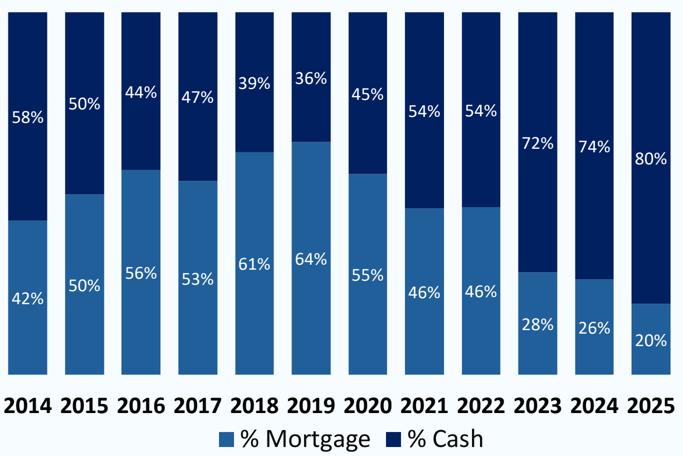
The Emaar Advantage

Superior Sales Structure & Occupancy

In Q1 2025, U.S. commercial occupancy rates sank to ~80%. In this same time, Abu Dhabi offices maintained a ~95% occupancy rate—this fixed-rent cover is expected to hold in the long-term considering most of Emaar's leases are dated 20+ years out.

Additionally, greater BTS sales—particularly off-plan transactions—translate to more cash upfront for Emaar. Despite rate cuts, cash transactions now make up 80% of Emaar's sales:

EXHIBIT 5: DUBAI RE TRANSACTIONS BY CASH & MORTGAGE



Cash Rules Everything Around The UAE

Surprisingly, even with the capital-intensive nature of megaprojects, Emaar practically prints free cash. FY2024 yielded 25B AED in FCF ($6.81B), backed by a 15.98% ROIC far above Western and domestic competitors:

EXHIBIT 6: ROIC OF MAJOR GLOBAL RE DEVELOPERS

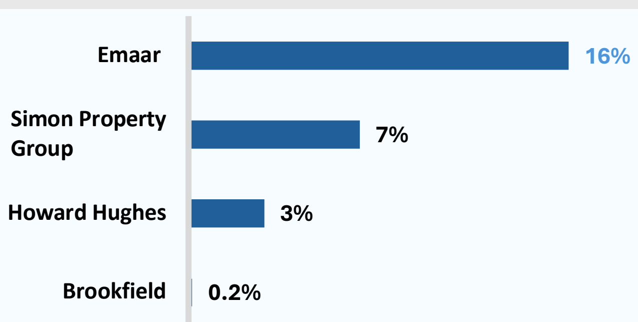


EXHIBIT 4: EMAAR PROPERTIES PORTFOLIO

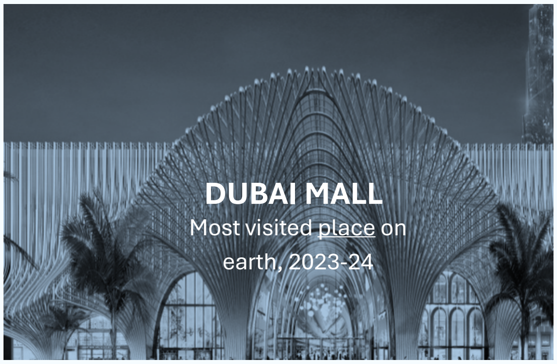


EXHIBIT 7: CAP RATE OF MAJOR EMAAR DEVELOPMENTS

Burj Khalifa					
Recent Commercial Rental	Sale Price	Sqft	Sale Price per Sqft	Rental NOI per Sqft	Cap rate
Jan. 2025 Office	26,900,000 د.إ.	11,355	2,369 د.إ.	290 د.إ.	12.24%
Nov. 2024 Office (Median)	44,500,000 د.إ.	8,807	5,053 د.إ.	340 د.إ.	6.73%
Jan. 2025 Office	24,600,000 د.إ.	8,807	2,793 د.إ.	290 د.إ.	10.38%
Oct. 2024 Office	44,100,000 د.إ.	8,807	5,007 د.إ.	341 د.إ.	6.81%
				Median Cap Rate	8.60%
				Est. Dubai Median (Mature Development)	7.00%
Recent Commercial Rental	Sale Price	Sqft	Sale Price per Sqft	Rental NOI per Sqft	Cap rate
Jul. 2025 1bd	2,300,000 د.إ.	1,098	2,094.72 د.إ.	146 د.إ.	6.96%
Jul. 2025 2bd	3,700,000 د.إ.	1,868	1,980.73 د.إ.	193 د.إ.	9.73%
Jun. 2025 3bd	7,500,000 د.إ.	2,663	2,816.37 د.إ.	180 د.إ.	6.40%
				Median Cap Rate	6.96%
				Downtown Dubai Median	5.50%
				Burj Khalifa Project Median Cap Rate (Residential + Commerical)	7.78%

Dubai Marina					
Commercial Sales	Sale Price	Sqft	Sale Price per Sqft	Rental NOI per Sqft	Cap rate
Jul. 2025 Shop	1,800,000 د.إ.	1,056	1,704.55 د.إ.	115	10.89%
Jul. 2025 Office	9,100,000 د.إ.	3,957	2,299.72 د.إ.	293	7.40%
Jun. 2025 Shop	9,600,000 د.إ.	2,741	3,502.37 د.إ.	182	6.64%
				Median Cap Rate	7.40%
				Est. Dubai Median (Mature Development)	7.00%

Greater ROI (Rental Yield & Cap Rates) Drives Incentive to Buy Emirati RE

Moreover, while the gross average rental yield on a New York studio apartment hover around 6.50% (some of the highest in the world), Dubai beats out this record figure with an average 8.42% gross rental yield on studio apartments in the area. Regardless of Supply/Demand market cycles, the incentive to buy in Dubai is elementary, yes, but explicitly strong regardless.

Using the Burj Khalif and Dubai Marina as models for the company's entire portfolio, Emaar holds superior cap rates on their BTS sales compared to regional medians: ~8.60% on trophy commercial properties like the Burj Khalifa; ~6.96% on residential space, and another ~7.40% on standard commercial/retail spaces. This reflects greater profitability as a master developer, alongside Dubai's better rental incentives.

EXHIBIT 8: EMAAR PROPERTIES PIPELINE (PRESENT TO ~H1 2026)

Off-Plan Investment Potential						
Project	Units	Year 1 Rent Est. / ARR	Occupancy	Total Rev	NOI Margin	NOI
Dubai Mall Expansion	279	944,200 د.إ.	99.5%	262,114,641 د.إ.	65%	170,374,516.65 د.إ.
Expo Mall	190	944,200 د.إ.	96.0%	172,222,080 د.إ.	65%	111,944,352.00 د.إ.
Al Marjan Island	1,100	230,000 د.إ.	85.0%	215,050,000 د.إ.	70%	150,535,000.00 د.إ.
The Oasis	682	252,000 د.إ.	85.0%	145,984,968 د.إ.	80%	116,787,974.69 د.إ.
Dubai Marina	653	115,500 د.إ.	70.0%	52,769,178 د.إ.	80%	42,215,342.40 د.إ.
Emaar Beachfront	83	172,500 د.إ.	65.0%	9,253,676 د.إ.	80%	7,402,941.00 د.إ.
Expo Living (50%)	100	220,000 د.إ.	92.0%	20,320,960 د.إ.	80%	16,256,768.00 د.إ.
Dubai Creek	235	130,000 د.إ.	85.0%	25,945,400 د.إ.	70%	18,161,780.00 د.إ.
Total	3,321					**633,678,675**

A Perilous—But Profitable— Pipeline

Emaar's pipeline developments are in very, very high demand, with most selling out within weeks of their launch. Before H1 2026, I've estimated Emaar's pipeline to bring about ~633M AED in Net Operating Income in unfinished developments alone with ~3,300 unfinished units awaiting delivery. This excludes recurring revenue on commercial leases (ARR) and pre-construction developments yet to be built—most of Emaar's developments are sold off in pieces as they are put up.

Revenue is recognized as a percentage of completion, thus even considering that a median 94% of unfished units are already sold across all developments, this revenue will only materialize through FY2030.

The gross value of Emaar's backlog is estimated to be **127B AED ($34.6B USD)**—itself nearly *seven times* 2025 revenues of 19.1B AED. This reflects 62% YoY growth in their backlog since Q1 2024, and ~27% Q/Q.

A total of 43,768 units are currently under development (incl. 50% join ventures, JVs) and to be delivered before 2029. Development is expected to slow in FY2025 (~800 units/quarter) before accelerating in 2026-27 (~1600-2200 units/quarter), and thereby leaving more room for 2023-24 sales to be recognized this year and 2026-27 sales to be recognized as decelerates slows in 2029.

A Note on the Dubai RE Cycle

It's also worth noting that these pre-sales—again often selling out 94-100% of unfinished units before construction begins—would partially hedge Emaar from a Dubai RE market downtown or economic decline as sales from past years being recognized in the future can prop up toplines under lower volumes.

In fact, rate cuts amidst a downturn would allow only Emaar to strategically leverage and buy up cheap plots to be later resold at a premium.

Master Developer, Pulling the Strings

As the UAE's master developer, Emaar has the flexibility and pricing power to win in a downturn. Looking at the June 2024 announcement of a 1.5B AED expansion to the Dubai Mall alongside the launch of the Expo mall, for instance, the market value of these two developments should add ~10B AED in sales Emaar's backlog at a 65% NOI margin. The comparable rent used in these examples—3200 AED/mo for commercial space—highlights Emaar's leverage in RE pricing: this figure is taken from retail lease agreements on properties owned by Emaar themselves, therefore they set and control the precedent for retail/commercial pricing in Dubai specifically.

From a client perspective, demand for Emaar's units remains abundant, leaving the developer with immense bargaining power in leasing. Beyond their enormous development backlog and properties flying off their books, Emaar cites a waitlist of 4,000 businesses competing for retail spaces in the Dubai Mall alone. As, the weighted average lease term for non-anchor tenants is 3.2 years. This allows for rent uplift flexibility against inflation but also keeps demand—and thereby cash flow—high and predictable.

Retail leases themselves appear fundamentally healthy—only 5% of Emaar's retail GLA expires in 2025 and another 16% in 2026, leaving ~8B ARR in leases that can be either rolled over or repriced at a premium.

EXHIBIT 10: DUBAI ANNUAL REAL ESTATE SALES VOLUMES, ALL SEGMENTS

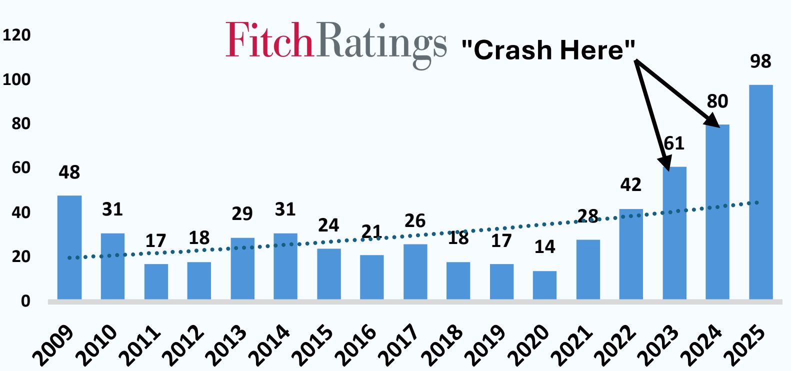


EXHIBIT 11: DUBAI ANNUAL REAL ESTATE UNITS DELIVERED, ALL SEGMENTS

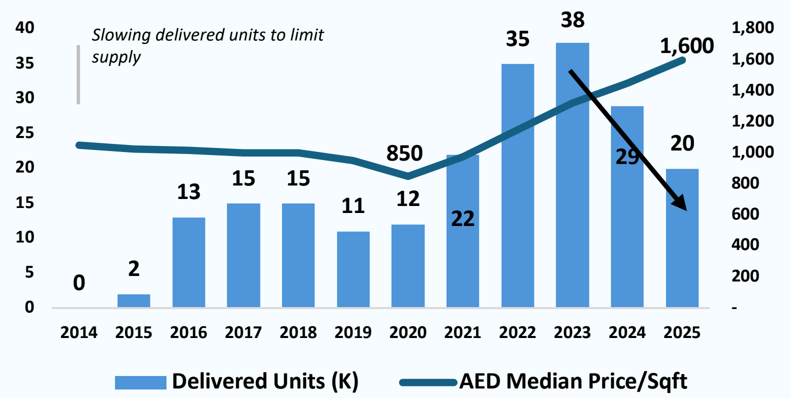


EXHIBIT 9: EMAAR RETAIL EXPANSION COST MODEL

Dubai Mall Expansion (DM) Cost Model + Expo Mall (EM)	
Book Cost of DM Expansion	1,500,000,000 د.إ
Est. Cost of EM Construction	
# of Units	190
Avg. Size/Unit (sqft)	2,026
Cost/sqft	1,000
Total EM Cost	385,000,000 د.إ
Retail Expansion Cost Incl. 20% Soft Cost	3,770,000,000 د.إ
Sale Value	
Est. Sale Price/sqft	3,200 د.إ
EM @ 385 000 sqft GLA	1,232,000,000 د.إ
DM @ +3 000 000 sqft GLA	9,600,000,000 د.إ
EM + DM Market Value	10,832,000,000 د.إ
NOI Margin	65%

Dubai RE: Right Place, Right Time

2017-2020: Dubai's Dog Days

It's no secret the Dubai RE market moves in lockstep with a particularly vicious cycle—downturns can last 3-4 years and slash sales volumes in half before picking back up. 2017-2020, for example, was a brutal shakedown for the entire industry as sales volumes fell -42.8% through 2020 and sales value (Ex. 3) sinking -59.0% in the same time.

2021 – Present: The Empire Expands

Dubai's RE comeback has extended far beyond a "post-pandemic boom," with 2025F sales values at 328B AED—*ten times greater* than 2020's ~32.B; both volumes and values have sustained 30-60% YoY growth since the 2020 comeback. Moreover, in June 2025, RE prices by sqft across all segments are up 13% YoY and ~3% QoQ (comparatively, sales values are up 29% QoQ).

Fitch Ratings, World's Worst Bear

Fears of another bear cycle in the UAE RE market are most definitely pertinent as quite literally every price and volume metric pushes higher.

In May 2025, Fitch warned of a "2008-style crash" (ironic, coming from Fitch) in the Dubai RE scene due to oversupply credited to a greater number of units delivered.

This is in face of the fact that the company went about the fearmongering in both 2023 and 2024, predicting a crash before prices nearly doubled.

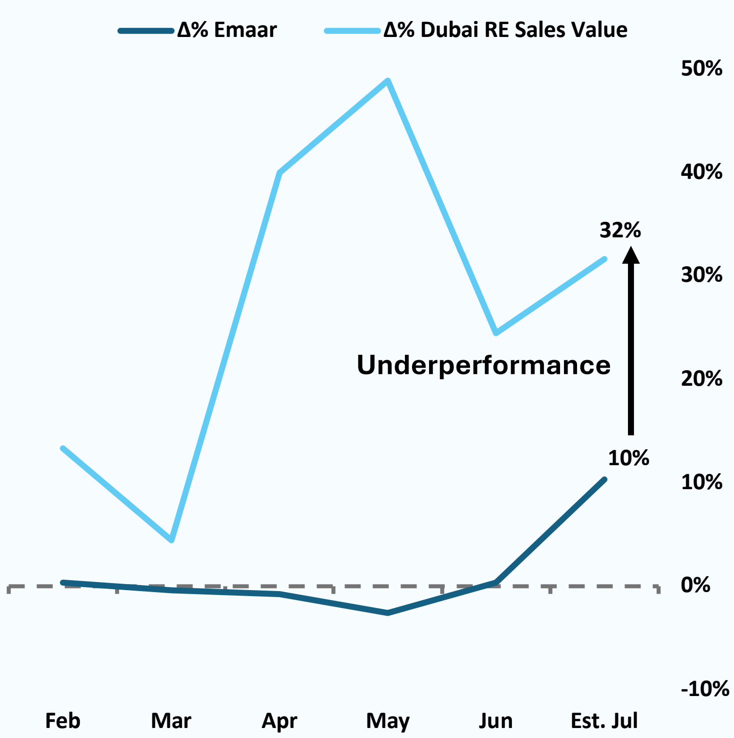
Thesis I: Master Developers Will Win

There's a reason why the Emaar name is plastered on half of Dubai's skyline: their sweeping ~22.5% market share in pure-play domestic RE backed by a strong moat of government ties means Emaar doesn't just ride off the Middle East's RE tailwinds—as do smaller/independent competitors—but rather *creates them*.

Moreover, while Dubai all-segment RE sales values are up ~32% YTD, Emaar stock has lagged, only gaining ~10% in this time. Emaar is thus clearly and irrationally underperforming the rest of its domestic market by a ~20% margin. Combined with a fundamental undervaluation by its mark-to-market NAV figure, Emaar's stock proves cyclically weak despite an incredible structural backdrop. Credit upgrades and UAE rate cuts leave room for a strategic re-leverage, which can enable further improvement from Emaar's structural lens with more building/development. This also offers a chance to focus on development of *future year's* BTS units while holding back on current supply to keep prices healthy.

Ultimately, Emaar's scale factor (and leverage) as a master developer makes them an unstoppable force in this lucrative market. As such, between an undervaluation and potential for continued expansion, there is still significant headroom for Emaar to grow both structurally (via increased development) and cyclically (via stock performance).

EXHIBIT 12: EMAAR STOCK VS DUBAI RE SALES VALUE GROWTH, YTD



Thesis II: Dubai RE Momentum

In both the short and long-term, Emaar acts a proxy for investment in the world's fastest-scaling RE market. This means Emaar stock is an unmatched investment opportunity at the forefront of an industry with the durability of American industrials and the growth of fintech.

Moreover, with H1 2025 sales for luxury villas—Emaar's most lucrative BTS segment in FY2024—already soaring 53% higher than the entirety of FY2024, it's clear that demand will not only continue to explode, but also to outpace supply in the long-term. Similar sentiment is held across commercial/retail space in the city; having a 4,000-name waitlist to the Dubai Mall alone, for example, implies stable long-term demand to do business in Dubai.

The immense wealth of the UAE extends beyond the real estate market, with a vastly different attitude towards RE investment and ownership than the West. Take, for example, the 63% of Emirati versus 15% of American non-homeowners who plan to buy property in the next 12 months; there is clear room for continued momentum in the Dubai RE scene. Similarly, the Golden Visa Program incentivizes business-owning HWNI to move in, bringing their business—and therefore demand for commercial RE—with them.

This growing demand, particularly for Emaar's sought-after luxury properties, can and will outpace supply, thereby driving Dubai RE prices further up as the bull cycle continues.

Werewolves of Leverage

2021-22's brutal RE drawdown forced Emaar to deleverage—and thereby slow down its BTS development for years to come. This materialized as the resulting lower supply of BTS properties spurred bullish momentum for Dubai RE in FY2022 to present.

In June 2025, both Standard & Poors and Moody's upgraded Emaar's credit ratings to the upper B-levels, citing stronger business fundamentals and market outlook (ding ding, although Fitch clearly didn't get the memo). This creates an opportunity for a tactical re-leverage to enable greater BTS development with more available cash. Emaar, therefore, could reclaim market share with pure-play BTS as demand continues to grow, generating revenues via greater BTS volumes sold and not depending on market cycles.

This re-leverage also strategically aligns with falling UAE borrowing rates. Currently @ 4.45%, the consensus forecast is that cuts are expected into 2027, leaving Emaar with cheap debt and a client base eager to borrow.

> *Credit opportunities combined with a switch to generally more efficient D&B (Design & Build) contracts for development enable Emaar to quickly and efficiently execute delivery of their growing backlog. This would have bullish implications on top and bottom lines as the development of these units is recognized sooner and at cheaper rates.*

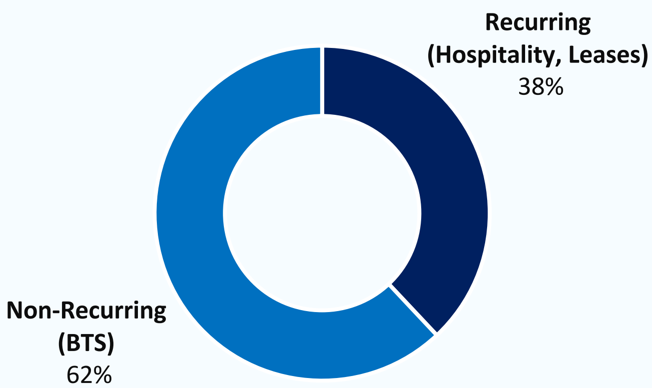
Emaar is Stacking Chips For A Rainy Day

Again, many bears like Fitch Ratings will point to Emaar's dependency on increasing demand for Dubai RE as a weakness and sign of unsustainability. This thesis, however, is blind to four critical truths about the company:

- Emaar has a healthy portfolio of international development, strategically delivering foreign units in years when domestic revenues are weak (Ex. 10).
  - In anticipation of a potential incoming decline in domestic markets, 20% of Emaar's current backlog (~25B AED) is made of international developments.

- **~35-37% of historical EBITDA** is made of high-quality recurring revenues (mainly leases), hedging Emaar from a decline in BTS prices.

EXHIBIT 14: EMAAR EBITDA SPLIT 2025-7E

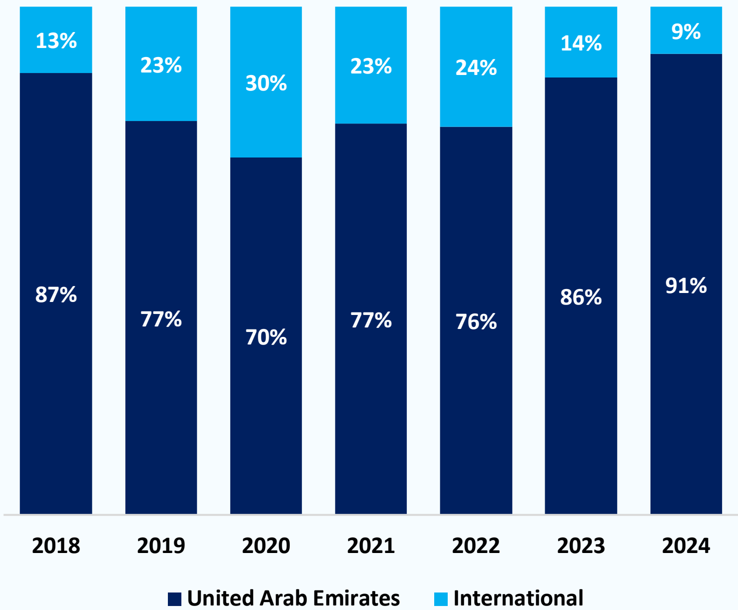


- Most sales are made in cash (Ex. 5), leaving Emaar with a large pile of cash to invest during slower years.

- Unit development and delivery are tactically slowed post-2027 to prevent oversupply. Scale factor as a master developer gives greater flexibility over supply/demand.

As such, Emaar has the high-quality revenue streams backed by the foreign diversification needed to weather a downturn.

EXHIBIT 13: EMAAR REVENUES BY GEOGRAPHY



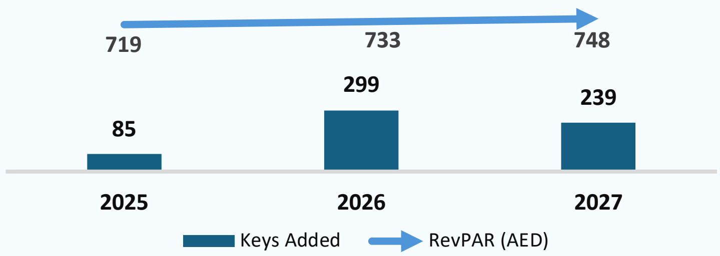
Pushing (Hotel) Keys

Hospitality is an underrepresented but durable sector of Emaar's revenues. While a tourism slowdown can slaughter this entire segment (i.e: 50% decline between 2019-20), it appears highly profitable in the normal course of business; FY2024, for example, added four hotels to Emaar's portfolio for a 13% growth in YoY revenues. This is sustained at a record 48% EBITDA margin and 82% occupancy rates, far above the Dubai area average. In fact, Q1 2025's EBITA Margin topped out at 51%.

Emaar currently has 22 hotels in its 127B AED pipeline, with more than 75% of these properties already having secured management contracts to minimize cost bases. 22 hotels and the corresponding 25,000 keys would quadruple their key count from ~9,800 to ~34,000.

RevPAR for Q1 2025 clocked in at 719 AED, reflecting steady growth of 2% YoY and topping out at an estimated 748 AED in 2027. This leaves Emaar with a growing base of durable, recurring revenues, further hedging the company from a cyclical downturn.

EXHIBIT 15: EMAAR KEYS ADDED INTO 2027 & REVPAR



Recurring Revenue Segments Continue to Perform Under RE Market Decline

What bears also fail to mention is Emaar's retail leasing revenue model, in which base rent is decided based on a prior year's turnover rent in the event turnover exceeds the preset base rent.

With FY2024 tenant sales up 7% YoY (+4.3% Q/Q in 2025), Emaar can also monetize greater retail footfall and spending in their retail portfolio; Q1 2025 saw a 50M visitor footfall increasing steadily (~3%) YoY, reflecting the consumer interest Emaar needs to charge premium turnover rent.

This model handcuffs Emaar's retail segment to the broader UAE economy, rather than the cyclical RE market. From a hospitality segment perspective, the 20+ year leases on anchor tenants @ <5% vacancy provide a durable rent cover thanks to big-name domestic tenants like Address and Vida hotels.

Supply & Demand, Playing the Cycle

Ultimately, what determines the future performance of Emaar's BTS unit is the market dynamics of Dubai RE. That is, to say, Emaar investors are left with one big question: what does the future of Dubai RE demand look like?

To that, I believe the most succinct answer is that, while cyclical, the underlying structure of demand of Dubai RE is and will perpetually be upwards.

Exhibit 17 breaks down the ~1.5M unit shortage needed to satisfy Dubai property owners; with an estimated 3.65M people of homebuying age (as young as 16) and a 17% ownership rate, we can assume there are ~3M non-homeowners posted up in Dubai. A survey by Morgan Stanley signals that 63% of these non-homeowners intend to buy Emirati property in the next two years, translating 1.9M units of demand for Dubai residential property:

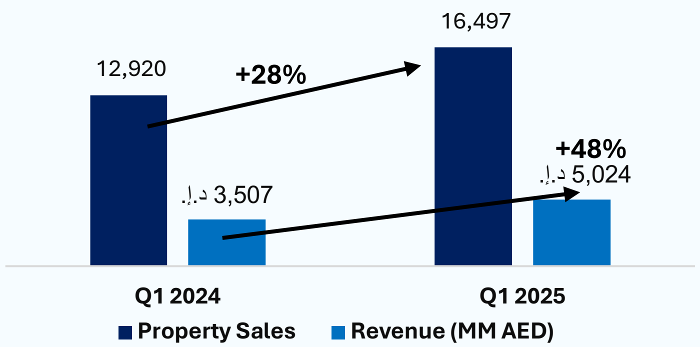
EXHIBIT 17: DUBAI RESIDENTIAL RE S/D MODEL

Dubai RE Supply—Demand	
Dubai Population (Jun. '25)	3,650,000
Homeowners	620,500
Non-Homeowners	3,029,500
63% Intending to Buy Before 2027	1,908,585
Future Supply of Res. Units	399,223
Unit Shortage	1,509,362

Topline Strategy (Monetization)

A part of the supply/demand balancing act of Dubai RE involves controlling unit deliveries to prevent oversupply. What's notable is that while Q1 2025 saw a +28% change in BTS sales, revenue derived via those sales soared 48%. This disconnect highlights an improvement in Emaar's monetization strategy that their earnings call emphasizes on carrying further:

EXHIBIT 16: EMAAR Q1 '24 VS '25 REVENUE VS PROPERTY SALES



This implies that there is a shortage of ~1.5M units still in-demand in Dubai, a favourable supply-demand dynamic for Emaar and a signal that Dubai RE isn't going anywhere.

Qualitative Indicators

Besides a macro analysis of S/D, I believe most Western investors simply do not understand the breadth of wealth concentrated in the UAE, and thus underestimate the scale of Emaar's residential BTS segment.

For example, while a staggering 1 in 4 Americans have quite literally no savings at all, more than 1/3 (~33%) of UAE residents have 500K+ AED in the bank. This means more than a third of UAE residents have the capital needed to secure a downpayment on property in the area. Moreover, 1 in 5 Dubai residents specifically have 1M+ AED in their piggy banks, again highlighting the potential for Dubai to hit their 33% target of home ownership rate before 2030.

This is aligned with government policy that promotes savings and fiscal growth, namely Dubai's 0% income tax rate and the Gold Visa program being a magnet for wealthy ex-pats.

Therefore, between a government ecstatic to let its people throw their billions at Emaar, superior household savings statistics and an explicit shortage in future supply-demand dynamics, the Dubai RE market doesn't just have "gas in the tank," but a rocket strapped to its back.

Fundamental Undervaluation (NAV)

The strongest conviction I have to a long position in Emaar is its perpetually brutal undervaluation at 140% of its NAV.

With of Emaar's inventory (development properties) trading at an average 6% premium to its book value (BV), it's clear that the stock is at least partially undervalued by its development properties alone.

With my NAV estimates at market value clocking in at a conservative 374.7B AED and a resulting NAV per share of ~31 AED, **Emaar stock trades at an egregious 113% undervaluation** to its NAV. This means investors of Emaar can buy into **30.94 AED worth of property for 14.55 AED**, assuming a 11.54% discount rate.

EXHIBIT 18: EMAAR NAV VALUATION

Valuation Entity	Value (AED M)	
Development Properties	267,933 د.إ	
Investment Properties	21,411 د.إ	
Adj. to Market Value of Rent	22,053 د.إ	
Cash	58,350 د.إ	
Unbilled Receivables (60% BV)	8,485 د.إ	
Other Receivables (75% BV)	8,234 د.إ	
Loans to JVs (50% BV)	543 د.إ	
PPE (80% BV)	7,235 د.إ	
Investments in Securities	1,902 د.إ	
	Total Assets	**374,734 د.إ**
Trade, Other Payables (60% BV)	16,661 د.إ	
Advances	35,342 د.إ	
Income Taxes Owed	2,033 د.إ	
Retenions Owed	1,952 د.إ	
Interest-bearing Loans	3,159 د.إ	
Sukuk (Bonds)	6,421 د.إ	
	Total Liabilities	**65,568 د.إ**
	Net Asset Value (NAV) @ WACC	**273,473 د.إ**
	Shares Outstanding	8,840
	NAV per Share	30.94 د.إ
	Current Share Price	14.55
	Implied Discount to NAV	**113%**

EXHIBIT 19: EMAAR HOLDINGS RATE (WACC) CALCULATION

EMAAR WACC			
Debt	12,690.00 د.إ	**Equity Value**	124,185.00 د.إ
% Debt	9%	**% Equity**	91%
Cost of Debt	4%	**Cost of Equity**	12.31%
Tax Rate	5%	**UAE Risk Free Rate**	4.86%
WACC	**11.545%**	**Beta**	1.8
		Market Risk Premium (DFM)	9%

EXHIBIT 20: EMAAR INVENTORY NAV VALUATION; ALL PROPERTIES AT CALCULATED MARKET VALUE

Project (100% Owned)	Units	Emaar Valuation (AED MM)	Area Sqft	Sale Price Median	Rent/sqft Estimate	Rent Market Value	Sale Market Value	Final Market Value
Wholly-Owned, Under Development								
Downtown Dubai	1752	6532	2091850	3030000	2830	5,919,935,500 د.إ	5,308,560,000 د.إ	5,614,247,750 د.إ
Dubai Marina	666	2017	723230	2223000	2910	2,104,599,300 د.إ	1,480,518,000 د.إ	1,792,558,650 د.إ
The Oasis	1640	27724	11683781	15686000	1760	20,563,454,560 د.إ	25,725,040,000 د.إ	23,144,247,280 د.إ
Arabian Ranches III	2351	7210	4841720	3000000	2110	10,216,029,200 د.إ	7,053,000,000 د.إ	8,634,514,600 د.إ
Emaar Beachfront	2751	16593	3204024	3798000	4010	12,848,136,240 د.إ	10,448,298,000 د.إ	11,648,217,120 د.إ
The Valley	6654	24165	16152730	3403000	1320	21,321,603,600 د.إ	22,643,562,000 د.إ	21,982,582,800 د.إ
Emirates Hill	277	751	312806	NM	2740	857,088,440 د.إ	NM	857,088,440 د.إ
Al Marjan Island	1184	4244	1213404	1750000	3587.5	4,353,086,850 د.إ	2,072,000,000 د.إ	3,212,543,425 د.إ
JVs, Under Development								
Dubai Hills Estates	9603	25804	9981402	2175000	2340	23,356,480,680 د.إ	20,886,525,000 د.إ	22,121,502,840 د.إ
Rashid Yachts & Marina	3517	9303	3579692	2554000	2660	9,521,980,720 د.إ	8,982,418,000 د.إ	9,252,199,360 د.إ
Dubai Creek Harbour	5870	15527	5909647	2500000	2500	14,774,117,500 د.إ	14,675,000,000 د.إ	14,724,558,750 د.إ
Emaar South	4772	14967	9193708	3030000	1406	12,926,353,448 د.إ	14,459,160,000 د.إ	13,692,756,724 د.إ
Zabeel Square	1727	5612	1723341	NM	NM	80% of Book Value (Yet to Begin Constrution)		4,490,000 د.إ
Expo Living	1004	1922	849892	2227000	2500	2,124,730,000 د.إ	2,235,908,000 د.إ	2,180,319,000 د.إ
Project (100% Owned)	**Units**	**Emaar Valuation (AED MM)**	**Area Sqft**	**Sale Price Median**	**Rent/sqft Estimate**	**Rent Market Value**	**Sale Market Value**	**Final Market Value (Dirham)**
Wholly-Owned, Completed Projects								
Downtown Dubai	10261	37378	13531949	3030000	2830	38,295,415,670 د.إ	31,090,830,000 د.إ	34,693,122,835 د.إ
Dubai Marina	1012	3560	1574837	3030000	2830	4,456,788,710 د.إ	3,066,360,000 د.إ	3,761,574,355 د.إ
Emirates Hill	137	429	206636	NM	2740	566,182,640 د.إ	NM	566,182,640 د.إ
Arabian Ranches I	33	291	161326	7800000	1540	248,442,040 د.إ	257,400,000 د.إ	252,921,020 د.إ
Arabian Ranches II	1886	5890	4399771	6200000	1410	6,203,677,110 د.إ	11,693,200,000 د.إ	8,948,438,555 د.إ
Arabian Ranches III	1437	2596	2292378	3000000	2110	4,836,917,580 د.إ	4,311,000,000 د.إ	4,573,958,790 د.إ
Emaar Beachfront	3119	9105	3157274	3798000	4010	12,660,668,740 د.إ	11,845,962,000 د.إ	12,253,315,370 د.إ
The Valley	734	1065	1132680	3403000	1320	1,495,137,600 د.إ	2,497,802,000 د.إ	1,996,469,800 د.إ
Completed JVs								
Dubai Hills Estates	8595	24682	16462421	2175000	2340	38,522,065,140 د.إ	18,694,125,000 د.إ	28,608,095,070 د.إ
Dubai Creek Harbour	10062	20605	10458681	2500000	2500	26,146,702,500 د.إ	25,155,000,000 د.إ	25,650,851,250 د.إ
Emaar South	3160	4063	4244076	3030000	1406	5,967,170,856 د.إ	9,574,800,000 د.إ	7,770,985,428 د.إ
							Grand Total Inventory	267,937,741,852 د.إ

Risks Observed

Market Share Compression

Historically, Emaar has held a ~25% stake in the Emirati RE market, putting up about 1 in 4 buildings in the area. However, Emaar's stake today has shrunk to ~20% (1 in 5), implying that smaller, independent developers are eating into their market share. This is a natural phenomenon that would occur as the Dubai RE market evolves and makes way for small-scale development.

It is clear, however, that no developer big (like Damac Properties) or small can hold a candle to the presence of Emaar. The company has wholly embedded itself in the fabric of the Dubai RE market to a degree no other firm can compete with. While trophy properties like the Burj Khalifa anchor the "Emaar" name in global infamy, its retail portfolio (namely the Dubai Mall) offer quite literally world-record footfall and return metrics. JVs also offer an opportunity for the developer to cannibalize potential market share by partnering with rival independent developers. A 50/50 relationship is objectively less speculative and risky than a zero-sum game of who gets what, and would also allow Emaar to minimize the CapEx (and thereby leveraged capital) they need to allocate to new developments.

Conclusively, the scale factor of Emaar and their vast development infrastructure leaves the company with what may very well be the widest moat in corporate history, protecting its market share to a 20% minimum.

Non-Hydrocarbon GDP

As mentioned in my dissection of Emaar's retail portfolio, the performance of Emaar's recurring revenue segment is cuffed to broader the Dubai economy (tourism, spending etc..). This means that a weakening Dubai economy would have bearish implications on Emaar regardless of the RE cycle.

The most significant and perpetual risk to the entire GCC economy is their dependence on hydrocarbons (oil and gas), with a higher percentage of hydrocarbon GDP often being more lucrative but less stable in the long-term thanks to volatility in oil/gas prices.

The UAE forecasts their non-hydrocarbon (more stable) GDP to decline for FY2025, perhaps posing a risk to their economic climate and by proxy Emaar's topline. However, this risk is largely offset by Emaar's disciplined margins—enabling the company to maintain profitability via bottom line strength and international diversification.

EXHIBIT 21: UAE NON-HYDROCARBON GDP % 2023-25F

Catalysts & Unlocking NAV

Dirty Dirhams, Done For Cheap (Foreign Direct Investment)

The Dirham has historically been pegged to the U.S. dollar at 1 AED = 3.6725 USD. This enables future cheap FDI as Western investors can buy world-class luxury villas in the UAE for less than the price of a New York apartment. For instance, a 2,650 sqft, 4bd villa in an ultra-luxury Dubai development would net a ~2.6M AED sale… or only ~$710K. This means that what would be a $5M+ property in the States goes for <$1M out East, leaving greater headroom for property appreciation but also FDI.

Spin-off the Old Block

Emaar previously unlocked a substantial amount of NAV value by taking their Emaar Malls subsidiary public before buying it back in 2021. Taking their retail portfolio back to the public markets—while maintaining a 75-80% stake as with Emaar Developments—would let the company monetize millions of sqft in GLA and billions of dollars in high-quality leases at far above a 1.0 NAV multiple, pushing the stock to closer fair value.

Nice Nice JVs

Future JV agreements can help the Emaar improve bottom lines by spreading out CapEx and protecting their market share. For instance, their partnership with Accor for hotel management minimizes operational liability and CapEx requirements while also helping preserve market share.

NYSE Listing

By far the most lucrative catalyst for Emaar would be a listing on the New York Stock Exchange. Simply put, the largest reason for Emaar's 113% undervaluation isn't because of fundamentals, but rather is owed to the lack of volume and capital invested in the stock. In the future, more brokerages allowing Dubai Financial Markets (major UAE exchange) stocks to be traded and perhaps a listing on Western exchanges would inject *trillions* into Emaar's valuation, putting it on a similar pedestal to Saudi Aramco.

Conclusion

Emaar Properties is not just riding the bullish wave of the world's fastest-growing real estate market... they're engineering it. With unmatched scale and flexibility as the UAE's master developer, disciplined margins and strong bargaining power over the supply-demand dynamics of an entire city, the company has most certainly owned the name "The Emirati Empire." Backed by the fact it trades at under half its NAV value, I have complete conviction to the fact that continued tailwinds in the Dubai RE market and the city's broader economic ascent make Emaar a generational investment opportunity.

The hidden gem of the Middle East, Emaar is a trillion-dollar empire trading for cents on the dollar. It is therefore only a matter of time before the rest of the West realizes exactly how powerful the company is, with its 14.00 AED ($3.81) share price being a bargain in the meantime.

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