

Case Summary

Name of organisation :

Emaar Properties PJSC

Risk assessment

Summary :

Financial risk assessment involves identifying, analyzing, and managing potential risks related to credit, market, and liquidity to ensure the organization's financial stability.

Business and industry analysis

Industry :

The company operates in the real estate industry, which is organized into three major business segments: real estate, leasing, retail and related activities, and hospitality. The real estate segment involves the development, sale, and management of various real estate properties, including condominiums, villas, commercial units, and plots of land. The leasing, retail, and related activities segment focuses on developing, leasing, and managing malls, retail spaces, commercial, and residential properties. Meanwhile, the hospitality segment encompasses the development, ownership, and management of hotels, serviced apartments, and leisure activities. Additionally, the company also engages in property management, utility services, and invests in financial service providers, which are categorized under other segments. Geographically, the company operates both domestically within the UAE and internationally, having projects and business operations that significantly impact its overall results. The company's revenue is derived from property sales, leasing, retail activities, hospitality services, and other operating income sources beyond its primary business segments.

Underwriting considerations

Proposed loan :

Borrower's cash flow and financial capacity refer to the borrower's ability to generate sufficient cash flow to meet financial obligations and maintain liquidity.

Business Profile

Brief description of the company in 2 lines :

Emaar Properties PJSC is a globally admired real estate company known for creating world-renowned architectures like the Burj Khalifa and the Dubai Mall. The company focuses on innovative lifestyle offerings and sustainable progress to generate value for residents, investors, and stakeholders.

What is the specialization and the Unique selling proposition of the company? in 2 lines :

The company specializes in developing high-quality, integrated communities, offering a 'city within a city' experience. Its unique selling proposition includes diverse product offerings, strategically located projects, and a wide range of retail and residential experiences.

Description on the market and the target segment company is trying to provide services to? in 2 lines :

Emaar targets the real estate, leasing, retail, and hospitality markets, focusing on developing, selling, leasing, and managing properties and spaces. The company aims to serve customers seeking residential, commercial, and leisure experiences, emphasizing trust, inclusivity, and sustainability in its services.

Brief Description of Competitors, Challenges , market condition and market sentiment in relation to company industry segment ? :

The company operates in the real estate industry, which includes developing, selling, and managing properties such as condominiums, villas, commercial units, and plots of land. In addition to real estate, the company is involved in leasing, retail, and hospitality activities, including managing malls, retail, commercial and residential spaces, and owning/managing hotels and leisure activities. Competitors in this industry segment likely include other real estate developers and property management firms, both locally and globally. The competitive landscape is influenced by factors such as location, quality of developments, brand reputation, and customer service. Challenges in this industry often include market cyclicity, where the ability to identify and respond to changing market dynamics is crucial. Companies must continuously scan for potential market/economic events that can negatively impact their businesses. Additionally, maintaining adequate liquidity is a challenge to ensure that any adverse events can be managed successfully. Current market conditions are characterized by heightened geopolitical tensions, low economic growth in major countries, and a sentiment of "higher for longer" interest rates. These factors have increased the potential for constrained credit markets, negative capital value movements, and continued volatility in some property markets over the short-to-medium term. Market sentiment is cautious due to these uncertainties, with management having critically assessed asset valuations to ensure the assumptions adopted and valuations reported are satisfactory. The company actively monitors the evolving situation to assess its impact on the business.

Business Model

What are the revenue streams of the company with emphasis on critical revenue? in 2 lines :

The company's revenue streams include sale of properties, development management services, and rental income from investment properties. Critical revenue involves judgment in determining performance obligations and costs under IFRS 15 and IFRS 16.

Which customer segment it is Company targeting and how effective it is ? in 2 lines :

Emaar targets customers, guests, visitors, and the wider community by focusing on enhancing experiences at its properties. The effectiveness is evidenced by a high customer satisfaction score of 94.2% and the swift resolution of service requests.

What are the Key activities company performs to maintain profitability and sales? in 2 lines :

The company maintains profitability and sales through activities like sales and marketing, responsible asset transfer, and tenant and community engagement. Additionally, it focuses on procurement, facility management, and construction waste management.

What are the Channels the company uses for selling and service other than website? in 2 lines :

Emaar uses the Emaar One App and the Emaar Misr App for selling and servicing, providing features like property management, service requests, and utility payments. They also facilitate payments through Alipay and WeChat Pay across Dubai hotels for enhanced customer convenience.

What are the Value proposition the company is offering ? in 2 lines :

The company offers enormous value through innovative, future-proof lifestyle offerings for residents, investors, visitors, and the economy, while pioneering sustainable progress and impactful solutions.

Management Structure

Classify the company on the basis of Size, Ownership and the type of ownership in few lines :

Emaar Properties PJSC can be classified as a large company based on its significant shareholding structure, with more than 8.8 billion shares in total. It is a publicly owned company, as it is listed and has multiple shareholders, including those holding shares in various size categories. The ownership type is a public company, given its presence on the stock market and the distribution of shares among a large number of shareholders.

Stake Holder's analysis for the company in few lines :

Emaar Properties PJSC emphasizes strong governance, transparency, and accountability to integrate sustainability into decision-making processes. They prioritize stakeholder engagement, focusing on material topics such as board oversight, legal compliance, ethics, human rights, data privacy, risk management, innovation, and economic performance. Their governance framework is designed to safeguard organizational integrity and foster long-term value for all stakeholders.

Who is the CEO, Managing director, COO, CIO of the company :

The CEO of Emaar Properties PJSC is Amit Jain, the Managing Director is Mohamed Ali Alabbar, the COO of Hospitality is Nicolas Bellaton, and the CIO, specifically for Dubai Holding, is Omar Karim.