

# Case Summary

## ***Name of organisation :***

Emaar Properties PJSC

# Risk assessment

## ***Summary :***

Financial risk assessment involves identifying, analyzing, and managing potential financial risks that could impact an organization's financial health.

# Business and industry analysis

## ***Industry :***

The company operates in the real estate and hospitality industry, with a focus on three major segments: real estate, leasing and retail, and hospitality. In the real estate segment, the company is involved in the development, sale, and management of condominiums, villas, commercial units, and plots of land. This includes planning, constructing, and marketing residential and commercial properties. The leasing and retail segment encompasses the development, leasing, and management of malls, retail, commercial, and residential spaces, which involves creating and maintaining environments for businesses and consumers to interact. The hospitality segment focuses on developing, owning, and managing hotels, serviced apartments, and leisure activities, providing services related to accommodation, food, and entertainment for guests. The company operates both domestically in the UAE and internationally, with its international segment including business activities and operations outside the UAE. These segments contribute to the company's diverse revenue streams and play a significant role in its overall performance.

# Underwriting considerations

## ***Proposed loan :***

Borrower's cash flow and financial capacity refer to the ability to generate sufficient cash flow to meet financial obligations and fund operations.

# Business Profile

## ***Brief description of the company in 2 lines :***

Emaar Properties PJSC is a globally admired real estate company known for creating iconic architectures like the Burj Khalifa and the Dubai Mall. It leads in market cap and revenue in Emerging Markets, focusing on sustainable progress and innovation.

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

The company specializes in developing high-quality, integrated communities and unique urban experiences, offering a 'city within a city' concept with a diverse range of residential, retail, and leisure options. Its unique selling proposition lies in its strategically located land bank, catering to diverse customer needs while maintaining a strong market leadership position.

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

The company targets diverse markets through three major segments: real estate, leasing and retail, and hospitality, focusing on developing, managing, and enhancing properties and customer experiences. It aims to serve a broad customer base by prioritizing trust, inclusivity, and sustainability in its marketing and operations.

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

Based on the provided context, Emaar Properties operates in three major segments: real estate, leasing and retail, and hospitality. Here is a brief description of the competitors, challenges, market conditions, and market sentiment related to these segments: 1. **\*\*Competitors\*\***: Emaar Properties faces competition from other real estate developers, leasing companies, and hospitality service providers both locally and globally. In the real estate sector, competitors include other major property developers who also develop, sell, and manage residential and commercial properties. In the leasing and retail segment, competitors include other companies that develop, lease, and manage malls and retail spaces. For the hospitality segment, Emaar competes with other hotel chains and service apartment providers. 2. **\*\*Challenges\*\***: Key challenges include market cyclicity, which refers to the inability to identify and respond to changing market dynamics. This can be exacerbated by geopolitical tensions, low economic growth in major countries, and constrained credit markets. Access to liquidity is another challenge, where maintaining adequate levels of liquidity is crucial for managing adverse events. 3. **\*\*Market Conditions\*\***: The current market conditions are marked by heightened geopolitical tensions and low economic growth in many major countries. There is a sentiment of "higher for longer" interest rates, which increases the potential for constrained credit markets and negative capital value movements. This environment is expected to result in continued volatility in some property markets over the short-to-medium term. 4. **\*\*Market Sentiment\*\***: The market sentiment is cautious, given the factors mentioned above. Management has critically assessed asset valuations and is satisfied with the assumptions adopted and valuations reported, but they continue to monitor the evolving situation closely to assess its impact on the company. Overall, Emaar Properties is navigating a complex market environment by continuously reviewing its strategies, monitoring performance, and maintaining adequate liquidity to manage potential adverse events.

## **Business Model**

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

The company's critical revenue streams include property sales, recognized either over time or at a point in time, and rental income from investment properties, recognized on a straight-line basis over the lease term.

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

The company targets all Emaar customers, guests, visitors, and the wider community, aiming for positive experiences at its properties. It achieved a high effectiveness with an average customer satisfaction score of 94.2% in 2024.

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

The company performs sales and marketing, responsible asset transfer and repositioning, and procurement and supply chain management to maintain profitability and sales. Additionally, stakeholder and community engagement are key activities in their strategy.

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

Emaar uses the Emaar One App for property management and customer service, and has rolled out Alipay and WeChat Pay in Dubai hotels for convenient payment options. Additionally, they gather real-time feedback through automated and in-app customer surveys to enhance service delivery.

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

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

## **Management Structure**

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

Based on the provided context, the company can be classified as follows: 1. **Size**: Emaar Properties PJSC is a large company, with a total of 8,838,789,849 shares as of 31 December 2024. 2.

**Ownership**: The company has a diverse shareholder base, with a significant portion of its shares (75.94%) held by shareholders owning more than 5,000,000 shares. 3. **Type of Ownership**: The company is publicly owned, as it is listed and has various shareholders with different shareholding sizes, indicating a publicly-traded entity.

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

Emaar Properties PJSC's stakeholder analysis involves engaging with various stakeholders to foster transparency, accountability, and ethical business conduct. The company is committed to integrating sustainability into its decision-making processes and safeguarding organizational integrity. Key areas of focus include board oversight, legal and regulatory compliance, ethics, anti-bribery and corruption measures, human rights, data privacy and security, risk management, innovation, responsible procurement, and economic performance and resilience. Stakeholder engagement is a critical component of Emaar's ESG strategy, ensuring long-term value creation for all parties involved.

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

The CEO of the company is Amit Jain. The Managing Director is Mohamed Ali Alabbar. The COO, Hospitality is Nicolas Bellaton. The Group Chief Investment Officer is Omar Karim.