

Case Summary

Name of organisation :

Emaar Properties PJSC

Risk assessment

Summary :

Financial risk assessment involves identifying, analyzing, and managing potential financial risks, such as credit, market, and liquidity risks, to ensure organizational stability and capital management.

Business and industry analysis

Industry :

The company operates in the real estate industry, which is a diverse sector encompassing several key segments. Primarily, it is involved in the development, sale, and management of residential and commercial properties, including condominiums, villas, commercial units, and plots of land. Additionally, the company has a significant presence in leasing, retail, and related activities, focusing on the development, leasing, and management of malls, retail spaces, commercial, and residential areas. The hospitality segment is another crucial area of operation, where the company develops, owns, and manages hotels, serviced apartments, and various leisure activities. Beyond these core segments, the company also engages in property management, utility services, and investments in financial service providers that do not individually qualify as reportable segments. The company's operations extend beyond domestic borders, with significant international projects impacting its results, categorizing its geographical segments into domestic (UAE) and international (outside the UAE) activities. This diverse portfolio allows the company to leverage different aspects of the real estate industry, providing a comprehensive suite of services and developments to its clientele.

Underwriting considerations

Proposed loan :

Borrower's cash flow and financial capacity refers to the ability of a borrower to generate sufficient cash flow to meet financial obligations and sustain operational expenses.

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. It focuses on sustainable progress and lasting value through innovation and collaboration, with a strong emphasis on governance and responsible value creation.

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 tailored to millennial and

diverse customer needs, along with unique complementary attractions.

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

Emaar targets a diverse market with its services spanning real estate, leasing, retail, and hospitality, catering to customers seeking residential, commercial, and leisure experiences. Their focus on customer experience, ethical marketing, and digital transformation supports a broad and inclusive customer base.

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

The information provided does not include specific details about competitors in the industry segment of Emaar Properties PJSC. However, it does describe some challenges, market conditions, and market sentiment that the company is facing. These include: 1. ****Challenges and Market Conditions:**** - There are heightened geopolitical tensions and low economic growth in many major countries, which pose challenges to the market. - A "higher for longer" interest rate sentiment is present, increasing the potential for constrained credit markets and negative capital value movements. - Continued volatility is expected in some property markets over the short-to-medium term. 2. ****Market Sentiment:**** - The current market sentiment reflects concerns over economic conditions and interest rates, impacting property valuations and credit availability. Emaar Properties addresses these challenges by closely monitoring market dynamics, engaging in horizon scanning exercises, maintaining adequate liquidity, and making agile, risk-informed decisions to realign its business strategies as needed. The company is involved in three major segments: real estate, leasing/retail, and hospitality. Each segment is monitored for performance to make informed decisions about resource allocation and strategy.

Business Model

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

The company's revenue streams include revenue from property sales recognized under IFRS 15 and rental income from leased properties recognized under IFRS 16, with a critical focus on the judgment and estimation involved in revenue recognition for property sales.

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

The company targets Emaar's customers, guests, visitors, and the wider community, aiming to provide positive experiences across its properties and amenities. In 2024, their strategy proved effective with an average customer satisfaction score of 94.2% and swift resolution of service requests.

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

The company engages in sales and marketing, responsible transfer and repositioning of assets, and tenant and community engagement to maintain profitability and sales.

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

Emaar utilizes the Emaar One App for seamless property management and customer service in the UAE and the Emaar Misr App in Egypt for property management and service requests. Additionally, they have integrated Alipay and WeChat Pay for convenient payment options across all Dubai hotels.

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

Emaar offers innovative, future-proof lifestyle solutions that create significant value for residents, investors, and the economy. They focus on sustainable progress, collaboration, and impactful solutions to maximize opportunities and stakeholder returns.

Management Structure

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

Based on the context provided, Emaar Properties PJSC can be classified as a large company given its significant number of shareholders and the large amount of shares held, totaling 8,838,789,849 shares. It operates as a public joint stock company, indicating that it is publicly traded. The company has a diverse ownership structure with shareholders holding varying percentages of shares, with a significant portion (75.94%) held by those owning more than 5,000,000 shares.

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

Emaar Properties PJSC emphasizes strong governance and stakeholder engagement as part of its ESG strategy. The company prioritizes transparency, accountability, and ethical conduct to foster long-term value for stakeholders. It integrates sustainability into decision-making, safeguards organizational integrity, and involves stakeholders in its governance framework. Key areas of focus include legal and regulatory compliance, ethics, human rights, data privacy, risk management, and responsible procurement.

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 is Nicolas Bellaton, and the CIO is Omar Karim, who is the Group Chief Investment Officer of Dubai Holding.