

Case Summary

Name of organisation :

Emaar Development PJSC, a property development company in the UAE.

Risk assessment

Summary :

Financial risk assessment involves evaluating the potential financial risks a company faces, such as credit, market, and liquidity risks, to manage and mitigate them effectively.

Business and industry analysis

Industry :

The company operates in the real estate development industry segment. It is organized as a single reportable segment focused on real estate development. The Group's activities encompass the development of residential, commercial, and mixed-use properties. Management monitors the operating results of the business as a single unit to make decisions related to resource allocation and performance assessment. The consolidated financial statements of the Group reflect the revenue, operating results, assets, and liabilities associated with this real estate development business. The company faces various risks associated with its operations, including credit risk, market risk, and liquidity risk, and has established risk management policies to address these. The Board of Directors oversees the risk management framework, while senior management is responsible for developing and monitoring these policies. Overall, the company's operations and financial performance are intricately linked to the real estate development sector, with a geographical focus primarily in the UAE, as evidenced by the presence of subsidiaries like Dubai Hills Estate LLC.

Underwriting considerations

Proposed loan :

The borrower manages liquidity risk by maintaining adequate reserves and facilities, ensuring sufficient cash flow to meet operational expenses and financial obligations.

Business Profile

Brief description of the company in 2 lines :

Emaar Development PJSC is a property development company based in the UAE, listed on the Dubai Financial Market, focusing on property development and development management services. The company and its subsidiaries form a group dedicated to sustainable growth and long-term value creation for shareholders.

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

The Group specializes in property development and development management services in the UAE, focusing on execution standards, on-time delivery, and a customer-centric approach to drive sustainable growth and long-term value creation for shareholders.

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

The Group focuses on the real estate development market, specifically targeting the residential and commercial sectors, with operations currently concentrated in the UAE.

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

The context provided discusses Emaar Development and its industry segment, focusing on property markets. The key challenges and market conditions mentioned include: 1. **Competitors**: While specific competitors are not detailed in the context, Emaar Development operates in the real estate development sector where it competes with other property developers in terms of project quality, pricing, and market presence. 2. **Challenges**: The industry faces challenges due to global inflationary pressures, higher interest rates, and geopolitical events, all of which contribute to increased volatility in property markets. These factors require careful management and monitoring of asset valuations. 3. **Market Conditions**: The real estate market is experiencing heightened volatility, with a need for management to track how market participants respond to these conditions. The market is influenced by economic factors like inflation and interest rates, which affect property values and investment decisions. 4. **Market Sentiment**: The sentiment in the property market is cautious due to the potential for greater volatility over the short-to-medium term. This requires companies to be proactive in assessing the impact of these conditions on their operations and financial statements. Overall, Emaar Development must navigate a complex environment with the potential for significant fluctuations in property values, driven by broader economic and geopolitical factors.

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 the sale of residential units and commercial units, plots of land, and income from development services, with significant emphasis on residential unit sales. Revenue is recognized both over time and at a single point in time based on the satisfaction of performance obligations.

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

The company targets the real estate market in the UAE, focusing on both residential and commercial units. The effectiveness is demonstrated by its upward growth in revenue and successful project launches.

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

The company maintains profitability and sales by focusing on execution standards, on-time delivery, a customer-centric approach, and expanding its portfolio with innovative products and new masterplans.

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

The context provided does not specify the channels the company uses for selling and service other than its website.

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

The company offers a value proposition centered on development properties, focusing on delivering projects at a fair value while managing market volatility and ensuring the net realisable value through professional valuations. Additionally, it aims to provide shareholder value through dividends, subject to market conditions and approvals.

Management Structure

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

The company is a large-sized entity, as it is part of a significant real estate development group. Ownership is partly held by the Investment Corporation of Dubai ("ICD"), which indicates that it has a mixed ownership structure involving both government and possibly private stakeholders. The type of ownership is partly government-owned due to the involvement of the Government of Dubai through ICD.

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

The stakeholders of the company likely include shareholders, who are directly impacted by financial performance and dividend decisions, such as the proposed cash dividend of AED 0.52 per share for 2022. Other stakeholders include management and employees, who are involved in the company's principal activities of property development and management services in the UAE. Additionally, regulatory bodies and the Board of Directors play a role in overseeing compliance with legal requirements and risk management. Stakeholders are also likely to include customers and partners involved in property development projects. The company's financial health, risk management, and strategic decisions directly affect these stakeholders.

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

I'm sorry, but the information regarding the CEO, Managing Director, COO, or CIO of the company is not provided in the context available.