

Case Summary

Name of organisation :

The organisation is Emaar Properties PJSC.

Risk assessment

Summary :

Financial risk assessment involves identifying, analyzing, and managing potential financial risks to ensure an organization's financial stability and compliance with its risk management framework.

Business and industry analysis

Industry :

The company operates in the real estate and property development industry, focusing on creating world-class residential, retail, and hospitality experiences. It is engaged in both domestic and international markets, with significant operations in the UAE and projects in other countries. The company is involved in developing integrated communities, leveraging a diverse and strategically located land bank to offer a 'city within a city' experience. It has a strong emphasis on retail, with a portfolio spanning over 10 million sq. ft., and is expanding its commercial leasing and hospitality segments, including 18 new hotels in the pipeline. The company also integrates digital transformation into its operations, enhancing customer interactions and operational efficiency. Its projects align with urban growth visions, contributing to sustainable urban development and community well-being. The company prioritizes maintaining its leadership position, maximizing shareholder returns, and focusing on execution and cash flow generation. It is committed to delivering high-quality developments, with over 40,000 units set for delivery in the next four to five years, and continues to expand its retail and hospitality offerings to support its financial position and recurring revenue strategy.

Underwriting considerations

Proposed loan :

Borrower's cash flow and financial capacity refer to the ability of a borrower to generate sufficient cash flow to meet financial obligations and service debt.

Business Profile

Brief description of the company in 2 lines :

Emaar Properties PJSC is a leading global real estate development company based in Dubai, UAE, specializing in property investment, development, and management, as well as shopping malls, retail, and hospitality. Established in 1997, it aims to create transformative experiences and sustainable value for its stakeholders.

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

Emaar specializes in creating high-quality residential, commercial, and leisure environments that balance modern lifestyles with luxury, technology, and sustainability. Its unique selling proposition lies

in its commitment to sustainable urban living and iconic developments that enhance lives and support economic growth.

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

The company targets the real estate, leasing, retail, and hospitality markets, focusing on creating integrated communities and world-class experiences. It aims to serve discerning customers with strategically located developments and a diverse product offering.

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 is organized into three major segments: real estate development, leasing, retail and related activities, and hospitality. Competitors: The company likely faces competition from other real estate developers, leasing companies, and hospitality providers. These competitors may vary in size and scope, ranging from local developers to international real estate firms. Challenges: The company faces several challenges, including market cyclicalities, access to liquidity, and operational risk hazards. Market cyclicalities involve the inability to identify and respond to changing market dynamics, while access to liquidity refers to maintaining adequate levels of liquidity to support operations and strategic ambitions. Operational risk hazards involve providing an environment that promotes health, safety, and well-being. Market Condition: The market is currently experiencing heightened volatility due to global inflationary pressures, higher interest rates, and geopolitical events. These factors have increased the potential for constrained credit markets, negative capital value movements, and continued volatility in property markets over the short-to-medium term. Market Sentiment: The sentiment is characterized by a "higher for longer" interest rate environment, low economic growth in many major countries, and heightened geopolitical tensions. This has led to increased caution among market participants, requiring close monitoring of asset valuations and market responses to current volatility.

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 (apartments, villas/townhouses, and plots of land), rental income from investment properties, and development management services. Property sales, particularly apartments and villas/townhouses, are the most significant, contributing 98% of the revenue.

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

The company targets real estate, leasing, retail, hospitality, and property management segments, focusing on enhancing customer experiences through digital solutions like the Emaar One App. This approach has been effective, as evidenced by a 19% decrease in walk-ins and a 94.2% customer satisfaction score in 2024.

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

The company focuses on expanding its recurring revenue portfolio, timely completion of development projects, and leveraging existing master communities to launch new projects. Additionally, it aims to

deliver consistent and attractive returns to shareholders through strategic land acquisitions and diverse retail experiences.

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

The company gathers real-time feedback via automated and in-app customer surveys and maintains strong relationships through direct customer interactions during sales, purchase agreements, and handovers. Additionally, they leverage their diverse and strategically located land bank to launch new products and provide integrated community experiences.

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

The company offers world-class residential, commercial, and retail spaces that enhance lives and support sustainable urban living, while also generating substantial economic value through iconic tourism and leisure developments. Additionally, it supports high-quality jobs and community-focused sustainable development programs.

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: - **Size**: The company is large, as indicated by the significant number of shares (8,838,789,849) and shareholders (45,864) as of 31 December 2024. - **Ownership**: The company is partly owned by the Investment Corporation of Dubai (ICD), which is an entity owned by the Government of Dubai, indicating a mix of public and government ownership. - **Type of Ownership**: The company has a mixed ownership structure, with significant government influence through ICD, and it also involves public shareholders, as evidenced by the distribution of shares among various categories of shareholders.

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

Emaar Properties PJSC emphasizes open and transparent engagement with stakeholders through a structured framework. This approach allows stakeholders to share their views on important topics, which informs the company's decision-making. Stakeholders provide capital, valuable feedback on financial and strategic performance, crucial funding, investment opportunities, and financial expertise, all of which support Emaar's growth and strategic initiatives. Serving customers and meeting their needs is central to Emaar's culture, highlighting the importance of stakeholders to the company's existence and success.

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 of Hospitality is Nicolas Bellaton, and the CIO (Chief Investment Officer) is Omar Karim.