

Case Summary

Name of organisation :

Emaar Properties PJSC.

Risk assessment

Summary :

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

Business and industry analysis

Industry :

The company operates in the real estate and property development industry, focusing on multiple segments including real estate development, leasing, retail, and hospitality. In the real estate segment, the company is involved in the development, sale, and management of various properties such as condominiums, villas, commercial units, and plots of land. The leasing segment encompasses the development, leasing, and management of malls, retail, commercial, and residential spaces, indicating a strong presence in retail and commercial real estate. Additionally, the hospitality segment involves the development, ownership, and/or management of hotels, serviced apartments, and leisure activities, highlighting the company's commitment to the tourism and hospitality sector. The company manages its operations both domestically in the UAE and internationally, with significant projects outside the UAE impacting its overall results. Furthermore, the company engages in other business activities such as property management, utility services, and investments in financial service providers, although these do not meet the criteria for separate reporting. The integration of these diverse segments positions the company as a multifaceted player in the real estate and property development industry.

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 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 Dubai Mall. It pioneers sustainable urban development through innovative lifestyle offerings and impactful solutions.

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

The company's specialization is in developing high-quality, integrated urban communities with a "city within a city" experience. Its unique selling proposition includes diverse product offerings, catering to a wide range of customer needs, and strategically located land banks.

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 developing and managing properties such as condominiums, malls, and hotels. It aims to serve diverse customer segments by prioritizing integrity, transparency, and customer experience in its services.

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

Based on the provided context, Emaar Properties operates within the real estate industry, which includes major segments such as real estate development, leasing, retail, and hospitality. Competitors in this industry would typically include other prominent real estate developers and companies involved in similar activities such as developing, selling, managing residential and commercial properties, and operating hospitality services. Challenges faced by Emaar and similar companies in the industry include: 1. Market Cyclical: The inability to identify and respond to changing market dynamics can pose a significant challenge. Emaar mitigates this by reviewing its business strategies and scanning for potential market or economic events that can negatively impact its operations. 2. Access to Liquidity: Maintaining adequate levels of liquidity is crucial for managing adverse events and ensuring business continuity. Market conditions and sentiment, as per the context provided, are characterized by: 1. Heightened Geopolitical Tensions: These contribute to market volatility and can affect international investments and real estate markets. 2. Low Economic Growth: Many major countries are experiencing sluggish economic growth, impacting demand and investment in real estate. 3. Higher for Longer Interest Rates: The sentiment of prolonged higher interest rates can constrain credit markets and affect capital values negatively, adding to the volatility in property markets in the short-to-medium term. Emaar's management continues to monitor these evolving conditions to assess their impact on the Group and make informed decisions to mitigate risks.

Business Model

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

The company's revenue streams include development services, rental income from investment properties, and sales of properties, with critical revenue recognition involving judgments on whether performance obligations are satisfied over time or at a point in time.

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

Emaar targets customers, guests, visitors, and the wider community, focusing on positive experiences at their properties. In 2024, they achieved an average customer satisfaction score of 94.2%, indicating effective engagement and swift issue resolution.

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

Key activities include sales and marketing, asset re-purposing for disposal, procurement and supply chain management, and responsible transfer and repositioning of assets.

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

Emaar uses the Emaar One App for seamless property management and services, and has integrated Alipay and WeChat Pay in Dubai hotels for convenient payments. Additionally, they gather real-time feedback through automated and in-app customer surveys to enhance the customer experience.

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

The company offers innovative, future-proof lifestyle offerings to create enormous value for residents, investors, visitors, shareholders, and the economy, while pioneering sustainable progress and lasting value through innovation, collaboration, and 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, Emaar Properties PJSC can be classified as follows: Size: Emaar Properties PJSC is a large company, evident from its substantial number of shares and shareholders. Ownership: The ownership is distributed among various shareholders, with significant portions held by those owning more than 5,000,000 shares. Type of Ownership: Emaar Properties PJSC is a public joint stock company, as indicated by its listing and disclosures in the integrated annual report.

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

Emaar Properties PJSC places a strong emphasis on stakeholder engagement as part of its commitment to responsible value creation. The company integrates sustainability into its decision-making processes to foster long-term value for all stakeholders. Their governance framework is designed to ensure transparency, accountability, and ethical business conduct, with key areas of focus including board oversight, legal compliance, ethics, human rights, data privacy, risk management, innovation, and responsible procurement. This approach aims to safeguard organizational integrity and support economic performance and resilience.

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. The Group Chief Investment Officer (CIO) is Omar Karim.