CREDIT OPINION
3 June 2025

Update

Send Your Feedback

RATINGS

Emaar Properties PJSC

Domicile	Dubai, United Arab Emirates
Long Term Rating	Baa1
Type	LT Issuer Rating - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Aziz Al Sammarai +971.4.237.9695
AVP-Analyst
aziz.alsammarai@moodys.com

Hormazd Motafram +971.4.237.9564
Ratings Associate
hormazd.motafram@moodys.com

Rehan Akbar, CFA +971.4.237.9565
Associate Managing Director
rehan.akbar@moodys.com

Emaar Properties PJSC

Update following the upgrade to Baa1

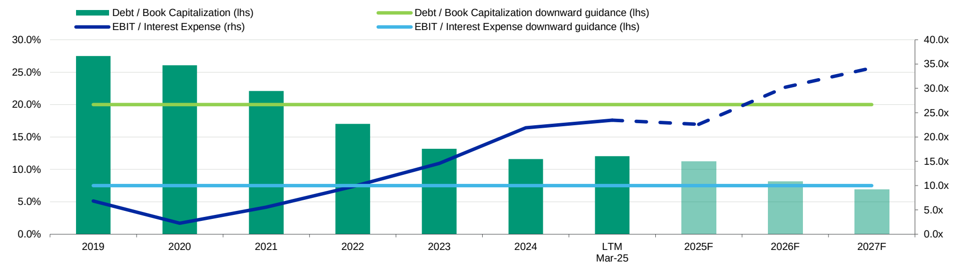
Summary

On 29 May 2025, we upgraded Emaar Properties PJSC's (Emaar) issuer rating to Baa1 from Baa2. The rating action reflects the company's strong revenue visibility over the next three years, proven track record of conservative financial policy including debt reduction, growing earnings from its recurring income generating portfolio, and strong credit metrics. The rating action is also supported by improved resilience in macroeconomic conditions of the Emirate of Dubai and the favorable operating environment in the real estate sector. Emaar's strong credit metrics and performance is backed by a solid revenue backlog of AED 127 billion as of March 2025.

Emaar's Baa1 rating reflects: (1) continued growth in its portfolio of mature recurring-income assets which contributed more than AED 7 billion in EBITDA in 2024; (2) strong domestic and international property sales backlog of AED 127 billion as of March 2025 which offers significant homebuilding revenue visibility; (3) access to a sizeable land bank in Dubai partly through strategic joint-venture (JV) partnerships with government-owned entities; (4) solid financial profile with a net cash position and debt to book capitalization of around 12% as of Q1 2025; and (5) excellent liquidity profile with favorable payment plans supporting limited upfront investments.

The rating also takes into account (1) the concentration risks stemming from Emaar generating the majority of its cash flows from Dubai; (2) the exposure to increasing competition in the Dubai real estate market where an increased supply of units could pressure price or margins; (3) the demand uncertainties related to sentiment-driven customer base with high number of expats; and (4) the development and execution risks given the capital-intensive nature of the business.

Exhibit 1
Credit metrics will continue to remain robust for the medium term



All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months. Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Credit strengths

» Growing and relatively stable earnings from mature assets provide buffers against volatility in the real estate development business

» Significant sales backlog provides a degree of cash flow visibility over the next three years

» Good market position with access to sizable land-bank in Dubai, partly through JV partnerships with government-owned entities

» Excellent liquidity profile

Credit challenges

» High geographic concentration risks stemming from Emaar generating most its cash flow from Dubai

» Demand uncertainties related to sentiment-driven customer base

» Development and execution risks given the capital-intensive nature of the business

» Exposure to the cyclical real estate market

Rating outlook

The stable outlook reflects our view that the company will maintain solid credit metrics and excellent liquidity through 2026 driven by strong revenue visibility and proven track record of good execution.

Factors that could lead to an upgrade

The rating is constrained at the current level given the high degree of revenue concentration within a single market. However, Emaar's rating could be upgraded if the company is able to expand on a sustained basis its scale and market position significantly through diversification into mature markets with low price volatility, and grow its recurring income portfolio across asset types. Additionally, maintenance of conservative financial policies including debt to book capitalization below 10%, gross margins above 50%, and excellent liquidity would be important factors.

Factors that could lead to a downgrade

The ratings could be downgraded if there are sustained weaknesses in Dubai's macro-economic environment or real estate market, Emaar's adjusted debt to book capitalization sustained above 20%, debt to EBITDA exceeded 1.5x, EBIT to interest expense sustained below 10x, liquidity weakens, or the company decides to pursue a more aggressive financial policy.

Key indicators

Exhibit 2

Emaar Properties PJSC

(in $ billion)	2020	2021	2022	2023	2024	LTM Mar-25	2025F	2026F	2027F
Revenue	4.9	7.6	6.8	7.3	9.7	10.6	11.7	16.5	17.0
Gross Margin %	37%	42%	51%	63%	57%	57%	53%	50%	50%
EBIT / Interest Expense	2.3x	5.6x	9.8x	14.6x	21.9x	23.5x	22.6x	30.2x	34.2x
Debt / Book Capitalization	26%	22%	17%	13%	12%	12%	11%	8%	7%
Debt / EBITDA	5.3x	2.2x	1.4x	0.7x	0.6x	0.6x	0.6x	0.3x	0.3x
Net Debt / EBITDA	4.8x	1.9x	0.9x	-0.1x	-0.3x	-0.6x	-0.2x	0.0x	0.0x

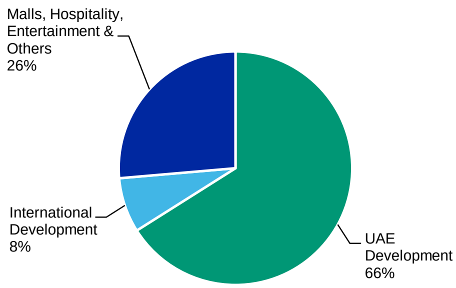
All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months. Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Profile

Emaar Properties PJSC, based in Dubai, United Arab Emirates, is a leading real estate master developer in the Gulf Cooperation Council (GCC) countries by sales and market capitalisation. Emaar's main shareholder is the government of Dubai, with a 29.73% stake held indirectly through Investment Corporation of Dubai (ICD) and Dubai Holding (DH). Emaar Properties' main subsidiaries are Emaar Malls Management LLC and Emaar Development PJSC. The former owns the majority of Emaar's recurring income portfolio including Dubai's largest shopping centre and the latter is the publicly listed UAE development arm of the company.

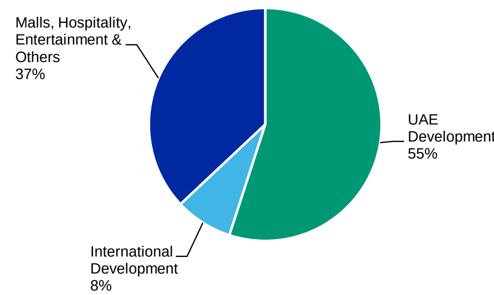
For LTM ending March 2025, Emaar generated AED38.9 billion ($10.6 billion) in revenue and AED18.4 billion ($5.0 billion) in net profit.

Exhibit 3
UAE homebuilding represents 66% of 2024 revenues..



FY2024
Sources: Company reports

Exhibit 4
..and 55% of reported EBITDA



FY2024
Sources: Company reports

Detailed credit considerations

Robust credit metrics will sustain through 2027 driven by demonstrated track record of conservative financial policy and strong earnings growth

We expect Emaar's financial leverage, measured by debt to book capitalization, to remain robust through 2027, underpinned by growth in earnings and the company's commitment and track record of reducing debt. We forecast Emaar's financial leverage to decline to about 11% in 2025, 8% in 2026, and 7% in 2027, from 12% in LTM March 2025.

The improvement in financial leverage reflects our expectation of continued earnings growth on the back of large revenue backlog of about AED 127 billion, and management's proactive approach to managing upcoming debt maturities, including the planned repayment of the $750 million sukuk due in September 2026, partially offset by relatively higher dividend payment. Additionally, we expect gross debt to EBITDA to remain strong below 1x and EBIT to interest coverage to sustain above 20x over the 2025-2027 period, supported by strong EBITDA generation and low levels of gross debt and interest expense.

Emaar's improving credit metrics are consistent with its track record of maintaining a conservative financial policy and strong credit profile. The company's commitment to deleveraging is evident in the reduction of total adjusted debt from AED 22.8 billion in 2020 to AED 12.6 billion as of March 2025, with a further decline to below AED 10 billion projected by 2027.

An established dividend policy allows Emaar to preserve liquidity and balance capital allocation between growth investments and shareholder returns. The new dividends policy is based on two parts; the first part comes from the recurring income portfolio (Malls, Hospitality, Entertainment, Others) which includes a payout of 40-60% of annual net profit before depreciation; the second part is paid out of the development business and includes 20-40% of cash flows generated from the development business.

Strong revenue visibility and improved scale partially mitigates concentration risk

Emaar is the largest master developer in the UAE with more than 76,000 units delivered as of March 2025. The company's significant scale in the region and sizable land bank provide a competitive advantage over smaller peers, enabling it to achieve economies of scale and adjust its development pace through the cycle.

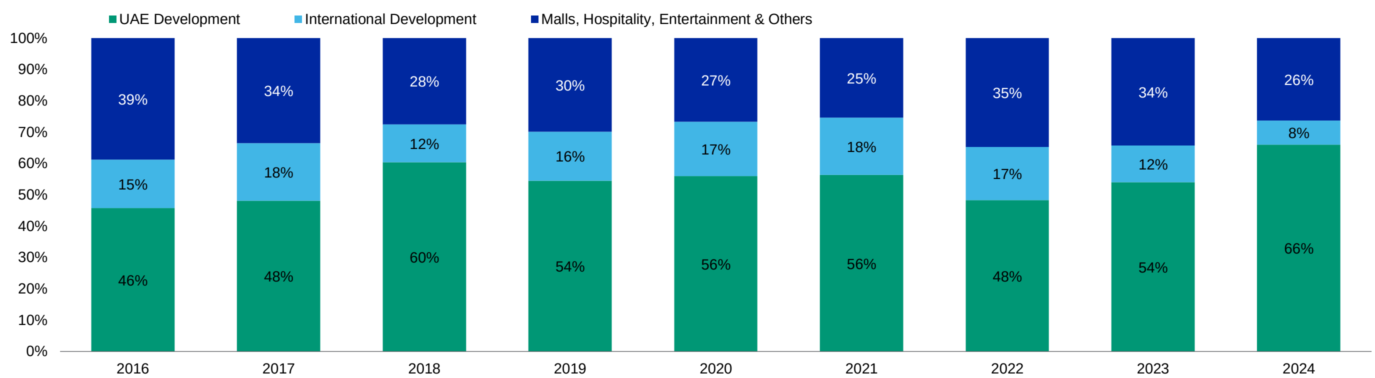
For instance, Emaar strategically paused major project launches in Egypt due to weaker economic conditions, redirecting its focus to areas experiencing strong demand such as Dubai and India. This strategic agility is reflected in its robust revenue backlog reaching AED

127 billion as of March 2025, an increase from AED 53.2 billion in 2022. Notably, 88% of the current revenue backlog was recorded from projects in the UAE, up from 78% in 2022.

This strong backlog underpins Emaar's revenue visibility over the next three years. It represents sales of 94% of the 44,000 units currently under construction, with 40% of the value already collected in cash and held in escrow accounts.

While Emaar's real estate development revenue and EBITDA are primarily concentrated in Dubai (Exhibit 4), this concentration is partially offset by a portfolio of assets that generate stable, recurring income and, to lesser extent, its international development operations. Nevertheless, the company remains significantly exposed to the Dubai market, where it remains active across multiple real estate segments. These include the sale of residential and serviced apartments, villas, and office spaces; the management and leasing of retail properties; and the operation of hotels.

Exhibit 5
More than 90% of Emaar's revenue was generated in Dubai in 2024



Source: Company filings

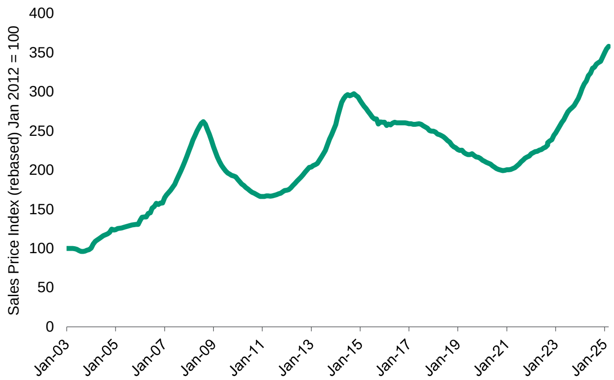
As a master developer, Emaar subcontracts the construction of buildings through a tender process and tends to retain hotel and retail spaces to add into its investment portfolio while selling residential and some office space. Emaar structures its projects so that majority of cash receipts (deposits) are front-loaded with more than a third of the sales price received within the first 12-18 months. This allows the company to pre-fund a material portion of the construction costs and cushion against significant swings in market demand because customers tend to stick with their purchase.

Market conditions in Dubai are expected to remain stable through 2025, but cyclicality risk remains

We expect Dubai's real estate market to remain stable over the next 12 to 18 months, following a period of significant growth. Between September 2020 and April 2025, average residential property prices rose by approximately 78%, driven by robust housing demand. The demand for residential real estate is partially driven by proactive government policies that are attracting international investors and workers, population growth with improving economic conditions and relatively easy visa process, geopolitical conflicts in the region, and supportive oil prices fueling consumption. This in turn resulted in the accelerated pace of project launches and unit handover, and driving unit sales price up.

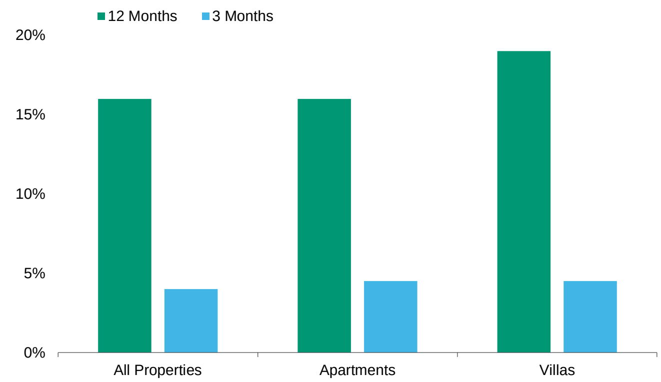
According to REIDIN, Dubai residential average sale prices have increased by around 20.1% in 2023 and 18.0% in 2024 (Exhibit 5) with villas performing better than apartments (Exhibit 5). Factors contributing to the growth in the current cycle are expected to remain more sustainable for the long term prospects of the market. Over the past two years, population growth and higher investors has provided a sustained level of demand.

Exhibit 6
Dubai residential prices have steadily increased since the end of 2020 and have crossed the 2014 peak..



Source: REIDIN

Exhibit 7
.. with supportive prices seen in the last twelve months across property types



Source: CBRE - UAE Real Estate Market Review Q1 2025

Following the robust sales growth recorded over the past three years, we project the market in 2025 to remain well-balanced at the current levels, with expected supply increase will be matched with population growth. Between 2026 and 2028, we anticipate a notable increase in deliveries from projects currently under construction. This influx is likely to restore equilibrium between supply and demand for ready units, thereby limiting further upward pressure on prices. However, Dubai's open economy remains exposed to weaknesses in global and regional demand. A sharp decline in oil prices potentially due to global growth headwinds would reduce spending in the region and weigh on economic activity and investor confidence in the region, thereby, could effect Emaar's future sales.

Improved Emaar's earnings resiliency driven by a growing portfolio of mature and recurring revenue assets

We view Emaar's recurring revenue as a credit strength, providing a financial buffer during periods of volatility in the property development sector. Emaar Malls Management (EMM) plays a key role in this regard, contributing to earnings and cash flow stability through multi-year lease agreements and high operating margins—86% as of Q1 2025. Emaar's EBITDA generated from its recurring revenue portfolio has grown meaningfully to more than AED 7 billion in 2024, up from below AED 5 billion in 2020 on the back of significant investments and cost optimizations. We expect recurring revenue portfolio's EBITDA to continue to grow and will reach close to AED 9 billion in 2027, driven by continued investments, strong demand, and the ramp up of newly opened malls.

In 2024, increased footfall, strong occupancy rates, and significant growth in tenant sales drove higher rental income across Emaar's mall portfolio. Looking ahead, we expect the operating environment to remain favorable, supported by robust macroeconomic conditions in Dubai. This should continue to fuel growth in EMM's revenue and cash flow.

Emaar is also actively investing in its recurring revenue portfolio to meet rising market demand and enhance cash flow visibility over the next 12 to 18 months. Notable projects include the AED 1.5 billion expansion of Dubai Mall and the development of Dubai Creek Harbour Mall.

The majority of Emaar's recurring revenue assets—spanning retail, hospitality, and entertainment—are located in Dubai and are primarily owned and operated by its wholly owned subsidiaries, including EMM. The remainder of the portfolio is situated in international markets such as Egypt and Turkiye. EMM holds a strong position in the retail leasing sector, backed by a portfolio of high-quality assets. Its flagship property, Dubai Mall, is a premier shopping and entertainment destination. Other key assets include Dubai Marina Mall, Dubai Hills Mall, two outdoor retail strips in Downtown Dubai and Dubai Marina, specialty retail at Gold and Diamond Park, Souk Al Bahar, and several neighborhood retail centers. Occupancy across Emaar Malls' assets remained resilient at 98% in Q1 2025.

Customer-financed project developments reduce balance sheet risk

Emaar has taken a disciplined approach to funding developments in existing master communities, for the most part, through construction-linked customer payments and therefore has not needed to use long-term debt funding for its development-related working capital needs. Up to March 2025, Emaar had collected around AED 61 billion of cash receipts against launched UAE development projects valued at around AED 163 billion. We expect new development projects will continue to be financed through customer deposits but infrastructure developments which usually require additional upfront investments will be financed mainly with free cash flow and unrestricted cash at balance sheet. Investment properties to be built in these locations, such as malls and hotels will also need additional funding but we believe Emaar will fund these projects mainly using its unrestricted cash sitting on the balance sheet (AED 25.4 billion as of March 2025) over the short term.

We believe Emaar's land acquisition strategy will consist of a combination of cash financed land acquisition supported by ample cash at balance sheet and joint ventures (JV) with strategic partners. Historically, Emaar established strategic JV partnerships with three Dubai government owned entities, namely Meraas, Dubai World Central and DP World Limited (Baa2 stable) through which it has been able to secure a sizable land bank. We view the JV partnerships as credit positive because Emaar does not have to pay any cash upfront but rather unlock and share value as projects are developed and sold. The parcels Emaar acquires through JVs are usually large, have high value, and in prime locations.

The government-owned JV partners interest is aligned with Emaar's because they plan and develop projects together. However, real estate projects with JV partners have their own execution risks and there is uncertainty around the full extent of funding needs for these projects. Emaar's biggest project with a JV partner is the Dubai Hills Estate valued at about AED 25.8 billion as of March 2025.

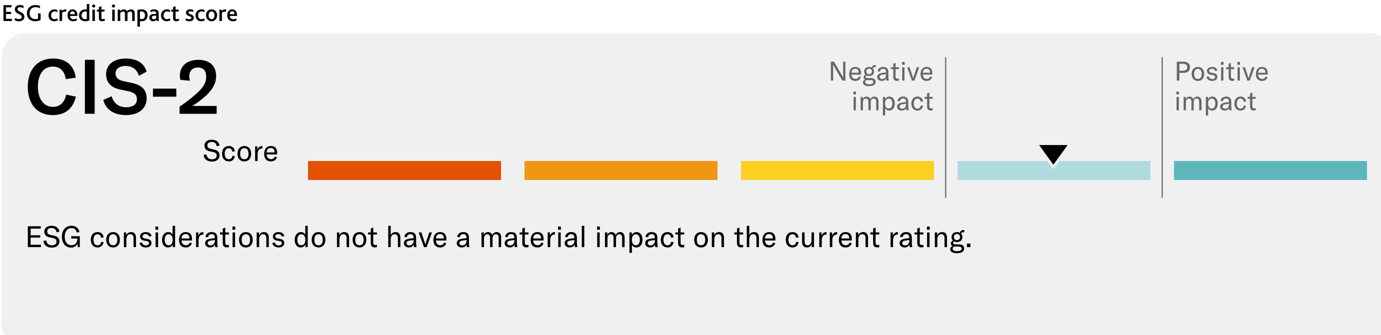
International operations are less mature but have long-term potential

Emaar's international operations support some geographical diversification. Although these operations are self-funding entities that have not required ongoing financial support from Emaar, international projects entail higher execution risks as compared to the domestic business because of the economic challenges that the core countries face. This creates uncertainty around the timing and quality of investment returns and partially offsets the geographic diversification benefits. As of 31 March 2025, Emaar's international operations had a backlog of AED 15.3 billion, with the bulk of units being built in Egypt and India, while the total international operations contributing around 6% of total revenue during Q1 2025. The real estate market fundamentals in Egypt and India are markedly different from that of Dubai, with a large growing indigenous population driving strong need for housing, but which is also exposed to macroeconomic challenges and currency fluctuations.

ESG considerations

Emaar Properties PJSC's ESG credit impact score is CIS-2

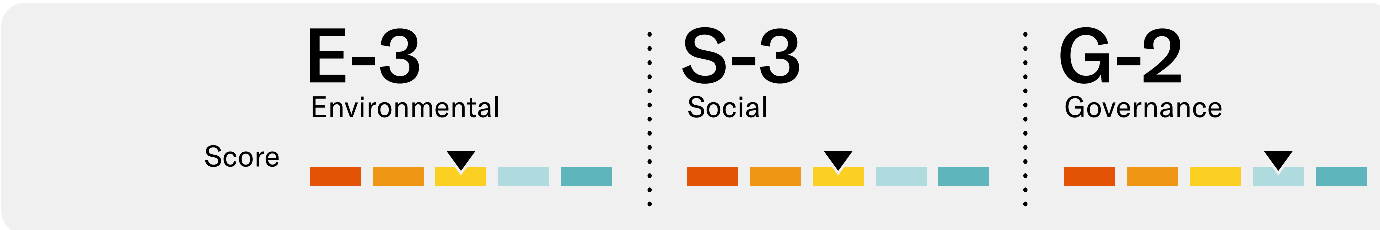
Exhibit 8
ESG credit impact score



Source: Moody's Ratings

Emaar's ESG credit impact score of **CIS-2** indicates that ESG considerations have limited to no impact on Emaar's current rating. Emaar has a moderate exposure to environmental and social risks while governance risks have a neutral impact on the rating, reflecting its conservative financial policy and good liquidity risk management, particularly during the coronavirus pandemic.

Exhibit 9
ESG issuer profile scores



Source: Moody's Ratings

Environmental
Emaar's **E-3** mostly relates to physical climate and natural capital. Emaar has a relatively diversified portfolio of assets and continually invests in the assets to mitigate event and operational risks. Nevertheless, real estate companies' exposure to physical risk is material given our expectations of more frequent and severe climate events and a steady increase in surface temperatures, and their physical asset-intensive business models. In our view, these property assets are at greater risk of impairment due to extreme weather events, which expose property developers to increased construction and repair costs. Physical climate risk and more stringent regulation will raise construction costs. However, associated environmental regulations have primarily been stable, and increases in costs can be largely passed to consumers. The need to exploit land resources exposes builders to natural capital risks and associated compliance costs related to land preservation.

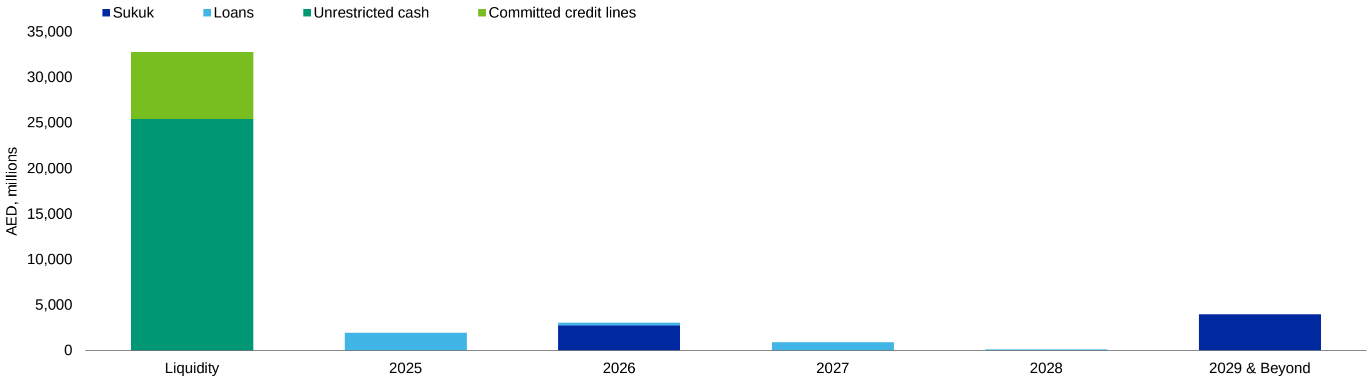
Social
Emaar's **S-3** is driven by demographic and societal trends because Emaar is exposed to demographic changes due to a large expatriate population. Demographic changes and affordability are important factors driving demand, and changes in these areas could moderately affect the risks that property developers face. Human capital is generally not a major risk in Emaar's countries of operations, where labor costs are low and the labor pool is large. Property developers are also exposed to customer relations risk, which could impact brand reputation given customer satisfaction is closely linked to the quality of delivered property units. Cyber security risk associated with the collection of sensitive customer data is a key concern as well as the associated cost to ensure an appropriate protection process is in place.

Governance
Emaar's **G-2** is driven by the company's stated commitment to an investment-grade rating and the prudence and track record that the management have in running the business and liquidity.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis
Emaar's liquidity is excellent with unrestricted cash balance of AED 25.4 billion as of 31 March 2025 and undrawn revolving credit facilities of AED 7.4 billion expiring beyond 2026. This is sufficient to cover debt maturities of AED 4.8 billion through June 2026 and our expectation of negative free cash flow of about AED 10.8 billion during the same period. A material portion of Emaar Properties' cash is restricted as a regulatory requirement to deposit customer installments linked to development projects in escrow accounts (AED 32.9 billion out of the AED 58.3 billion as of March 2025). Nevertheless, as contractors get paid through the escrow accounts and projects get delivered, Emaar's cash profit is released from these accounts.

Exhibit 10
Emaar Properties maturity profile



Cash balance is as of 31 March 2025 is net of restricted cash
Source: Company's financials

Rating methodology and scorecard factors

In determining Emaar's ratings, we have applied our rating methodology for Homebuilding and Property Development. The scorecard-indicated outcome for Emaar is A3 while the actual assigned rating is a Baa1. The one notch in difference relates to the high geographic concentration of revenues and cash flows in the Emirate of Dubai and the cyclical nature of the development business.

Exhibit 11

Emaar Properties PJSC

Homebuilding And Property Development Industry Scorecard	Current LTM 3/31/2025		Moody's 12-18 Month Forward View	
Factor 1 : Scale (10%)	**Measure**	**Score**	**Measure**	**Score**
a) Revenue (USD Billion)	$10.6	Baa	$12 - $16	Baa
Factor 2 : Business Profile (30%)				
a) Market Position and Diversification	Baa	Baa	Baa	Baa
b) Business Strategy	Baa	Baa	Baa	Baa
c) Market Conditions	Ba	Ba	Ba	Ba
Factor 3 : Profitability and Efficiency (10%)				
a) Gross Margin	56.7%	Aa	50% - 52%	A
Factor 4 : Leverage and Coverage (30%)				
a) EBIT / Interest Expense	23.5x	Aa	22x - 30x	Aa
b) Debt / Book Capitalization	12.0%	Aaa	8% - 12%	Aaa
c) Debt / EBITDA	0.6x	A	0.3x - 0.6x	Aa
Factor 5 : Financial Policy (20%)				
a) Financial Policy	Baa	Baa	Baa	Baa
Rating:				
a) Scorecard-Indicated Outcome		A3		A3
b) Actual Rating Assigned				Baa1

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 12

Peer comparison for Emaar Properties PJSC

	Emaar Properties PJSC Baa1 Stable			NVR Inc. A3 Stable			PulteGroup, Inc. Baa1 Stable		
(in $ millions)	FY Dec-23	FY Dec-24	LTM Mar-25	FY Dec-22	FY Dec-23	FY Dec-24	FY Dec-23	FY Dec-24	LTM Mar-25
Revenue	7,283	9,667	10,587	10,327	9,315	10,292	15,741	17,514	17,459
Gross Margin	63.5%	57.3%	56.7%	26.1%	24.7%	24.1%	30.1%	29.4%	29.0%
EBIT / Interest Expense	14.6x	21.9x	23.5x	52.2x	58.7x	61.9x	26.4x	33.3x	33.0x
Debt / EBITDA	0.7x	0.6x	0.6x	0.5x	0.5x	0.5x	0.6x	0.4x	0.5x
Debt / Book Capitalization	13.3%	11.6%	12.0%	22.6%	19.1%	20.1%	16.5%	12.5%	12.4%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Exhibit 13

Moody's-Adjusted Debt Reconciliation for Emaar Properties PJSC

(in $ millions)	2020	2021	2022	2023	2024	LTM Mar-24
As reported debt	**6,154**	**5,180**	**4,215**	**3,576**	**2,845**	**2,812**
Pensions	46	47	48	48	49	49
Non-Standard Public Adjustment (1)	-	-	-	-	581	581
Moody's-adjusted net debt	**6,199**	**5,227**	**4,263**	**3,624**	**3,475**	**3,442**

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. LTM = Last 12 months. (1) interest bearing related party payable reclassified as debt
Source: Moody's Financial Metrics™

Exhibit 14

Moody's-Adjusted EBITDA Reconciliation for Emaar Properties PJSC

(in $ millions)	2020	2021	2022	2023	2024	LTM Mar-24
As reported EBITDA	**1,553.2**	**2,432.0**	**3,111.0**	**5,142.9**	**5,821.5**	**6,143.0**
Interest Expense - Discounting	-	-	-	-	(22.7)	(22.7)
Unusual Items	(613.2)	-	-	(190.6)	-	-
Non-Standard Adjustments	221.5	(61.1)	(16.4)	73.8	10.4	10.4
Moody's-adjusted EBITDA	**1,161.5**	**2,370.8**	**3,094.5**	**5,026.2**	**5,809.1**	**6,130.6**

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Source: Moody's Financial Metrics™

Ratings

Exhibit 15

Category	Moody's Rating
EMAAR PROPERTIES PJSC	
Outlook	Stable
Issuer Rating	Baa1
EMAAR SUKUK LIMITED	
Outlook	Stable
Bkd Senior Unsecured	Baa1

Source: Moody's Ratings

REPORT NUMBER 1447762