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Aldar Properties H1 2025 Financial Results

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Tuesday, July 29, 2025

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**Operator** Hello, everyone, and welcome to the Aldar Properties H1 2025 financial results call. My name is Emily, and I'll be coordinating your call today. After the presentation, you will have the opportunity to ask any questions, which you can do at any time by pressing star followed by the number one on your telephone keypad. Alternatively, if you are streaming today's call online, please feel free to type any questions into the Q&A chat box. I will now hand over to Mr Faisal Falaknaz, Group Chief Financial and Sustainability Officer. Mr Falaknaz, please go ahead.

**Faisal Falaknaz** Hello, everyone. Thank you very much for joining this call to discuss Aldar's financial results for the first six months of 2025. We are making good progress against the new 2030 strategy, launched back in January, which is designed to accelerate growth and diversification, as well as enhance long-term institutional resilience.

Aldar has delivered broad-based growth across both the development and investment platforms, in the context of favourable market conditions and demand in the UAE.

The strong performance was driven by:

- the successful launch of new development projects in the UAE
- strong sales of existing develop-to-sell inventory
- recognition against the substantial development backlog
- and a strong performance by the recurring income portfolio, through organic growth and contributions from recent asset acquisitions

First-half group revenue increased 42% year on year to 15.5 billion dirhams, and EBITDA was up 38% at 5.3 billion – leaving us on track to reach the upper-range of our full-year guidance.

Net profit after tax for the first six months increased 24% year on year to 4.1 billion dirhams,

Aldar's effective tax rate for the first half of the year was 12.2% versus 4.1% in H1 last year. This reflects the UAE's adoption of the 15% DMTT rate in January, following the 9% general corporate income tax rate introduced a year earlier.

Aldar Development has seen strong momentum, with five new launches in the first half, with Fahid Island attracting particularly strong demand in Q2 following similar success of The Wilds launch in Dubai in Q1.

Group development sales increased 31% year on year to 18.3 billion dirhams in the first half, which is on track to meet our full-year guidance of 36 to 39 billion dirhams.

Driven by successful project launches, our total backlog has increased further to 62.3 billion dirhams, including 53.4 billion in the UAE, driving significant revenue recognition over next two to three years.

Aldar Investment also delivered strong results with H1 adjusted EBITDA rising 18% to 1.6 billion dirhams. Growth was driven by high occupancy, rental uplifts, and contributions from recent acquisitions, including Masdar City assets.

The platform will grow and diversify further over the next three years, driven by further capital deployment – including strategic mergers and acquisitions – and our AED 14.3 billion develop-to-hold pipeline

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On slide 4, you will see recent corporate updates.

Demand for Abu Dhabi real estate continues to see strong momentum, with Aldar's premium residential portfolio at the forefront — attracting individual buyers and institutional investors.

In Q2, we launched the first developments on Fahid Island — Fahid Beach Residences and The Beach House. Both saw strong sales and marked the beginning of a major new destination in Abu Dhabi.

The full Fahid Island masterplan spans 3.4 million square metres and will deliver over 6,000 residential units, including apartments, townhouses, and ultra-luxury beach and mangrove villas. The destination will also feature retail, leisure, and wellness experiences, alongside 5-star hospitality and flagship education assets.

This includes the signing of an agreement to bring King's College School Wimbledon to Fahid Island, with its premium K–12 campus set to open in the 2028–2029 academic year.

On Saadiyat Island, Aldar completed the sale of a 71-unit residential building at Mamsha Gardens to Gaw Capital Partners for 586 million dirhams — a clear example of Aldar's, and the UAE's ability to attract global institutional capital into a develop-to-sell asset.

Also, on Saadiyat Island... in July, we completed the sale of a 400-million-dirham mansion at Faya Al Saadiyat — the highest-value residential transaction ever recorded in Abu Dhabi.

On Yas Island, we had a standout response to the launch of Waldorf Astoria Residences, the first branded residences on the island — a clear reflection of demand for branded luxury living in Abu Dhabi.

In Aldar Investment, we acquired income-generating logistics assets at ALMARKAZ Industrial Park in Abu Dhabi, adding approximately 180 thousand square metres of 100% occupied, Grade A net leasable area to our portfolio.

Finally, on the d-Hold pipeline, we broke ground on the previously announced custom-built, Grade A cold storage facility for Emirates Snack Foods in Dubai South, with completion expected by the end of this year.

Turning to a more detailed look at Aldar Development on slide 5.

The platform continued to deliver a very strong performance in the first half, supported by a diversified product mix and growing traction across our international markets.

Group sales rose 31% year on year to 18.3 billion dirhams in H1, maintaining a high and sustainable run rate. This was driven by strong uptake across both existing inventory and new launches, in the UAE, supported by our global sales network and resilient domestic demand.

Revenue increased 50% year on year to 11.3 billion dirhams, while EBITDA rose 47% to 3.3 billion dirhams, reflecting continued revenue recognition and delivery momentum across key developments.

Internationally, SODIC contributed 291 million dirhams in revenue in the first half, with sales of 536 million dirhams. In May, the company signed a revenue-sharing agreement to develop a major land parcel in New Sphinx City in West Cairo. SODIC will receive 79% of revenues from the project, which has the capacity to generate over 353 billion Egyptian pounds in sales.

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London Square contributed 710 million dirhams in revenue in the first half, with sales totalling 362 million dirhams. The business has acquired 15 land plots and launched six developments since Aldar's acquisition in late 2023, including two land acquisitions and three launches in H1.

Notably, 25% of London Square's H1 sales were generated through the World of Aldar network — demonstrating the value of cross-platform integration and growing connectivity across our international footprint.

Turning to slide 6, you will see further details on UAE development sales of 17.5 billion dirhams in the first half, up 35% year on year.

Overseas and expatriate buyers accounted for 84% of that total — a consistent trend that reflects Aldar's strong positioning among globally mobile investors and end-users.

This is in part attributable to our product mix and the successful rollout of our enhanced international sales network

By the end of June, our UAE development backlog stood at 53.4 billion dirhams, with an average duration of around 30 months.

On slide 7 to look at Aldar Investment in further detail.

Aldar Investment has grown into a well-diversified platform of significant scale — with 47 billion dirhams of AUM — that generates solid recurring income streams.

Revenue for the platform rose 16% year on year to 3.8 billion dirhams in the first half, while adjusted EBITDA increased 18% to 1.6 billion dirhams. Excluding commercial disposals in H1 2024 and divestment of strata units on the residential front, adjusted EBITDA rose 24%.

This performance was driven by high occupancy and strong rental growth across the core investment portfolio, alongside contributions from recent strategic acquisitions — most notably the Masdar City residential and commercial assets.

Turning to slide 8

The Investment Properties portfolio delivered strong growth in the first half, with adjusted EBITDA rising 17% year on year to 993 million dirhams. Excluding disposals and divestments, adjusted EBITDA rose 26% year on year.

Performance was supported by portfolio-wide occupancy of 97% as at the end of June, along with continued rental growth and contributions from the Masdar City residential and commercial assets — which accounted for 118 million dirhams in adjusted EBITDA in H1.

Commercial adjusted EBITDA in H1 reached 420 million dirhams, up 11% year on year, supported by contributions from Masdar assets and the ramp-up of Al Maryah Tower; and a strong rise in rental rates during the period.

Excluding disposals, commercial EBITDA rose 30% year on year. Occupancy remains high at 99%, and Yas Place, a recently completed d-hold project, is already 95% pre-leased ahead of its Q3 opening.

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It's worth highlighting that we have exercised our option to acquire Mubadala's 40% stake in Al Maryah Tower, consolidating our JV stake as was intended. Both parties have completed relevant due diligence and valuation work with the transaction expected to close in Q3.

Residential adjusted EBITDA increased 35% to 263 million dirhams in the first half, supported by contributions from the Masdar City assets and rental growth across a portfolio that maintained 98% occupancy. During the period, we generated 65 million dirhams from strata sales, in line with our capital recycling strategy. Excluding strata unit divestments, the portfolio's adjusted EBITDA grew by 41%.

Retail adjusted EBITDA rose 12% year-on-year to 277 million dirhams, with average occupancy at 91%. Yas Mall reported strong momentum, with occupancy of 98% driving a 15% year-on-year growth in footfall and an increase of 12% in tenant sales. Al Hamra Mall is also close to full occupancy following the completion of its upgrade, while Al Jimi Mall remains on track for its new expansion opening in Q4.

Meanwhile, the formation of the new retail platform under the Mubadala joint venture, combining Yas Mall and The Galleria Luxury Collection, is expected to close in Q3.

Logistics adjusted EBITDA rose 14% to 35 million dirhams, with occupancy at 97%. The recent ALMARKAZ acquisition has expanded our footprint in this sector, which remains a priority asset class for future growth — supported by the DP World partnership, our develop-to-hold pipeline, and over the longer term, the Al Falah logistics hub under the Mubadala joint venture.

On slide 9, you will see that in the first half, our Hospitality, Education, and Estates platforms continued to deliver a solid performance while advancing key strategic initiatives.

The Hospitality portfolio maintained 70% occupancy and achieved an 8% increase in average daily rates and a 3% rise in RevPAR. EBITDA in H1 was 171 million dirhams, 4% lower year on year, reflecting the impact of our 1.5-billion-dirham redevelopment programme, with several properties partially offline. A notable development was the reopening of Aldhafra Resort during the first half, a luxury desert retreat in Liwa managed by IHG.

The Education platform recorded EBITDA of 127 million dirhams, up 9% year on year. Growth was driven by organic expansion and fee increases across most operated schools. Total enrolment stands at 37,000 students, with further scale expected from upcoming openings. These include Yasmina American School in Khalifa City and Muna British Academy in Saadiyat Lagoons — both scheduled for the 2025–2026 academic year, as well as the establishment of King's College School Wimbledon on Fahid Island in 2028.

Aldar Estates also delivered strong growth, with EBITDA rising 24% year on year to 192 million dirhams, supported by synergies and continued expansion across property management, facilities management, and community services.

Turning to slide 10 and our key balance sheet indicators.

In June, Aldar arranged an additional 500-million-dirham bilateral revolving credit facility, bringing total capital raised in the first half to 16.8 billion dirhams.

Over recent months, we have taken a counter-cyclical approach to funding, aimed at reinforcing our financial resilience and building a robust capital buffer to support long-term growth.

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This included a number of landmark transactions earlier in the year — notably, a 9-billion-dirham sustainability-linked revolving facility, along with hybrid and green bond issuances totalling 2 billion dollars.

Meanwhile, we have maintained a prudent leverage profile and strong interest coverage, while further strengthening liquidity — with 12.2 billion dirhams in free and unrestricted cash and 17.5 billion dirhams in committed undrawn facilities as of end-June.

The average senior debt maturity now stands at five and a half years, with no material refinancing needs in the near term.

Looking ahead, our focus remains on disciplined capital deployment, aligned to long-term value creation and strategic priorities.

You will find our approach to sustainability and key highlights on slides 11 and 12.

We have continued to make tangible progress on our forward-looking agenda.

As a reminder, our 2024 Sustainability Report, published in March, outlines our updated framework along with clear targets on energy, water use, and construction waste.

I'm pleased to report that Aldar's ESG rating was upgraded to 'A' by MSCI, and in July, the company was added to the FTSE4Good Index Series — reflecting broad improvements across environmental, social, and governance practices.

We also advanced our operational performance.

Our developments already achieved a 30% reduction in Energy Use Intensity by design from ASHRAE 2007. Embodied carbon in construction materials was reduced by 24% and 96% of construction and demolition waste was recycled.

On Fahid Island, the wellness-focused masterplan received 3 Star Fitwel rating, the first island globally to achieve this. Likewise, The Wilds achieved LEED Platinum for Communities and Fitwel 3 Star rating — first in the MEA region to achieve highest rating in both certification systems.

To close, and turning to slide 13 — our full-year 2025 guidance remains unchanged, supported by the strong visibility we have across both our development and investment platforms.

We are tracking to reach the upper-end of our full-year guidance, with Group EBITDA of between 10.4 and 10.8 billion dirhams, and Group development sales in the range of 36 to 39 billion dirhams.

Aldar Development is expected to deliver EBITDA of 6.6 to 7 billion dirhams, while Aldar Investment is guided to reach adjusted EBITDA of 3.2 to 3.3 billion dirhams.

The first half of the year has demonstrated the strength and resilience of Aldar's diversified model.

The Development platform has maintained strong sales momentum and expanded our backlog, providing solid income visibility over the coming years.

At the same time, the Investment platform continues to scale while also achieving organic growth supported by high occupancy, rising rental values, against a favourable market backdrop.

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With that, we conclude the presentation and welcome your questions. Thank you.

**Operator** Thank you. We will now begin the question and answer session. As a reminder, if you would like to ask a question today, please do so now, either by pressing star followed by the number one on your telephone keypad, if you have dialled into today's call. Alternatively, if you are streaming today's call online, please feel free to type any questions into the Q&A chat box. We will just take a brief pause to allow questions to come into the queue. Our first question today comes from Steve Bramley with HSBC. Steve, please go ahead.

**Steve Barnley** Thank you very much, indeed. Hello, Faisal. Congratulations on your half-year figures. I just had three questions, really. Number one, and I'm sure you'll get a few follow ups on this, but just on the margins, and you've held guidance for this year and, indeed, further years out. But in terms of all the other developments, gross profit margin today, you're slightly below the lower end. Just to get yourself back in the bookends of your guidance for the full year, presumably we're looking at a stronger second half. That's the first question.

Number two, you've done five launches in the first half. How are you thinking about second half launches? Could it be materially stronger or materially weaker or roughly the same again?

And then thirdly, and lastly, clarification on a comment you've made about international investment, and so far as you're not intending to make any further expansion internationally. What's prompted that? And secondly, just to be clear, does this mean no change to your existing budget? Or are you saying that you're reining in the existing budget? Was it simply that you're not going to make any additional incremental investment? Thanks very much.

**Faisal Falaknaz** Thank you, Steve. On the PDS margin, our guidance is we are probably going to hit the upper end, which I think is around 36% for the full year. Q2 was slightly lower than Q1. Q1, we did the award of Athlon, which was sold in Q3 of last year, so that had an early recognition of the sales fees that we recognise through our JV with the Dubai Holding. That pushed this slightly up, but you will see the margins trending up. We've been doing a lot of work in terms of pushing up our margins on our new projects. It just takes a little bit of time for that backlog of new projects to flow through the revenue. But again, you will see it trending towards that 36% level for the full year by the time we close the year.

In terms of launches, I think Q3 won't be that busy, given the summer. We have a number of launches planned, but the majority of the launches will probably happen at Q4. I think the important thing for us is we don't just push launches to hit our sales targets, we're also very disciplined about managing our inventory levels. And almost 50% of our sales, I can say, typically comes from our inventory, which is good. But there are a few exciting developments on the Saadiyat Cultural District that are going to come in the second half. We have a few prime plots that we have left, I would call those the crown jewels. And then Fahid, there's a lot of pent-up demand for those beachfront apartments, so you should surely see a lot more Fahid coming from us. But, again, in summary, we remain very confident that we will deliver on our group sales guidance of 36 to 39 billion.

And then the last question is around the international expansion. I don't think there's a change in messaging. I've gotten this question a lot from the investor community around international expansion, and my message has always been, we are very much focused on growing our UAE business. We are in Egypt and London today, and we have a lot of conviction around those businesses, which we will continue growing. The comment was around, we are not shopping around and looking for new destinations to go into.

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**Steve Barnley** Faisal, thank you very much. And just lastly, just on that last question, is it NUCA, isn't it? I saw this morning in Egypt that NUCA is certainly talking about introducing some levies on developers operating in the north coast and on the highway from Cairo up to the north coast, both for landowners and developers. Is that something that is concerning?

**Faisal Falaknaz** I haven't read that news, to be honest, so I'm not up to speed. But for SODIC, I would say typically, the second half of the year is the time of the period that we see the majority of our sales.

**Steve Barnley** Thank you very much.

**Operator** Thank you. Our next question comes from Harsh Mehta with Goldman Sachs. Please go ahead.

**Harsh Mehta** Hi. Thank you very much for taking the question. My first question is we heard in April that ADQ's formed a new infrastructure JV with Modon and IHC. If you could just help us understand, does it compete with Aldar on Abu Dhabi infrastructure projects, or this would be completely a different scope of work compared to what you do?

**Faisal Falaknaz** I don't want to comment on their behalf, but my understanding is that it is more focused on the PPP front to attract international capital into the country. Which is different from our projects.

**Harsh Mehta** Absolutely. The other question I had was, when I look at the presentation for the Fahid Island launches, I can see the sales value have been very decent. For the Fahid Beach Residences, we're showing a sales value of 1.5 billion. And for the Beach House Fahid you're showing a sales value of 883 million. But the backlog amount is very low. For Fahid Beach Residences, against the sales value of 1.5 billion, you're showing a backlog of 720 million. And similarly, for the Beach House Fahid, while the sales value is 883 million, the backlog is 560 million. I just wanted to understand what is the reason for this gap, is there land sales that's included over here and that's driving the backlog being lower than the actual sales value?

**Faisal Falaknaz** Maybe just on the methodology, we book sales where the SPA has been signed by the customer and where the deposit has been paid down. Sometimes, for whatever administrative reasons, we do not yet countersign the SPA. It's only when we countersign the SPA that we put it in the backlog, given the backlog is what drives revenue recognition. You see, in Q2, we announced almost 3.5 billion of sales on Fahid. But here, you're not seeing those fully translate through, so it's just a timing thing. Those sales will roll over into Q3 numbers.

**Harsh Mehta** Got it. Thank you. That's all. Thank you very much.

**Operator** Thank you. Our next question comes from Taher Safieddine with JP Morgan. Please go ahead.

**Taher Safieddine** Hi, Faisal. Thank you very much for taking the time, and congrats on a solid set of numbers. This is Taher from JP Morgan. Maybe just two questions from my side. The first one is on the 2025 guidance. You said that you're on track to deliver on the upper end. But if I just take a basic approach in terms of H1 annualised, is it fair to assume that H2 is going to be stronger across the board, particularly in terms of development at the gross profit margin, and also on Aldar Investments? Is that a fair assumption?



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**Faisal Falaknaz** 100%, because H2, you see the run rate from development pick up further speed. And then on the investment front, for example, the market acquisition that we have done is going to start contributing. Al Jimi Mall, which has been undergoing repositioning, is going to come online, hopefully in September, October of this year. The Yas Place Office Tower, which is opening...

**Operator** Apologies, everyone. We have lost connection to the management team. Please bear with us one moment while we reconnect them. Apologies for the interruption, everyone. I can confirm that the management team are now reconnected. Please continue.

**Faisal Falaknaz** Taher, I don't know if you caught the last part of the answer. Basically, there are a lot of catalysts coming in H2, which will make the run rate higher.

**Taher Safieddine** And just to follow up on this, if I look at the deployment and the D-Hold Capex, we are running below the run rate for FY 25. Are there any thoughts you can share with us? Are there any expectations of accelerated deployment on the M&A and the D-Hold Capex into H2, if you can shed more colour on that?

**Faisal Falaknaz** Obviously, D-Hold Capex does not play into the guidance number. That's number one. The deployment numbers do, but even if we don't deploy the guidance, there is no risk to us hitting our guidance. Fully deploying is upside, to the upper end of the guidance that I have just reiterated today. And then I mentioned on the call, we exercised our option with Mubadala to buy out their stake in AMT Tower. That's the building we bought, I think it was back in late 22, early 23. We're buying Mubadala's 40% stake, that's going to be completed by Q3, so that's further deployment. However, not in the EBITDA numbers, given we already consolidate, so more on the NCI front.

And the other thing is, we've made very good progress on the Galleria Retail merger. That's also very much on track to be completed in Q3. Now, we've told you guys to assume that this has a neutral effect, given it's a merger. However, we do see potential upside kicking in towards next year when it comes to the revenue and cost synergies that would come into play.

**Taher Safieddine** Very clear. And the last question is just on the development front, specifically on Dubai. As you can see, the Dubai property market continues to show very strong numbers in H1, and you guys have been active primarily on The Wilds. I just want to understand, how much inventory do we have left in the three masterplans now that all have been launched? That's my first part. And the second part, what are the plans in terms of maybe further exploring an extension to the JV with Dubai Holding? Or how should we think about your Dubai positioning as we go into maybe 26, 27, from a landbank replenishment point of view?

**Faisal Falaknaz** We have the apartments to launch in Athlon. We have the apartments to launch in Wilds. We have a number of high-end villas, the mansions that we launched on Wilds, which is still on our inventory. I would say we have AED 7 to AED 8 billion of inventory left in whatever remaining landbank that we have. And yes, we are very focussed on replenishing landbank in Dubai and are confident that we will be able to do so. And we'll keep you posted on further developments.

**Taher Safieddine** Very clear. Thank you.

**Operator** Thank you. Our next question comes from Gustavo Campos with Jefferies. Please go ahead.



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**Gustavo Campos** Thank you for taking my question, and congratulations on the strong results. Very quick, from my side, how are you projecting to fund your expected investment outflows for the rest of this year and into 2026? We saw a lot of debt attraction over the last few years and into 2025. Are you expecting to see a lot more net debt attractions into the coming months and 2026 as well? And if you could please comment on how you're expecting to fund this mix, whether you're considering a sukuk or maybe other alternative vehicles, like private partnerships or perpetuals, like we see? How are you expecting that this mix will be? That's my question. Thank you.

**Faisal Falaknaz** Thank you, Gustavo. Again, we always take a counter-cyclical approach when it comes to liquidity. We have had a very active first half, to your point, USD1.5 billion of hybrid between public and private. The AED 9 billion RCF that we did, the sukuk issuance that we did to refinance partly maturing sukuk that we had coming up. Today, we're sitting on AED 17.5 billion of untapped credit facilities. I would say we've been attracting a lot of interest from debt investors, especially internationally. The new RCF that we just signed, so two new international banks coming to our bank list. There continues to be significant liquidity within the UAE banking system. The banks continue to approach us wanting to expand the relationship with Aldar.

These are all options that we have in our hands. As I say, we would look at a combination. Are we open to doing further hybrids? Absolutely. Are we open to doing further capital market issuances? Absolutely. Are we looking to do more RCFs? Absolutely. It just depends on how we go on about our deployment. But again, today, given the capital requirements that we have for the coming couple of years, I think we are more than set. However, we will not wait, and we will continue shoring as much liquidity as we can, because liquidity is credit positive for us.

**Gustavo Campos** Understood. Thank you very much.

**Operator** Thank you. The next question comes from Harsh Mehta with Goldman Sachs. Please go ahead.

**Harsh Mehta** Thank you. Faisal, maybe one more question. In the presentation, there's an interesting breakdown of sales by nationality in Dubai and Abu Dhabi. And one thing I noticed is, while in Dubai, the breakdown is very similar to some of the other large developers. In Abu Dhabi, for example, you still don't have Indians among the top three buyers. And if I were to just try to understand, is it because of the product offering or price point, and is there an effort that the management or the company is going to make to make sure that also becomes a big part of the buyers? Because they've been biggest buyers in Dubai in driving the market. It would be really interesting to hear your views.

**Faisal Falaknaz** I think this is a very Dubai-specific thing. They have a very big customer base, both from a resident expat point of view and international investors that buy into Dubai. But similar to China; China in the past was not representing a significant portion of sales in our Abu Dhabi backlog. But last year, we did a billion and a half in sales for China full year. This first half, we have already done 1.7 billion for China, and we're seeing a somewhat similar trend for India. Our international sales team spends a lot of time in those key international markets, and India is surely one of them. You'll see that number grow with time.

**Harsh Mehta** Perfect. Thank you very much. It should be another big uplift for you, as we've seen in Dubai over the last 18 months. That could potentially drive future sales in Abu Dhabi, if I were to think about it in terms of the opportunity.

**Faisal Falaknaz** Yes, absolutely. 100%.

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**Harsh Mehta** Thank you.

**Operator** Thank you. We have received several text questions from Aaron Armstrong with Ashmore Investment Management. The first of which asks, please can you comment on what drove the GP margin decline in development, and what is the outlook from here?

**Faisal Falaknaz** I've already answered that, but I'll keep it brief. In Q1, we had the recognition of some sales fees from our JV because of the hold of Athlon. And then the outlook is our GP margin should close the year somewhere around 36%, at the upper end of the guidance that we gave. Why did international pre-sales decline this quarter and what is expected for H2? We are expecting a much stronger second half in terms of sales for international, both SODIC and LSQ. SODIC specifically, you see that trend if you look at the 2024 numbers.

What are the key launches for the UAE in the second half? I've already answered that question on what is coming on the growth in Fahid. And even in Dubai, we still have the apartments that we need to launch in Athlon and The Wilds.

**Operator** Thank you for answering those questions. Our next question is one from Anup Dhanuka with Moon Capital, who asks, how do you see ability to deliver on backlog going forward?

**Faisal Falaknaz** I think that confidence is coming in our guidance. We have very good confidence around doing that. Is it a risk? Absolutely, but it's a risk that we are proactively managing. Contractors are probably the biggest risk in our supply chain, which is why we need to stay close to them, which is why we need to make sure that they continue to pay their subcontractors down the chain, which is why we need to continue bringing new contractors into the ecosystem. Not awarding everything to tier one contractors and creating concentration risk, but also working with tier two contractors, so that they can become tier one contractors and deliver on our ambitions.

**Operator** Thank you. Our next question comes from Taher Safieddine with JP Morgan. Please go ahead.

**Taher Safieddine** Hi, Faisal, it's me again. Just maybe a bit expanding on the guidance. Clearly, you have confidence in terms of delivering on the upper end of FY 25, which is a group EBITDA of 10.8. If I look at consensus, it's still below 10 billion. And then if I take a longer-term view, in terms of the three-year guidance, I remember you said 25, 30% EBITDA group CAGR, but also consensus is way below that. I think the question here is, what is the market missing, maybe from your standpoint, given you speak to a lot of analysts and investors? Maybe just a bit of colour there.

And also, the other point is, do you really need the full deployment, both on the D-Hold Capex and the M&A deployment to hit your 2027 guidance that you shared, if I remember correctly, at the beginning of this year?

**Faisal Falaknaz** On the first question, what is the market missing? I think the market is generally conservative by nature. They want to see to believe. And that's the message I've always been giving. We will continue delivering, and as we deliver, the stock price is going to continue rerating. I think we've somewhat bridged that gap with the significant additional disclosures that we've been making, the longer-term outlook that we have been giving. And as long as we continue again delivering, I think that confidence from investors will translate into the stock price.

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The second question was, is deployment in D-Hold key?

**Taher Safieddine** Do you need the full deployment on M&A and the D-Hold Capex over 25, 27 to achieve your medium-term target in FY 27?

**Faisal Falaknaz** I think D-Hold is very important, because part of our strategy, as well, if you remember, we have set an ambitious target on ourselves, on maintaining a 50/50 split between development and recurring. For us to hit those numbers, I think, yes, there's a significant portion of that D-Hold that needs to come on line in that period. And we've been making very good progress on that front. And that 14 billion that we've announced to date does not include a lot of stuff that we have yet to announce to you guys, and which will be coming over the next three, six, twelve months. There's a big pipeline that we are working on.

**Taher Safieddine** And can you just remind us, what kind of yield to cost you're looking at in terms of the D-Hold? Clearly, this is a much more lucrative avenue versus M&A, because when you control the whole thing. Can you just help us, share some guidance there?

**Faisal Falaknaz** On average, I would say 9 to 10%, and then cap rates of around 7 to 8%, depending on the asset class. But there are a lot of things that we've been building today that are making yields on costs significantly higher than ten. Like the logistics stuff we're building is extremely accretive to the portfolio, but on average, 9 to 10% yield to cost.

**Taher Safieddine** Thank you.

**Operator** Thank you. Our next question comes from Steve Barnley with HSBC. Please go ahead.

**Steve Barnley** Thank you very much. I just had a follow-up question, if I may. The Gaw Capital deal, can you perhaps just share a little bit of detail around this? How does this work? They purchase the property at 71 residential units, completion 2028. Do they get a form of discounted purchase because it's a bulk purchase? And then, do they take all the on-sale risk? Or does Aldar participate either on any future upside through the deal, or does it have any exposure? Should they not realise the profit on the disposal of 71 properties, 71 units? Just how does that work? Just to give us a sense as to what the deal is that you've done, please.

**Faisal Falaknaz** There are a few rationales for doing this. One, again, is attracting this global institutional capital to the city. Number two, when you do a bulk sale, you don't spend money on marketing, and you don't spend money on commissions. There's a very minor discount that is given to them on the price, but then they have somewhat similar payment plans to the individual buyers today, which is a 60/40. They pay like any other customer with their payment plan, and they make their payment at handover. They take handover of those units. We treat them like any other buyer. We have no say in their upside or whatever.

But the choice of the buyer for us is very important, because I don't want to go sell bulk to buyers who want to buy bulk and sell individually in the market. The reason we went with them is knowing them, we were very confident that they would not sell. Their strategy is to buy this, have the asset delivered, probably lease it for a number of years, and then sell it. And their thesis on Saadiyat Cultural District is with all the social infrastructure that is going to be ready in the next few years, those apartments are going to be significantly worth a lot more than what they are buying at today.

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**Steve Barnley** If they're not going to sell piecemeal, it'll be a rented building, will it? Is that the thinking?

**Faisal Falaknaz** Yes. And, like the other thing we do, even on the somewhat discount that we offer, that's even given as a rebate. The customer has to complete that full purchase for him to take benefit of that full discount that was given.

**Steve Barnley** And as it stands today, and I see that it's their first foray into the UAE, do you think it's likely, do you get any sense that there are more deals behind it?

**Faisal Falaknaz** Deals of such nature?

**Steve Barnley** Yes.

**Faisal Falaknaz** Nothing imminent in the pipeline. But we'd surely be open to doing a lot more of those.

**Steve Barnley** Thank you, Faisal.

**Operator** Thank you. Our next question comes from Harsh Mehta with Goldman Sachs. Please go ahead.

**Harsh Mehta** Thank you. Hi, Faisal. Maybe one last question. Within the residential real estate market, is there any segment you would be cautious about, given, especially over here in Dubai, there are a lot of talks of potential oversupply in some segments, and some of the developers are navigating towards, let's say, from multifamily to single family homes in terms of their backlog. I'd be keen to hear your views.

**Faisal Falaknaz** Our preference is not to buy a single plot multifamily. For us, the community aspect is a very important part of the development. Our preference is to be predominantly horizontal and not vertical. Not that we wouldn't look at a masterplan vertical development, it would really depend on the location and the competitiveness of that development. But typically, our approach in Dubai has been focussed on horizontal, which is where you have more pent-up demand or more undersupply than you do for apartments.

**Harsh Mehta** And any trends and changes in Abu Dhabi between vertical and horizontal, and you'd position yourself in a specific segment?

**Faisal Falaknaz** No, not really. There's a significant demand. Same as Dubai, significant demand for horizontal. But obviously, the land bank, by nature, facilitates for more vertical than horizontal. But we still have a significant supply of horizontal that is coming up.

I got asked this question today in the media, I say the area where we'd really like to play more is the affordable segment. And for us, affordable is affordable to lease. Today, if you look at a young professional who is just moving to the country, his biggest challenge in terms of buying a property is making a downpayment. And typically, a young professional does not have enough savings to make a downpayment. Therefore, their option is typically to lease. Affordable leasing product is very important, and we classify those by segments. You have the working-class segment, let's call them something between the AED 5,000 to 10,000 levels of income. And then maybe you have the teachers, the nurses, who are maybe somewhere between AED 10,000 to 20,000, 25,000. Those would have different product offerings.

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And then you go into the affordable, which is affordable to buy, and you would have to back solve for you look at a professional, a family whose annual income or monthly income is somewhere, let's say, between AED 30,000 to 40,000 a month. And if they can only afford to pay a third of their income in terms of a mortgage. That's the way you try to price that product for those types of segments. That's the way we look at it. And there's a very serious effort today in terms of strategically replenishing our land in Abu Dhabi to facilitate for that type of offering in the city. Because our landbank today, if you look at it in Saadiyat and in Yas, is very valuable land bank. And the best use for that land is not affordable, unfortunately. We need to cater for that demand by getting more appropriate land bank for it.

**Harsh Mehta** Understood. Thank you.

**Operator** Thank you. Our next question comes from Taher Safieddine with JP Morgan. Please go ahead.

**Taher Safieddine** Faisal, really last question. Just on the recurring portfolio, if we just look at the D-Holds, we see that there is a lot of focus within that on Commercial and Logistics. Clearly, you're very well represented in Commercial. Logistics is actually scaling up quite nicely from a GLA perspective. But then if I look at the Residential leasing portfolio, just feels that the uptake there in terms of D-Hold has been a bit shy. Is that a fair assumption? And do you feel that there is more scope to punch above your weight within the Residential leasing? Also, keeping in mind that rental rates in Abu Dhabi have been actually quite supportive on the Residential front, so maybe if you can share some colour there. And are there any future plans to deploy more from a D-Hold perspective or M&A deployment on the Residential leasing portfolio?

**Faisal Falaknaz** It follows up my earlier point. Affordable is something that will start adding to the Residential pipeline for D-Holds. And you're right, that was a missed opportunity from our side. We were very much focussed on selling rather than renting. There will be a number of announcements that are coming soon in terms of more Residential to lease product that we're bringing to the market.

**Taher Safieddine** Perfect. Thank you.

**Operator** Thank you. We have time to take one further question, and we have received a question from Jonathan Milan with Waha Capital, who has sent three questions asking, are you looking to launch more projects in Abu Dhabi, for example, like on Yas Island, or mid-end apartments on Reem Island? Are you maintaining your market share in Abu Dhabi? And yield to cost of 10% assumes full occupancy. Sounds like a few years after delivery this yield to cost easily goes to 14 to 15% as rents go up.

**Faisal Falaknaz** First question, yes, we have a very active pipeline of projects that we are launching in Abu Dhabi. We don't launch stuff in Reem today. We are more sellers of land on Reem for other third-party developers. We continue to hold a very strong market share in Abu Dhabi. Obviously, our competitors, Modon, have been doing well, and I think their results came out yesterday. This is all, I think, positive for the market in terms of future liquidity that is going to come here. And then the 10% yield to cost assumes a stabilised yield to cost, not stabilised at 14 to 15%.

**Operator** Thank you. This concludes our call. I will now hand back over to Faisal for closing comments.

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**Faisal Falaknaz** Thank you, everybody, for taking the time again. We'll keep you posted on further events. We have a number of announcements coming up in Q3, and we look forward to seeing you again in Q3, when we have another set of good results to show you. Thank you very much.

**Operator** Thank you, everyone, for joining us today. This concludes our call, and you may now disconnect your lines.