Aldar Properties FY 2025 Financial Results

Monday, February 9, 2026

Seb (Moderator)

Hello, everyone, and welcome to today's Aldar Properties Full Year 2025 Financial Results Earnings Call. My name is Seb, and I'll be the operator for your call today. I will now hand you over to Talal Al Dhiyebi, Group Chief Executive Officer. Please go ahead.

Talal Al Dhiyebi (Group Chief Executive Officer)

- Thank you, and good afternoon, everyone. Thank you for joining us today to discuss our full year 2025 financial and operating performance.
- Starting on slide 3. Aldar delivered an outstanding performance, reflecting the strength of our diversified platform and consistent execution of our strategy.
- Group revenue increased 47% to 33.8 billion dirhams, and EBITDA rose 46% to 11.2 billion dirhams. We set a new record for net profit after tax of 8.8 billion dirhams, an increase of 36% year on year.
- This strong pace of growth was broad-based across all core businesses and continues to be marked by asset class and geographical diversification to drive long-term value.
- **Aldar Development** delivered an exceptional performance, amid robust economic fundamentals in our core UAE market. We continue to reinforce our leading position in Abu Dhabi, expand our footprint in Dubai, while also building scale in our UK and Egypt platforms.
- Group sales reached an all-time high of 40.6 billion dirhams, up 21%, supported by solid demand for existing inventory and 11 successful launches in the UAE. Development EBITDA increased by 67% to 7.2 billion dirhams.
- And we ended the year with a record development backlog of 71.7 billion dirhams, providing strong visibility for revenue recognition over the coming years.
- **Aldar Investment** continues to solidify its status as a leading regional real estate owner and investment manager. Operating diversified businesses, the platform has grown progressively to 49 billion dirhams in total assets under management.
- Importantly, to drive further growth in our recurring income business in the years ahead, we continue to deploy capital into mergers & acquisitions and expand our **develop-to-hold** pipeline, which stood at 17.2 billion dirhams at year end.
- In 2025, Aldar Investment delivered another year of solid growth driven by increased rental rates, high occupancy across asset classes, and meaningful contributions from recent acquisitions.
- The platform reported full-year revenue of 8.1 billion dirhams, up 16%, and adjusted EBITDA of 3.2 billion dirhams, representing an increase of 20%.
- On slide 4, we highlight the strategic initiatives announced in the last twelve months. I will focus on the most recent announcements, starting with:

- The establishment of **Aldar Capital through a joint venture with Mubadala Capital** represents an important milestone in our strategy to diversify income streams and deliver capital-light growth. This partnership brings our core strengths together with the institutional Limited Partner network of Mubadala Capital, and we aim to launch the first 1 billion dollar fund later this year.
- Our strategic partnership with **Mubadala Investment Company** has also broadened significantly through the North Al Maryah Island expansion project announced in December.
  - We are very proud and excited to be driving the development of the next phase of Abu Dhabi's financial district, at **North Al Maryah Island.** With a GDV of over 60 billion dirhams, the initiative will double the commercial space, and enhance the lifestyle offering substantially through hospitality and residential. We are moving ahead with master-planning and core infrastructure works this year and look forward to providing further updates in due course.
  - Meanwhile, the previously announced **retail joint venture** with **Mubadala** has also closed in 2025, with Aldar owning a 75% stake, and Mubadala 25%, based on final independent valuations. The partnership merges Yas Mall and The Galleria Luxury Collection to create a premium retail champion with a GAV of 9.8 billion dirhams. Aldar is responsible for the management of the assets, leveraging our expertise in creating significant value through synergies and leasing strategies.

- **On the development side**, we launched 11 projects in the UAE, notably unveiling a new destination in Abu Dhabi, which is **Fahid Island**, providing a key engine of growth in the coming years.
  - Two milestone transactions during the year further highlighted the confidence in Abu Dhabi's residential market and its broad appeal.
  - 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.
  - In addition, Aldar completed the **sale of an eight-bedroom mansion** at Faya Al Saadiyat for AED 400 million, the most valuable residential transaction in Abu Dhabi to date, setting a new benchmark in Abu Dhabi's luxury real estate market and reflecting growing demand from high-net-worth individuals.
- As we have indicated in previous quarters, we remain focused on **land replenishment as a growth driver**.

- **In early 2026**, we announced the addition of 23 billion dirhams of GDV to our **Abu Dhabi** landbank. The sites span over 2.3 million square metres and will deliver approximately 3,000 new homes across plots on **Saadiyat Island, Yas Island, and adjacent to Yas Island**.
    - The land plots will be activated through a **51:49 joint venture structure with an established partner**, where Aldar will lead the full development, sales and delivery lifecycle of the new projects.
  - Furthermore, in **Dubai**, our existing strategic **joint venture with Dubai Holding** continues to gain considerable momentum, and last week we announced the expansion of our partnership through the addition of two land plots with a combined GDV of 38 billion dirhams.
  - One of the plots is situated along the **on the D54 growth corridor opposite Nad Al Sheba**, where we will develop a mid-market, family-focused community.
  - The other plot is on **Palm Jebel Ali**, where we are planning a luxury waterfront project of around 2,000 apartments.
- In **Aldar Investment** we continued to expand through a number of value-accretive transactions, most notably:
    - We exercised our **option to acquire Mubadala's 40% stake in Al Maryah Tower** commercial building, consolidating our JV stake as was always intended.

And, in **Industrial and Logistics, we deployed about 1.1 billion** dirhams of capital to acquire **assets at the Al Markaz and two Grade A assets in KEZAD**.

- Turning now to slide 5, I would like to take a moment to highlight the tremendous progress Aldar has made in our transformational journey.
- The scale-up is clear. **Since 2020 …**
    - **Net profit** has surged almost **five-fold**
    - Return on Invested Capital **doubled** to 13.4%
    - 5-year Total shareholder returns **reached 222%**
    - Assets under management **tripled** to 49 billion dirhams
    - And the development backlog has grown more than **20-fold** to over 71 billion dirhams.
- The quality of earnings has also been enhanced through diversification, with Aldar expanding into new areas, including industrial & logistics, self-storage and ultra-luxury living, while also increasing exposure to other alternative asset segments.

- We have also broadened our geographic footprint, through successful entries into a number of markets, notably Dubai, Ras Al Khaimah, Egypt and the UK.
- This has provided the company with greater resilience and a strong platform to sustain our strong growth trajectory – and I will discuss the drivers of future growth shortly.
- With that, I'll hand over to Faisal to take you through the details on capital deployment, financial and operational performance, as well as sustainability.

Faisal Falaknaz (Group Chief Financial and Sustainability Officer)

- Thank you Talal.
- Turning to slide 6 which captures our 2025 capital deployment.
- We remain committed to deploying capital and investing in growth, we have always taken a highly disciplined approach to how and where we deploy capital, despite benefitting from a strong investment pipeline.
- During the year, we deployed 3.3 billion dirhams of capital, predominantly scaling up the Aldar Investment platform.
- Notable transactions include:
    - First, 362 million dirhams for the 40% stake in Al Maryah Tower, Talal referred to earlier;
    - Second, over 1.1 billion dirhams in Industrial and Logistics asset acquisitions
    - And lastly, 722 million dirhams to acquire an additional 17.45% stake in Aldar Estates, increasing our ownership to 82.55%;

Looking ahead, the majority of capital deployment will continue to be focused on income-generating assets across our core segments and across emerging growth sectors.

- Turning to Slide 7, for updates on our develop-to-hold strategy, which as a reminder, is focused on the development of prime assets for retention in the income-generating portfolio and is an important growth driver over the medium term.
- In 2025, we **completed and transferred four projects** to Aldar Investment business valued at nearly one billion dirhams. We also added seven new projects valued at a combined 4.4 billion dirhams, which included three affordable and mid-market residential projects, the Yas Business Park and the planned introduction of King's College Wimbledon school.
- During the year, we executed capex of 2.1 billion dirhams across ongoing projects. This was below our original guidance, primarily reflecting timing shifts and delays across a few projects, which have

resulted in the revised delivery schedules you can see in the presentation. Importantly, these are timing-related impacts, and the underlying project economics and strategic rationale remain unchanged.

- The **pipeline now stands at 17.2 billion dirhams** for delivery over the next four years, which will ensure a healthy balance of asset classes across the Aldar Investment portfolio.
- Please refer to the appendix of this deck for a detailed breakdown on the d-hold pipeline by segment and total capex expected.
- We plan to continue deploying significant capex into our D-hold strategy, as we add more projects in the coming period.

Finally, as a reminder please note this d-hold pipeline is additive to Aldar's ongoing acquisition strategy and is expected to significantly boost recurring income streams and long-term capital appreciation.

- Slide 8 details the performance of Aldar Development in 2025, which was marked by 11 successful new launches and strong sales of existing inventory in the UAE.
- Full-year **Group sales** increased 21% year on year to reach 40.6 billion dirhams, surpassing the upper end of guidance. This included UAE sales of 35.5 billion dirhams, which were up 25%.
- Revenue increased 58% to 24.8 billion dirhams, while Development EBITDA increased 67% to 7.2 billion dirhams, also exceeding guidance.
- **Group backlog** grew to 71.7 billion, and we expect these elevated levels to grow further as we continue to grow our sales. Most of this growth came from the UAE backlog, which accounts for 61 billion dirhams.
- The next slide goes through UAE performance in detail but before that a brief word on our international platforms which performed well in 2025.

In Egypt, SODIC delivered its highest-ever full-year EBITDA and strong sales momentum, including a highly successful December launch at Mostakbal City. In the UK, London Square continued to scale through five development launches and five site acquisitions during the year.

- Turning to Slide 9, you will see the composition of our UAE development performance where Abu Dhabi accounted for 71% of sales, and Dubai 25%.
- For another year, the demographic mix of our customer base remained broadly consistent, underscoring the sustainability of demand. UAE nationals represented 23% of sales value, whereas resident expatriates 51%, and overseas buyers 26%, reflecting the UAE's continued and broad-based appeal as a place to live, work and invest.

- The international customer base is varied and reflects the wide appeal of the UAE as a real estate investment market. This performance reflects the strength of our global, digitally driven sales platform, which continues to enhance our reach across international buyer segments.

Cash collection remained strong, reaching 15.4 billion dirhams in 2025, reflecting strength of sales and steady pace of delivery.

- Turning to Slide 10, Aldar Investment delivered solid growth in 2025, supported by both organic performance and strategic acquisitions.
- **Full-year revenue increased 16%** year on year to 8 billion dirhams, while **adjusted EBITDA was up 20%** to 3.2 billion dirhams within guidance.
- To give you a more accurate picture of underlying performance, excluding commercial disposals and divestments of strata units, adjusted EBITDA for the year rose 23%.

Finally, organic adjusted EBITDA grew to 2.9 billion dirhams also within upper end of guidance.

- On Slide 11, you will see further detail on Investment Properties specifically.
- The portfolio continued to deliver strong growth in 2025, with adjusted EBITDA rising 22% year on year to 2 billion dirhams. Excluding disposals and divestments, adjusted EBITDA increased by 27%.
- Performance was supported by portfolio-wide occupancy of 96%, alongside continued rental uplifts and contributions from the newly acquired Masdar City residential and commercial assets.
- **Commercial** adjusted EBITDA reached 847 million dirhams, up 21% year on year, and excluding disposals, the increase was 31%.
- Performance was supported by contributions from 2024 acquisitions of 6 Falak and the Masdar City assets, and a strong increase in rental rates during the period, with portfolio occupancy now at 100%. It is also worth noting that Yas Place came online during the year and has started to contribute to the bottom line.
- **Residential** adjusted EBITDA increased by 29% to 510 million dirhams, supported by contributions from the Masdar City assets and rental growth across a portfolio that is 96% occupied. During the period, we generated 77 million dirhams from strata sales, in line with our capital recycling strategy. Excluding strata unit divestments, the portfolio's adjusted EBITDA grew by 33%.
- **Retail** adjusted EBITDA rose 14% year on year to 553 million dirhams, with average occupancy at 90%. Yas Mall reported strong momentum, with occupancy of 98% driving 9% growth in footfall and 8% growth in tenant sales. Other key assets were also close to full occupancy, including the recently redeveloped Al Hamra Mall which re-opened in 2024 and Jimi Mall, in September 2025. Yas Golf

Collection and Noya Retail, both being d-hold assets, were also completed in 2025, with the latter now 100% leased.

- **Industrial and Logistics** adjusted EBITDA rose 72% to 106 million dirhams, supported by the contribution of the Al Markaz and KEZAD assets as well as solid leasing at the expanded Abu Dhabi Business Hub.
- On Slide 12, you can see that our Hospitality, Education, and Estates platforms continued to deliver solid performance while advancing key strategic initiatives.
- The **Hospitality** portfolio maintained 72% occupancy in 2025 and achieved a 12% increase in average daily rates alongside a 10% rise in RevPAR.
- Performance was supported by strong demand in the fourth quarter, including increased activity around major events and continued strength in tourism flows into the UAE. Adjusted EBITDA reached 372 million dirhams, up 6%, despite a number of properties being partially offline during the year as part of our 1.5-billion-dirham transformation programme.
- The **Education** platform recorded adjusted EBITDA of 274 million, up 3% year on year. This includes some pre-opening costs associated with new schools, however, underlying performance has been strong, supported by enrolment growth, fee uplifts, and contributions from recently opened schools, including Noya British School, which opened in 2024, as well as additional schools that commenced operations in 2025, which are Yasmina American School and Muna British Academy.
- **Aldar Estates** continued to benefit from increased scale and synergies across its offerings, with adjusted EBITDA rising 19% to 481 million dirhams. Performance was driven by contract renewals, new mandates, and continued efficiency gains across facilities management, property management, and community management.
- Turning to slide 13 and our key balance sheet indicators.
- We continue to take a counter-cyclical approach to funding and liquidity management, aimed at reinforcing financial resilience and building a robust capital buffer to support long-term growth.
- In 2025, **we raised 18.7 billion dirhams in capital,** including significant capital market transactions characterised by strong demand and favourable pricing.

  This funding included a 9 billion dirham sustainability-linked revolving credit facility, 2.3 billion dollars in hybrid bonds and green sukuk issuances including taps.
- In January 2026, we followed up with a **one billion dollar hybrid**, achieving one of the tightest spreads for a corporate issuance of this type in the CEEMEA region.

- This issuance was assigned a Baa3 rating by Moody's, one notch below Aldar's corporate rating of Baa2 with a Stable outlook, reflecting our robust financial position, strong liquidity, and our standing as a strategic partner to the Abu Dhabi government
- In summary, we have maintained a prudent leverage profile and strong interest coverage, while further strengthening liquidity. As at the end of 2025, free and unrestricted cash stood at 14.2 billion dirhams, and committed undrawn facilities at 16.4 billion.
- The average senior debt maturity stood at 5 years, with no material refinancing requirements in the near term.
- Looking ahead, we will continue to deploy capital in a disciplined manner, maintaining prudent leverage, strengthening recurring income, and aligning our funding strategy with long-term value creation.
- Turning to Slide 14.
- As a leading UAE real estate platform, **sustainability** is embedded in how we operate and plan for the long term.
- Our best-practice approach and ongoing progress is reflected in Aldar's status among the highest ranked real estate companies globally.
- In 2025, 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.
- And finally, the latest **Dow Jones Sustainability Index** saw Aldar's score **increase from 61 to 67, placing** the company first regionally and in the top 10% globally for the industry.
- Turning to Slide 15, you will see that we set very clear and detailed targets to guide our action on sustainability.
- In 2025, we continued to drive significant progress on a number of fronts.
- For example, our ongoing **retrofit programme** contributed to a 9% reduction in energy intensity for assets in our portfolio during 2025.
- And in Development, Aldar is embedding sustainability specifications, accelerating energy-efficient measures, and integrating resilience considerations at the earliest stages of planning and design.
- All our new developments launched in 2025 achieved **a two-star Fitwel** rating, and in construction, we **reduced embodied carbon by 21% and recycled 97% of waste.**

- I'll now hand back to Talal to go through our five-year corporate strategy and how we are progressing against our growth drivers.

Talal Al Dhiyebi (Group Chief Executive Officer)

- Thank you, Faisal. Let's turn to slide 16 and Aldar Group's Vision 2030.

  Having transformed significantly in scale since 2020, **Vision 2030** was launched at the beginning of 2025. The strategy is designed to sustain our accelerated growth trajectory and strengthen Aldar's position as the regional real estate champion. We have had a good start on its execution and remain firmly on track.

- Our business is closely aligned with the UAE's dynamic economic transformation, which is driving population growth and demand across diverse real estate asset classes.
- Building on our proven delivery track record, we have set a clear and ambitious target to reach **20 billion dirhams in annual net profit** by 2030, while targeting a **return on invested capital in excess of 16%.**
- This will be underpinned by balanced growth across our two core platforms, with the ambition of targeting a **50:50 EBITDA mix** between development and recurring income-generating businesses.
- We remain focused on achieving significant value creation, delivering progressively higher dividends, while maintaining our investment grade credit profile.
- Our strategy is anchored on three strategic pillars: product excellence, signature experience and capital management.

We will continue to invest in our people as well as digital and AI transformation to deliver operational excellence. Sustainability remains integral to our growth, as we continue to progress towards our net zero ambition.

- Turning now to slide 17, which outlines our core business growth drivers.
- Within Aldar Development, our priority is to further strengthen leadership as the UAE's premier destination builder, delivering exceptional experiences across our communities.
- In 2025, we activated **Fahid Island and unveiled plans for North Al Maryah Island,** which will both provide multi-year runway of growth and opportunity.
- At the same time, we are pursuing disciplined **landbank replenishment**, expansion across customer segments, and continued diversification of our product offering.

- We are also enhancing customer engagement through continued investment in **digital platforms** and sales channels, while expanding our global brokerage network to drive cross-selling and synergies across markets.
- Aldar **Investment remains focused on the disciplined expansion of the core real estate portfolio through** mergers & acquisitions and our develop-to-hold strategy, which will continue to scale recurring income and sector diversification.
- Alongside this, we are acting on **emerging opportunities** in areas such as staff accommodation, affordable housing, senior living and last-mile logistics.
- In Vision 2030, we set out a clear intention to manage third-party capital to create additional income streams and co-investment opportunities. As I mentioned earlier, we are excited to have launched **Aldar Capital** in ADGM, and we see the future funds as fee-generating vehicles but also as opportunities for collaboration across the Aldar platforms.
- **Capital recycling** will remain a key lever, with non-core and mature assets redeployed into higher-return opportunities, while ensuring platform readiness for future monetisation.
- As one of the region's largest and most sophisticated real estate platforms, we have embarked on an exciting phase of growth with clear ambition and strong momentum.

I will now hand back to Faisal to take you through our guidance.

Faisal Falaknaz (Group Chief Financial and Sustainability Officer)

- On Slide 18, we set out our 2026 and medium-term guidance, reflecting the visibility we have from our backlog, our launch pipeline, and our expanding recurring income base.
- Let us start with Guidance for 2026.
- At **Group level** we are targeting an:
  - **Adjusted EBITDA** of 12.7 to 13.3 billion dirhams
- And in terms of capital allocation, we foresee:
  - M&A deployment of 3 to 4 billion dirhams, and
  - Develop-to-hold capex of another 3 to 4 billion dirhams
- For **Aldar Development**, we continue to see positive sentiment in the UAE real estate market into 2026 and remain optimistic about sustaining elevated sales run rates, supported by growth in Egypt and the UK. Therefore, we are guiding:
  - Group development **sales** between 45 to 49 billion dirhams, and

- **EBITDA** of 9.5 to 10.0 billion dirhams,
    - of which for our project management services platform, we are targeting an EBITDA of 0.9 to 1 billion dirhams
- and for the development segment's **gross profit margin**, in the UAE specifically, we are guiding between 37 and 39%

- For **Aldar Investment**, we are guiding for an:
    - Adjusted EBITDA of 3.7 to 3.9 billion dirhams
        - of which M&A contribution between 0.14 and 0.18 billion dirhams
- Given the strength of our performance in 2025, we have rolled forward our three-year guidance from a higher base. As a result, we are reiterating attractive growth across the Group over the next three years, reflecting continued confidence in the scale, momentum and visibility across our platforms:
    - **Group Adjusted EBITDA** to expand at a CAGR of 25% to 30%
    - with **M&A capital deployment** and **develop to hold capex** of 9 to 12 billion dirhams **each** over the next three years
- For **Aldar Development** we see **EBITDA** growing at a CAGR of 30% to 35% over the next three years, and **Aldar Investment's adjusted EBITDA** is expected to expand at a CAGR of 18% to 20%.
- Overall, this guidance reflects our confidence in the increasing scale and momentum of our platforms, the market opportunity, and the balance sheet capacity to continue investing behind growth.

With that, we conclude today's presentation and welcome your questions. Thank you.

Moderator

Our first question from the phone lines comes from Rahul Bajaj from Citibank.

Rahul Bajaj (Analyst)

Rahul Bajaj from Citi here. Congratulations on the very strong set of results. My question is on the Dubai JV, which you announced recently last week, basically. And just trying to understand how comfortable are you in terms of the upcoming supply in Dubai and its impact on pricing level and the customer demand when you are launching these new projects in Dubai? Do you not expect any material negative impact from the sector-wide supply coming in Dubai? That is my question.

Talal Al Dhiyebi (Group Chief Executive Officer)

Thank you very much. So I think when we went into Dubai a few years ago, a lot of people asked us the same question at the time. Albeit the market has continued to perform -- the overall market has continued to perform well, we took a specific bet on the -- what we call the Mohammed Bin Zayed Highway corridor, where we launched our three projects, Haven, Athlon and the Wilds. And we were very successful in building single-family home communities centered around lifestyle and wellness with the schools and parks and so on.

We still see a lot of growth in that same corridor. This time, we're tapping into a new segment, which is the mid-market segment, where we see a lot of demand for townhouses. I think you really need to peel the onion and your question is very valid. But as a market leader, you go out and you find pockets of opportunity where we think you can make a market and go against that. So what you're saying is correct in certain pockets of the market. I think we're playing in a different segment.

We are a long-term investor. It's about getting access to large plots of land at the right economics, which creates a lot of value. We're performing well ahead of the business plan on the first three projects. And we think we still have the opportunity to create even more value in the new JV. We also have tapped into a slightly different segment over there with a smaller part of the overall transaction where it's going to be our first beachfront property in Dubai.

Obviously, it's been a very successful launch of Palm Jebel Ali banking off the success of Palm Jumeirah. And we think we'll also be able to trade really well and be amongst the first developers developing -- and we are conscious of what's happening in the market, but we also think that we will be able to extract the right value. Sorry, if you have a follow-up.

Seb (Moderator)

Our next question is from Taher Safieddine with J.P. Morgan.

Taher Safieddine (Analyst)

Congrats on a solid set of results. Just a few questions from my side. Maybe the first is just on Aldar Development. For this Dubai Holding, a new JV, can we understand just the economics? Is this land owned by Dubai Holding and you guys are sharing the profits and you'll handle everything from A to Z? Or should we expect some land payments there? If you can just maybe clarify on that point, please?

Talal Al Dhiyebi (Group Chief Executive Officer)

So you want to answer one by one or you're going to go through the other questions, Taher?

Taher Safieddine (Analyst)

Yes. Maybe the other question is just on the -- also the recent announcement in terms of the Abu Dhabi land replenishment. I'm assuming these are new land plots, right, over and above what you have. Is there a way just for us to understand from a visibility perspective? I mean you already have existing land in Yas and Saadiyat. Can you help us just understand how much GDV potential you have within Aldar within Yas and Saadiyat?

And the reason I'm asking is because clearly, the Abu Dhabi market had a very strong performance in '25 and your investment zones where you have a significant market share continues to command a very healthy trend. So maybe if you can share some color on what kind of potential does Yas and Saadiyat have maybe from a GDV perspective will help the visibility for us. So that would be my second question.

And the third and final question is just on the medium-term guidance that you provided all the way up until FY '28. Does this medium-term guidance takes into consideration the full deployment of M&A and D-hold CapEx? I mean, would you need the whole 9 billion to 12 billion to deliver on the FY '28 guidance or that will be over and above what you have already factored in?

Talal Al Dhiyebi (Group Chief Executive Officer)

I'll take the first two easy questions, and I'll leave the difficult one for Faisal. So on Dubai Holding, the first one, it's similar to the first JV. Dubai Holding are -- own these large parcels of land, which has been our go-to-market strategy in Dubai. They contribute the land into the JV. They don't contribute equity. There is a mix of fixed payments, which are predominantly back-ended, so five to seven years in payments. So -- but the majority of the returns come through a profit share. So it's a mix of seven-year payment plans plus a profit share.

Aldar does all of the design, development, sales, project management, and we charge the joint venture fees for providing those services. And there's a waterfall mechanism that's there. But it's similar economics to -- a similar structure to the first JV and then each one is customized based on the economics of that particular plot. So there's not much equity that's required. The risk is spread. Even if there is a cycle, this will feed through that given the size of these plots. And we've indicated the prospective GDV from that of around 38 billion.

On the land replenishment, which is around 23 billion of GDV, this was land that we didn't own. There were some privately owned parcels within the destinations, some of them were allocated, some were acquired many years ago and some are adjacent to our destinations, but they're all within that growth corridor, which includes Yas, Fahid and then there's Jubail that's developed by third party and then Saadiyat and then now the extension of that into Al Maryah.

And that's really that important growth corridor, which I think at the next Investor Day, we'll be able to share more details on how we're focused on that, and that's our premium growth corridor. And then we're also now focused on a new affordable growth corridor, which we'll be talking about more in future times. But other than that, land replenishment of 23 billion, we have well over 100 billion in GDV between Yas to Saadiyat.

When you include Fahid, that number is closer to 150 billion, when you include Al Maryah, that number is closer to the 150 billion of GDV in that area. And the idea is that we have to bring different products to the market, single multifamily home, waterfront, luxury, ultra-luxury at different times.

That's the number of launches that we've had, so 30 launches in the last two years, different products, different price points at different parts of those destinations, and we're going to continue. So we still have enough to fuel the engine in those destinations, but that's why we want to open up new destinations, complement that with Dubai, not bring too much to the market in a particular period.

Faisal Falaknaz (Group Chief Financial and Sustainability Officer)

And Taher, I think the message that we have been iterating in Dubai, it's a competitive market. So we have to compete to get land. And in Abu Dhabi, we are in a very competitive position to continue replenishing our land on an ongoing basis. We have a strong relationship with the government. We drive the key flagship destinations in Abu Dhabi. So land replenishment in Abu Dhabi is not a concern for us, and we'll continue doing the same.

And your third question on the guidance. So let's start with development. I think with development, with the backlog, we have very good foresight into our earnings into the future. And as long as we can sustain our development sales run rate, which we have very strong conviction that we can. And we believe that Abu Dhabi continues to be untapped, and we're just starting to scratch the surface compared to Dubai. Dubai is still probably 6, 7x the size of Abu Dhabi. So the guidance there, I think we're very confident with.

And then on the investment side, organically, the business is growing. Now we underwrite somewhat conservatively. We do not underwrite 5%, 10% rental growth on an ongoing basis. But then where the upside comes is we already have a 20 billion D-hold portfolio that's going to continue growing, and that's going to complement the growth in the future. Is M&A part of it? Yes, but we do probability weighted on the M&A, like we don't assume that full 3 billion to 4 billion is deployed at the beginning of the year every year.

And you've seen that this year, right? You guys were challenging us in terms of our deployment. We were somewhat delayed in terms of deploying. But again, the message we keep iterating, we continue being disciplined, and we will deploy into the right assets. And as you've seen, we've met the guidance without really investing the full amount early in the year. It really happened towards the end of the year.

Taher Safieddine (Analyst)

Okay. And just maybe one follow-up on the deployment. I mean the numbers remain 3 billion to 4 billion per year. Are there enough targets in the UAE to deliver 9 billion to 12 billion over three years? And I mean, the reason I'm asking is just maybe to look more specifically from a segment perspective. I mean, you seem to be in a very good position on the commercial side.

You've invested on the residential side for the first time in a couple of years, also the industrial and logistics. Is there a new segment? I just want to understand like the GAV today on the recurring portfolio, how will this change in three years? Should we see more logistics? Should we see more commercial? Just want to understand high level, how should we think about the sector breakdown?

Talal Al Dhiyebi (Group Chief Executive Officer)

So we want to have a balanced view across most of those assets. Some grow at faster paces than others. A few years ago, we were not building much commercial. We've now accelerated that with a lot of acquisitions including the ADGM tower, the tower in DIFC, 6 Falak in Dubai as well as a large develop-to-hold portfolio across Yas, Saadiyat and now at Al Maryah. Residential for a while, again, with prices moving up, we were not as active as we were. Right now, we're complementing that with a lot of developed to hold.

So depending on the opportunity and the market dynamics, we swap between M&A and D-hold where it makes sense. A lot of the D-hold is happening in our core destinations. So the ability -- so for example, the more you build on Yas, whether it's also rental product, that benefits your mall, benefits your hotels and so on. So the overall synergies are even greater. With M&A, there are smaller tickets. So you saw we bought the KEZAD assets. So we had the buyout of the Aldar Estates platform. We had the buyout of Al Maryah Tower. We also added Al Markaz assets.

But then once in a while, every 1.5, 2 years, sometimes longer, sometimes shorter, you get a large transaction like you remember clearly when we did the TDIC transaction at the time that was hugely accretive to shareholders and not many people at the time could write a $1 billion check or when we did the ADGM towers, which was $1.2 billion at the time. There's still a lot of assets that are in the private domain. There's still a lot of assets that are owned by the sovereigns. You've seen how active we are in partnering with these sovereigns.

These 60-40 JVs on the retail and have options for us to buy out like what we did in Al Maryah. So these are now creating opportunities for us to deploy in assets that we know and that we manage. Until we do that, we're charging them fees for doing that. So that's in terms of the opportunity set. But today, we have growth opportunities in residential, in commercial, in hotels. We were previously focused on refurbishing our existing hotels. We now have a growth portfolio in the hospitality. In retail right now, it's repositioning.

A lot of the new growth is coming in community retail. And then we're deploying more into education and logistics, logistics across, as you said, last mile to self-storage to warehouses to light industrial. So it's a carefully well-disciplined strategy. As Abu Dhabi economy is growing, there are opportunities to grow across all of those asset classes. And wherever that makes sense for us to drive value for our shareholders, we will pursue them.

Seb (Moderator)

Our next question is from Steve Bramley-Jackson with HSBC.

Steve Bramley-Jackson (Analyst)

Some of my questions have actually already been asked, but perhaps another couple. In terms of the JV with Dubai Holdings in terms of extended JV that you've announced in the last few years, there's a little bit of concern now that you're overpaying for land to grow. Can you share with us any of the sort of underwriting parameters?

I don't know whether you want to talk about that in a margin context just this deal alone. But how would you get investors comfortable, obviously, all our investors, but also the street that you're still progressing on decent terms because people are getting a bit concerned.

Talal Al Dhiyebi (Group Chief Executive Officer)

Sorry, the last part of your question, sorry, I heard the first part, just the last few words...

Steve Bramley-Jackson (Analyst)

I just want to -- essentially this -- the most recent JV you've extended JV that you've announced with Dubai Holdings. How do we get comfortable that you're not overpaying for land? Are you able to share any of the underwriting characteristics? Just I appreciate probably not a lot of it, but some of it, just to give investors a degree of comfort. I don't know whether you want to talk about that in margins or something different, but...

Talal Al Dhiyebi (Group Chief Executive Officer)

Multiple things, Steven. Great question. So one, we hope that there's a trust and the credibility of the management team that when we do things, we do them in the best interest of creating value for our shareholders as we've been demonstrating for the last 10 years. We know the market relatively well, and we pass on 10x the number of deals that we close. So the market doesn't see all of that.

And there are certain geographies that we've grown, and then we haven't announced land replenishment, even in Dubai for two or three years or certain areas of Dubai where we've been offered lots of opportunities. We get every week. And where it doesn't make sense, it doesn't make sense. And by the way, many -- not many, every deal that we've turned down, someone else has bought maybe even at a higher price. That doesn't make it right in our humble opinion.

And then people start resorting to other methods of trying to squeeze out more by adding GFA, by going to a mix that's more skewed towards studios or whatever it may be, right? With us -- for us, it's really about creating an overall community. Land for us should be in the 10% to 15% of GDV. Where it starts to become 20% and 25% or anything close to that, we pass. The new JV is within those ranges. We're targeting margins of around the 30% mark over there. So those are two sort of interesting metrics to show you at the entry level in terms of GDV.

And again, these are projects given the scale that you're going to see through a cycle. Also, the reason that we can get that because you can't compare that on every deal is the scale. We're taking very large plots of land that are internally relatively virgin, right, in terms of nascent in terms of infrastructure, it's design.

So our ability to come out and extract more value rather than buying a service plot in a high-growth corridor, high dense, which is where people have been typically -- I mean, whether they're overpaying or paying the right price, I'll leave that judgment to everyone else, but it's not the price point that we think makes sense for us, and it's not the kind of scale that we bring to the market. So just other people have not been focused on coming and buying a 2 million or 3 million square meter plot of land and putting in a lot of infrastructure, building the schools, doing the parks.

But that's where we extract value, and that's where we've gone into what's a very competitive market, probably one of the most competitive in the world, yet we were able to perform really well and sell out almost all the inventory that we've released to the market. So I hope I've added some color and answered your question, Steve.

Steve Bramley-Jackson (Analyst)

Okay. All right. So I've got a few others, if I may, just quickly. LTV -- or actually no, sorry, gross debt to total assets, you're up 400 basis points in F '25/F '24. Where are you headed on the basis of what you're committed to? Can you give us a sense as to where that leverage ratio runs up to on basis of committed capital?

Faisal Falaknaz (Group Chief Financial and Sustainability Officer)

We hold ourselves to a higher benchmark. So while you see those numbers, we manage the metrics related to our investment-grade credit rating, which are more restrictive and stringent. If you look at those numbers, I'd say we have capacity to go up somewhere around 3x net debt to adjusted EBITDA. But what you notice we've been doing lately is raising structured equity. So those hybrid notes that we've been issuing are extremely accretive to shareholders.

So while they are 100% debt from an accounting basis and they end up becoming tax deductible, they get 50% equity credit rating. So they might seem higher here. But from a rating point of view, we get that 50% credit, which you are not seeing. So we have a lot of room to grow in terms of debt, but we will continue in a countercyclical basis to strengthen our balance sheet and create as much buffer as possible in case there's a shock to the system.

Steve Bramley-Jackson (Analyst)

Okay. All right. And then just two or three just sort of quick final questions. Nationality, who -- which nationality bought they mentioned, just curiosity.

Talal Al Dhiyebi (Group Chief Executive Officer)

I can't go to jail, Steve. I respect my customer.

Steve Bramley-Jackson (Analyst)

You can't even...

Talal Al Dhiyebi (Group Chief Executive Officer)

We give trends. We don't give specifics yet. But we will make sure when you buy, you sign an NDA that we can announce your nationality live on our investor calls.

Steve Bramley-Jackson (Analyst)

I'm looking forward to that date. Okay. Secondly, Egypt. I mean, Egypt for us as a business in capital markets has become increasingly interesting, I think, over the last 12 to 18 months. People are more inquisitive about Egypt. Investors are looking more closely at Egypt. We're getting more incumbent on Egypt. Capital movements that a bit easier, isn't it now? Is there anything that you're noticing similar on the ground in terms of nature of purchases or transaction activity or anything like that in Egypt?

Talal Al Dhiyebi (Group Chief Executive Officer)

Look, I mean, last year, most developers in Egypt had record sales. Prices and pounds are obviously higher. What's interesting is prices in dollar terms are also higher, slightly, which is, I think, a good trend. Recently, I think it's the weakening of the dollar that has also just been an interesting thing and helped stabilize the situation. So the pound has improved a bit to the dollar, which has a big impact on sentiment over there.

And obviously, I think geopolitics, which I think in the last period over there, given the surrounding nature of what's happening in that area, where there's been more interest, particularly from domestic buyers, Egyptians. We do see foreign buyers. Our reading of the majority of the foreign buyers are actually, I would say, 70%, 80% are Egyptians with foreign passports rather than the kind of FDI nationality spread that you would see, for example, in the UAE.

But even that number, the overall number of foreign passport holders, whatever their origins are is sort of is less than 10%. And then that gets subdivided. So it's predominantly in the Egyptian market, but more Egyptians who are outside Egypt in the last year have been flowing in, I think, compared to the year before, when the pound was, I would say, a bit more volatile. So I think that was an interesting thing. But at the same time, we've been bringing in different product. We have been expanding our sales platforms.

Again, the way we've been managing that business is we're not deploying any fresh equity in over there. So we've been relying on similar to the UAE, doing land replenishment through joint ventures. There, it's a bit of a different model. There, they do more revenue shares rather than profit share, just the way that, that market works with minimal actual payments upfront. It's just mostly down to that revenue share. But then it's about releasing that inventory year-over-year. So the business continues to perform well.

We were very disciplined in the last few years about overpaying for land, land that was being offered in dollar denominations, which we passed and everything we've done has been in EGP. And the business has performed well. The stock that we -- that's how we monitor the business, but most stocks have rerated. There's definitely been more interest in after all the hot money left maybe a couple of years ago.

So we just came back last week, and it seems like they're heading the right way. Now there's still a lot that needs to be done, I think, and it's still predominantly an economy that's funded by the government. But it's difficult to read completely because I think the size of the black market over there is difficult to put your finger on, but that's -- there's a lot of cash in the system. That's as much light as I can probably give.

Steve Bramley-Jackson (Analyst)

Okay. And then sorry, I don't want to hold the call with just very last question. In the U.K., unless I'm misreading the slides, you put 393 million. Is that right? GBP 78.5 million last year on lands. I mean that looks to -- yes, so that looks to me to be, I don't know, 1 hectare, 1.5 hectare depending on quite where you've got the plots, three, maybe even four.

Just curious, how are you getting these -- who's selling the plots? And within the vendors, are you sort of doing deals where you're taking perhaps Middle East investors out of London and quick procuring them into this region? Are you doing any of those? Or is it just -- yes, I'm just curious as to how you're getting those plots. I know it's a buyer's market now.

Talal Al Dhiyebi (Group Chief Executive Officer)

Yes. So I think on the land part, it has been a buyer's market. When we first bought London Square, we were looking at opportunities, and we ended up buying plots of land that we saw at maybe 15%, 20% lower than were first offered to us 12 months in, given certain macro headwinds and the number of developers. We saw there was an exodus of a number of Chinese and also some Russian-funded developers that wanted to exit the market.

Some had, think everything we bought, exception of maybe one site that has partial planning approval, has planning approval, which reduces our cycle time of going to the market, which our margins are very sensitive, obviously, to that. So we've not been taking stuff that has long planning approvals. In terms of size, you mentioned, I need to come back to you on that one because each one had a different size and different denominations to what we do over here.

But we can shed some more light maybe on our Investor Day and share where some of these sites are. But we think we bought them at decent rates. And the way that market works for us is broken down into three verticals: private sales. We have our BCR. So we forward sell to pension funds and insurance agencies and others. And then we're one of the few developers that has a registered affordable developer called Square Roots under London Square, which allows us to tap into money from the local councils and borrows that help fund that.

And sometimes we even add affordable from some adjacent developers and stuff that they have. So that business model helps us go to market where other people cannot unlock planning approval through that. In terms of buyers, it's spread. I mean, we have Middle Eastern buyers buying in London, and that was part of the revenue synergy more than the cost synergy of buying London Square.

And now we have our customer base in London who are also buying over here. And obviously, we've seen a lot of high net worth and ultra-high net worth relocate from London to the UAE. So there is a bit of cross-selling that we're benefiting from in both markets. But obviously, I mean, the UAE market is quite hot at the moment. So maybe there's more inflows coming in over here, but good sales coming out of London as well. We hope for more.

Seb (Moderator)

Our next question is from Mohamad Haidar with Arqaam Capital.

Mohamad Haidar (Analyst)

Two very quick questions, please. So you replenished a lot of land in Dubai and Abu Dhabi in '25. Do you have similar plans for Ras Al Khaimah when it comes to community developments going forward? And two, when it comes to development margins, you're guiding for significant growth, 300, 400 basis points. Is this because Dubai is becoming a bigger portion of the backlog or because prices are going up in Abu Dhabi?

Talal Al Dhiyebi (Group Chief Executive Officer)

So on land replenishment, Ras Al Khaimah has always been a long-term play for us. We've been very successful in our project over there in partnership with Nikki Beach and others at Marjan and also our Aldar investment assets, the hotels and Mall, which are performing very well. We are actively looking at that market. I think they're investing a lot on the tourism side. But back to Steve's earlier question, it's about finding the right plot of land that works. There were a lot of plots that, for example, sometimes some lack scale, sometimes some of the wrong price.

So it's about finding the right opportunity. And we've been very successful so far. And if we can find the right opportunity, we'll be able to continue to grow. We haven't just locked anything as of yet. And obviously, we'll keep you updated once we do. In terms of our margins, I think there's no single reason. It's us overall managing our supply chain better. Prices are increasing. Obviously, with the scale, we can optimize on some strategic sourcing. We can optimize on some of our sales and marketing costs and other things.

There has been a creep up of construction prices. It is a -- someone said it was a buyer's market. It's a contractor's market today. There's not enough contractors that are out there. So it is a struggle and there is some inflationary movements that are there that are more based on just demand outweighing supply on things, but it's things that we can manage given the scale that we have.

So our ability to go out there and strategically source certain materials and commodities, one, to either control the price or number two, for security of supply. So all of those things together, but there has been price escalation, both in our core markets, and there's been quite a bit of price escalation. So with that, the team is determined to continue to sustainably push up our margins in line with the guidance.

Seb (Moderator)

And we have a follow-up from Rahul Bajaj at Citibank.

Rahul Bajaj (Analyst)

Rahul Bajaj from Citi. Quick follow-up questions from me. A couple of actually questions on the fourth quarter trends specifically. So I see steep escalation in direct cost and SG&A-related expenses in fourth quarter compared to the previous few quarters run rate. Just wanted to understand to what extent is this seasonal pattern or there are structural sort of changes to the cost element. So that is my first question. And the second one, again, on fourth quarter trends, I see very strong international sales, and you were talking about London and Egypt earlier.

Just wanted to understand what is driving the sharp sales increase in the fourth quarter? Is it Egypt or London or both? And my final, final question, if I may, please. The competitive backdrop in Abu Dhabi, has you -- have you seen any change in the competitive backdrop over the last year, 1.5 years in Abu Dhabi? Are there more players from outside or homegrown players present in the market in some way or you're not seeing much of a change there? So those are my questions.

Faisal Falaknaz (Group Chief Financial and Sustainability Officer)

Rahul, this is Faisal. So no, I wouldn't take any increase in SG&A as a recurring run rate. The one thing which comes into Q4 is our provisions. And the reason for that jump in provisions is we put the customer at the core of everything we do. And if you've seen the 2030 strategy that we've announced, one of the three pillars is signature experiences and customer.

And we strongly believe in building a brand. So we have taken some provisions to account for some community enhancements that we want to do across our portfolio in Abu Dhabi that we believe will significantly pay off in the future as we continue building the brand here in the city. Then I think there was a follow-up...

Talal Al Dhiyebi (Group Chief Executive Officer)

One question Egypt definitely had a spike of sales in Q4. London was -- had one as well. But then we had some very successful launches in the UAE, and we've started again 2026 on a good note as well. In fact, we have a launch event today on Saadiyat. So I wouldn't say there was anything much to read into, maybe a bit of lumpiness in Egypt because we were able to -- we launched a new project and stuff over there. So they don't have as many projects running at the same time. But nothing extra to read into other than us just bringing in more product at all these times. The third question?

Faisal Falaknaz (Group Chief Financial and Sustainability Officer)

Third question was around competition in Abu Dhabi.

Talal Al Dhiyebi (Group Chief Executive Officer)

So yes, it's definitely been more attractive to many developers. We've seen developers from Dubai come to Abu Dhabi. We've seen international developers, some boutique developers come in. We think it's a healthy sign of the market, not to be dominated by one or two. We maintain our leadership position given our high-quality land bank, our brand, our focus on customer. So competition is healthy. I think it's good competition, and there's been some relatively good players that come in, but the overall size of the market has increased.

I think the other positive is that all of these guys are hopefully going to widen the customer base. Everyone is now marketing Abu Dhabi. I still think what Abu Dhabi has to offer today in terms of its lifestyle, its infrastructure, the airport, the quality of living in terms of traffic and safety, but then as well as the entertainment, the culture, all the stuff that you guys do in terms of the museum, I still think it's undersold.

And it's one of the world's best kept secrets. And I think all of these guys out there help build up that brand equity of Abu Dhabi. And we're just seeing more and more interest by the day. And I think we just need to continue to deliver to that customer journey. So yes, it's there. It's healthy, makes us work hard and hopefully, we'll continue to deliver sustainable returns.

Faisal Falaknaz (Group Chief Financial and Sustainability Officer)

Let me take a couple of questions from the messages. So there's a question from Jamil. Aldar Development's medium-term EBITDA CAGR, do you expect I need to read -- do you expect EBITDA growth to be more loaded into the near term given your strong presale guidance? Is there scope for meaningful margin upside? Or will your EBITDA trajectory be driven primarily by presales and revenue recognition? So a few things if this was not obvious.

If you look at our guidance, so we have extended the guidance with a similar CAGR of growth despite us growing the business from an EBITDA basis, 46% year-on-year and the development business has obviously exceeded that. So the message you should take from that is we are growing stronger than what we had been guiding last year. That's one. The second thing on the development business, you would have probably seen in the news that we have awarded AED 66 billion worth of contracts to contractors.

Now AED 45 billion was to the government. The rest was to Aldar Development. This is our UAE property development and sale business. So you should expect the run rate of our development business, obviously, to continue growing. Will it be more front-loaded? Not necessarily, but you will continue seeing that very strong CAGR that we are guiding in the business, and it's not driven by presales.

Now there's a bit of catch-up when we have some inventory and the project is awarded, but presales in general do not flow through to the P&L until those projects are actually awarded and start construction. What are the main reasons behind project delays of the D-hold pipeline? A number of things. So delays in design, some delays in award. There's a bit of -- best use discussion that we've been having on those projects.

I would say that the projections that we're showing you are on the conservative side, but we are working very aggressively to catch up and bring those significantly earlier than what we are showing you here. On the development segment, what percentage of your total GDV under development is experiencing delays? And how do you expect this to change? I don't think there's a scientific way of answering this question. I think what matters is we will -- we have very strong conviction to meet guidance. I think that's what matters, how we deliver it is our business.

And as I've noted again, on the awards, on the value of work done that we've been able to deliver last year, which we expect to grow this year, we're very confident that we'll consistently deliver that growth and run rate. CapEx and M&A guidance, including land replenishment, how are you budgeting for land bank replenishment annually? The development business, we intentionally do not guide for CapEx for land for a number of reasons. Land is done through JVs, not all of them have explicit payment plans modeled in.

A lot of them have the payments as part of the profit waterfall in the future. And if they do have payment plans such as the JV with Dubai Holding, they tend to be very back ended, at least five to seven years in the future. So no, from a land replenishment point of view, capital is not a constraint whatsoever. Could you provide more details on the provisions booked? I think I've already answered that question. Have you changed anything in the payment schedule?

Not at all, and we're going to continue maintaining that discipline despite competition coming in and going lenient both on prices and payment plans, we will not because we are targeting a higher quality book of customers, and we'll maintain in doing that and customers will flock to quality, quality being Aldar, again, as the franchise that we've been able to build and the strategic land bank that we hold in Abu Dhabi, which we believe has a very strong competitive advantage. Can you please shed light on the profit share percentages for Dubai JV? It's as the previous JV, it's a 50-50 JV. However, we get fees for sales and development management.

Seb (Moderator)

We have no further questions on the call at this time. So I will go ahead and wrap up. Thank you all very much for joining.

Talal Al Dhiyebi (Group Chief Executive Officer)

Thank you very much for all of your trust and for signing in and wish you guys a great year ahead.

Seb (Moderator)

This concludes today's conference call, and you may now disconnect your lines.