HOME IS WHERE THE YIELD IS

DUBAI RESIDENTIAL REIT: A DIVERSIFIED RESIDENTIAL PORTFOLIO WITH ATTRACTIVE CASH DISTRIBUTIONS

Dubai Residential REIT offers exposure to one of the UAE's largest institutional residential portfolios, supported by high occupancy, internal rent reversion potential and visible cash distributions. While rising supply should moderate Dubai's rental cycle, we expect the REIT's diversified portfolio and operating efficiencies to support earnings resilience. We initiate coverage on Dubai Residential REIT with a Buy rating and AED1.50 fair value.

September 2026

DUBAI RESIDENTIAL

بنك أبوظبي التجاري
ADCB

Executive summary

Nearly 36,000 homes provide scale and diversification

Dubai Residential REIT provides exposure to one of the UAE's largest institutionally owned residential leasing portfolios. The REIT owned over 35,900 homes across 22 communities at the end of 1H26, serving a broad tenant base through its Premium, Community, Affordable and Corporate Housing segments. The portfolio maintained a high average occupancy of 98.6% in 1H26 (98.3% in FY25). Dubai Holding retains control of the company through DHAM Investments' 85% ownership. Dubai Residential REIT is externally managed by DHAM REIT Management. This structure gives Dubai Residential REIT access to an established operating platform and potential acquisition opportunities within the wider Dubai Holding ecosystem.

Supply growth points to occupancy normalisation

Dubai's residential market remains supported by population growth and continued household formation. However, the outlook is becoming less favourable as residential completions accelerate in 2027-28 and population growth moderates from the elevated rates recorded in recent years. We expect new supply to outpace incremental demand, placing gradual pressure on citywide occupancy and rental growth. Delivery delays may ease the near-term impact, although the eventual completion of these projects would shift the pressure into later periods. Dubai Residential should remain better positioned than the wider market, supported by its diversified portfolio, institutional operating platform and established occupancy premium. Nevertheless, we forecast portfolio occupancy to decline from 98.3% in 2025 to 93.0% in 2028.

Rent reversion and efficiency gains should support earnings

We initiate coverage with a Buy rating. Our positive view on the stock is supported by Dubai Residential REIT's portfolio scale, internal rental growth potential and visible cash returns. Passing rents have scope to reprice towards market levels through RERA-permitted renewal increases and the re-leasing of churned units. However, high tenant retention means this rent reversion should materialise only gradually over several renewal cycles. The company's ongoing refurbishment efforts provide a further source of organic growth, while the Garden View Villas and Jebel Ali Village acquisitions increase the contribution from Premium housing. Dubai Residential has delivered solid margin expansion driven by operating leverage and cost efficiencies, resulting in adjusted EBITDA margin expansion of c.7pp from FY24 to 1H26. We expect margins to remain strong at 78-79% over FY26-28e, despite occupancy normalisation. With our net LTV forecast at 6.4% in FY26 and declining thereafter, we estimate limited balance sheet risk. The company's dividend policy to distribute at least 80% of profit before fair-value changes supports distribution visibility and underpins our attractive forecast dividend yield of c.6.8-7.4% in FY26-28e.

Initiate with a Buy rating and AED1.50 fair value

Our AED1.50 per unit fair value implies 16.3% upside from the current price. We derive our fair value from an equally weighted average of DCF, DDM and cap-rate valuations. Our Buy recommendation is supported by the company's multi-year rent-reversion potential, operating efficiencies and attractive dividend distributions. Low leverage provides additional balance sheet resilience. We believe this combination of portfolio scale, rental growth optionality, low leverage and visible cash returns is not fully reflected in the current valuation of c.0.74x 1H26-end NAV.

Dubai Residential REIT (DUBAIRESI UH)

INITIATE AT Buy

Fair Value (AED)	Previous Fair Value (AED)
1.50	N/A
Current Price (AED)	**Upside/(Downside)**
1.29	16.3%

as of 31 August 2026

Market Data

Market cap (AEDm)	16,770
Market cap (USDm)	4,566
3M ADTV (AEDm)	3.7
Free float	15.0%
BBG Ticker	DUBAIRESI UH

Priced at close of 31 August 2026

Govinder Kumar | Equity Analyst
+97128139408 | govinder.kumar@adcb.com

Shadab Ashfaq | Equity Analyst
+97128139395 | shadab.ashfaq@adcb.com

Syed Faizi | Corporate Access
+97128126468 | syed.faizi@adcb.com

ADCB Equity Research | research@adcb.com
adcb.com/equityresearch

Dubai Residential — Financial statements and ratios

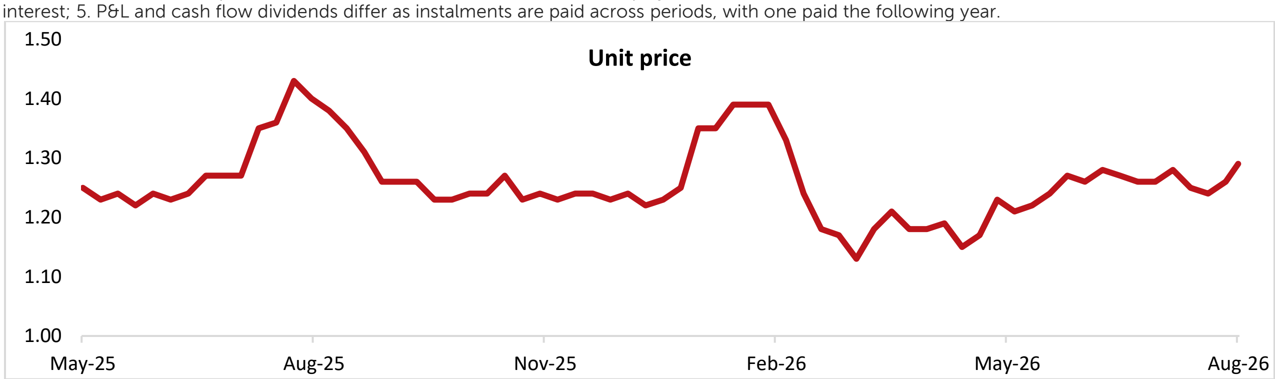
Year	2025A	2026E	2027E	2028E
Profit & loss summary (AEDm)				
Revenue	1,953	2,113	2,206	2,190
Adjusted EBITDA	1,492	1,667	1,725	1,704
D&A	2	2	2	2
Adjusted EBIT	1,490	1,665	1,723	1,702
Net interest	(72)	(71)	(85)	(80)
PBT	1,279	1,435	1,477	1,462
Net profit	1,279	1,435	1,477	1,462
Adjusted net profit	1,279	1,435	1,477	1,462
Balance sheet summary (AEDm)				
Investment property	23,538	25,297	25,516	25,665
Non-current assets	23,557	25,315	25,534	25,682
Cash	937	805	1,007	1,130
Current assets	1,014	865	1,068	1,191
Total assets	24,570	26,179	26,601	26,873
Current liabilities	932	1,009	1,119	1,179
Total debt	1,585	2,437	2,437	2,437
Net debt/(cash)	648	1,632	1,430	1,307
Total liabilities	2,524	3,452	3,562	3,622
Unitholders' equity	22,047	22,727	23,040	23,251
Cash flow summary (AEDm)				
Cash from operations	725	1,556	1,672	1,604
Capex	(135)	(1,348)	(221)	(151)
Free cash flow[1]	590	208	1,451	1,454
Cash from investment	712	(1,381)	(306)	(230)
Dividends[5]	(550)	(1,123)	(1,164)	(1,251)

Year	2025A	2026E	2027E	2028E
Growth				
Revenue	9.0%	8.1%	4.4%	-0.7%
Adjusted EBITDA	15.1%	11.7%	3.5%	-1.2%
Adjusted EBIT	15.3%	11.8%	3.5%	-1.2%
Net profit	14.5%	12.2%	2.9%	-1.0%
Adjusted net profit	14.5%	12.2%	2.9%	-1.0%
Margin				
EBITDA	76.4%	78.9%	78.2%	77.8%
EBIT	76.3%	78.8%	78.1%	77.7%
Net profit	65.5%	67.9%	67.0%	66.8%
Adjusted net profit	65.5%	67.9%	67.0%	66.8%
Return metrics				
ROIC[2]	6.9%	7.1%	7.1%	6.9%
ROCE[3]	6.5%	6.8%	6.8%	6.7%
ROE	6.1%	6.4%	6.5%	6.3%
ROA	5.3%	5.7%	5.6%	5.5%
Leverage ratio				
Net debt/EBITDA	0.4	1.0	0.8	0.8
Interest coverage ratio[4]	20.8	23.6	20.3	21.4
Per unit data				
EPU, AED	0.10	0.11	0.11	0.11
DPU, AED	0.09	0.09	0.09	0.10
Book value, AED	1.70	1.75	1.77	1.79

Year	2025A	2026E	2027E	2028E
Valuation ratio				
EV/Sales	8.9	8.7	8.3	8.3
EV/EBITDA	11.7	11.0	10.6	10.6
P/NAV	0.76	0.74	0.73	0.72
P/B	0.8	0.7	0.7	0.7
FCF yield	3.5%	1.2%	8.7%	8.7%
Dividend yield	6.6%	6.8%	7.3%	7.4%

Market data	
Company name	Dubai Residential REIT
Bloomberg ticker	DUBAIRESI UH
Unit price (AED)	1.29
Fair value (AED)	1.50
Upside/(Downside)	+16.3%
Rating	Buy
Market value (AEDm)	16,770

Source: Company data, ADCB estimates; Priced at close of 31 August 2026
Notes: 1. FCF = CFO – capex; 2. ROIC: EBIT (1 – tax)/(debt + unitholder equity); 3. EBIT (1-tax)/(total assets – current liabilities); 4. EBITDA/Net interest; 5. P&L and cash flow dividends differ as instalments are paid across periods, with one paid the following year.



Source: Bloomberg

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Dubai residential market outlook

- Population growth supports housing demand, but the supply-demand balance is set to weaken as completions accelerate from 2027.
- Delivery slippage limits near-term supply pressure, while the build-up of delayed projects increases occupancy risk in 2027-28.
- Citywide rent growth is normalising; Dubai Residential's performance will increasingly depend on internal rent reversion and its occupancy premium.

Growth gives way to normalisation

Dubai's residential market continues to benefit from sustained population growth. Employment creation and household formation provide further support to the city's housing demand. We believe these drivers should sustain underlying housing demand, even as population growth moderates from the elevated rates recorded in recent years. However, the outlook becomes more balanced as the residential completion pipeline accelerates over 2027-28. We expect supply growth to outpace incremental demand, gradually lowering citywide occupancy and constraining further rental growth. Delivery delays should defer part of this adjustment, but are unlikely to remove the supply risk. Against this backdrop, professionally managed portfolios with diversified tenant exposure and an established occupancy premium should be better positioned than the broader market.

Population growth supports housing demand

Dubai's population reached 4.6m in 2025, posting four consecutive years of strong growth. Over 2026-30, we expect the city's population to continue to expand, but at a relatively moderate rate. Dubai's population reached 4.74m by 30 July 2026 (Khaleej Times, 30 July 2026, Dubai Population Clock), representing a growth of 3.5% compared with end-2025.

Population growth was volatile during 1H26. The resident base initially increased before declining by about 61,000 in March, according to data cited by AGBI from the Dubai Data and Statistics Establishment (3 August 2026). The population subsequently recovered in each month from April to June and moved above its pre-regional disruption level. We view this recovery as encouraging evidence that the impact of the regional conflict on Dubai's resident base has so far been temporary.

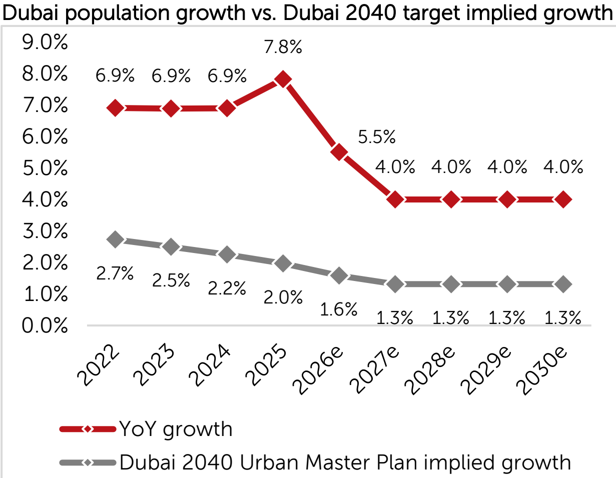
We forecast population growth of 5.5% in 2026, taking the resident base to c.4.83m by year-end. This assumption implies relatively modest growth during the remainder of the year, given that the population had already reached 4.74m by end-July.

Our longer-term assumptions are informed by the Dubai 2040 Urban Master Plan. Launched in March 2021, the plan envisages a resident population of 5.8m by 2040. This target originally implied population growth of c.2.7% per annum from 2021 to 2040. However, actual growth during 2022-25 materially exceeded this rate.

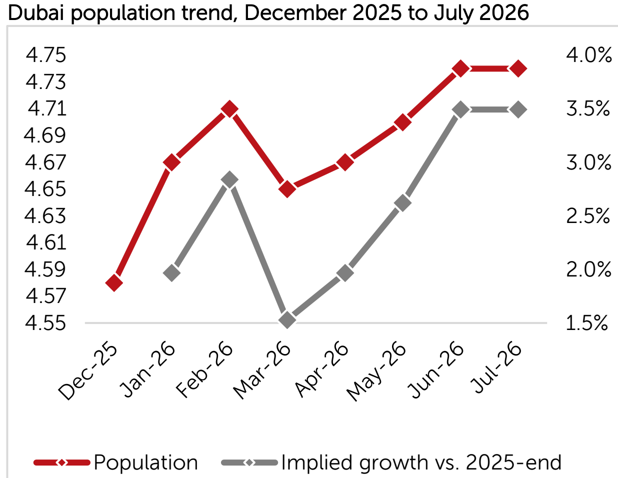
Following our 5.5% growth assumption for 2026, Dubai would need population growth of only c.1.3% per annum over 2027-40 to reach the 2040 target. We view this implied rate as conservative relative to Dubai's recent demographic performance. We therefore forecast population growth of 4.0% per annum over 2027-30, taking the resident base to c.5.7m by 2030. We acknowledge that our estimates remain below the recent growth trend and could prove conservative if employment creation and inward migration remain stronger than expected.

Continued population growth should support household formation, in our view. Dubai's addressable housing demand reached 825k households in 2025, according to Dubai Residential's FY25 results presentation. We expect demand to increase to 1,042k households by 2030. This assumes that average household size declines from 4.3 people in 2025 to 4.2 from 2026, in line with Dubai Residential REIT's FY25 results presentation. We assume that non-corporate residents account for around 77.5% of Dubai's overall population, unchanged from 2025 level.

Dubai population growth vs. Dubai 2040 target implied growth

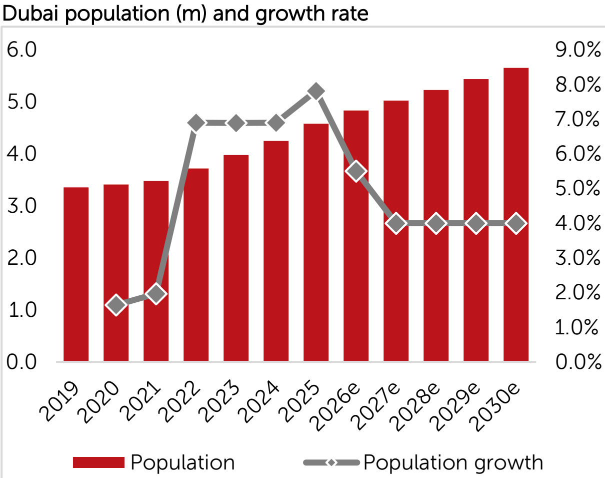


Dubai population trend, December 2025 to July 2026

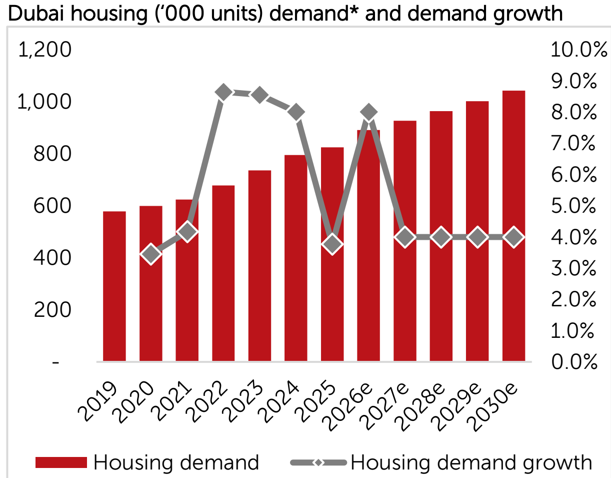


Source: Dubai Digital, Dubai Data and Statistics Establishment, Dubai 2040 Urban Master Plan, Dubai Population Clock, ADCB estimates

Dubai population (m) and growth rate



Dubai housing ('000 units) demand* and demand growth



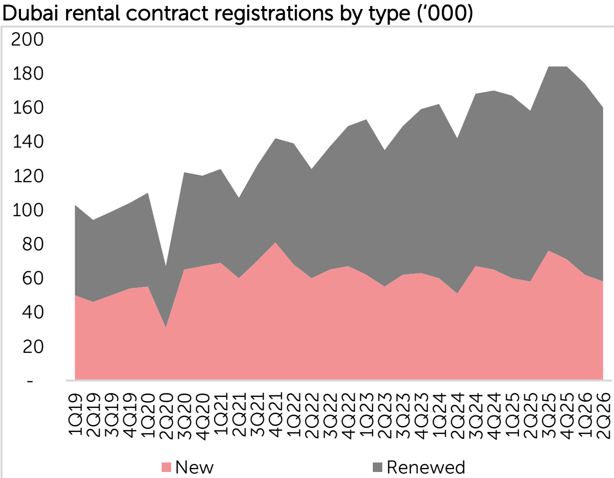
Source: Dubai Digital, Dubai Data and Statistics Establishment, Dubai 2040 Urban Master Plan, Dubai Population Clock, Company reports, ADCB estimates; *Housing demand is derived by dividing total addressable population by the average household size of 4.3 through 2025 and 4.2 from 2026. Addressable population excludes corporate, which is assumed to be 22.5% of the total population.

We acknowledge that the housing market is likely moving from rapid expansion towards normalisation. During parts of 2026, the regional conflict disrupted travel and weakened buyer sentiment, which, in turn, led to a sharp decline in 2Q26 property sales activity.

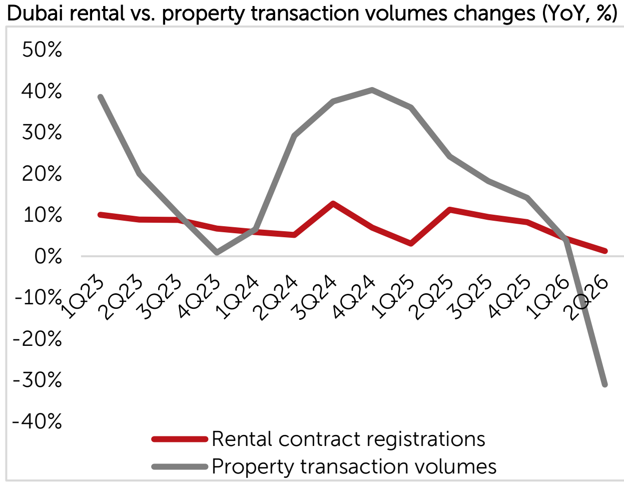
The slowdown has been more visible in property sales than in residential leasing. This distinction is important for Dubai Residential REIT because recurring rental income is its primary source of revenue. We therefore believe the company is less directly exposed to changes in sales transaction volumes. The leasing market has remained resilient despite softer residential sales activity. Dubai registered a record 40,022 tenancy contracts in June 2026, including 19,245 new contracts and 20,777 renewals (Arabian Business, 7 July 2026). Rental growth has nevertheless moderated. Dubai residential rents increased just 2.1% YoY in 1H26, following several years of much stronger growth. Rental growth therefore remained positive, but the pace of increase slowed substantially.

We view the regional conflict as a near-term risk to transaction activity and market confidence. At the same time, we do not currently see strong evidence of a structural contraction in rental demand. However, elevated uncertainty could prolong decision-making and slow household formation if disruptions persist. Consequently, our sector forecasts assume slower demand absorption and more moderate rental growth than in 2022-25.

Dubai rental contract registrations by type ('000)



Dubai rental vs. property transaction volumes changes (YoY, %)



Source: Company reports, JLL UAE Living Market Dynamics Q2 2026, ADCB estimates

Delivery delays defer supply pressure

We see new supply as the main medium-term risk to Dubai residential rents. We estimate total housing stock will increase from 885k units in 2025 to c.1.19m units by 2030, with most of the supply pressure concentrated in 2027-28.

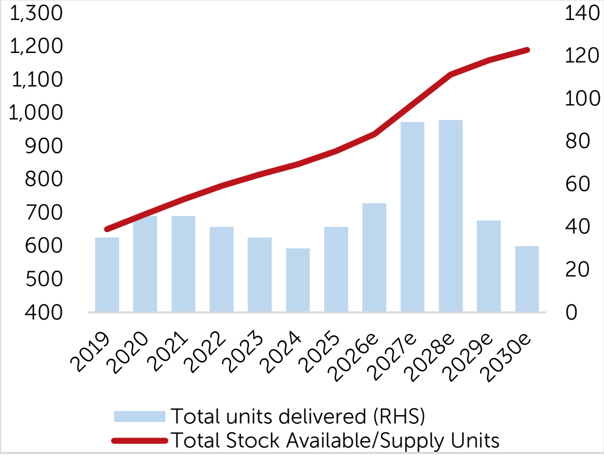
We forecast the total delivery of 51k units in 2026, rising to 89k in 2027 and 90k in 2028. Completions then moderate to 43k units in 2029 and 31k in 2030. Under these assumptions, we estimate the total housing stock to increase by c.304k units in 2026-30. Our forecasts adjust announced delivery schedules for historical completion rates.

We note that historically, the number of units delivered has been lower than the announced schedules. Actual completions generally ranged between 30k and 45k units per year in 2019-25, despite significantly higher scheduled supply in some years. Overall, we estimate that the average completion ratio was c.67% over this period. We exclude 2021 when assessing the underlying run rate, because its supply schedule was published after 3Q21 and is not directly comparable with the other years.

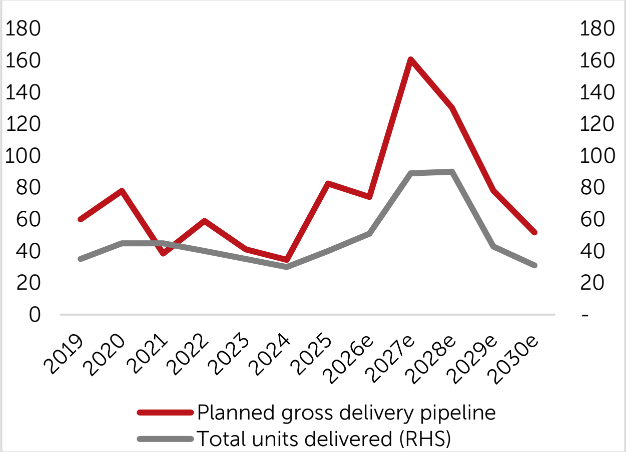
We therefore do not expect announced supply to translate fully into near-term completions. Delivery delays should limit the supply pressure in 2026. However, the accumulation of delayed projects increases the risk of a larger handover cycle in 2027-28. We expect this to weigh on occupancy and constrain citywide rental growth during these years.

The impact should vary across property types. We expect the supply pipeline to remain concentrated in apartments, while the availability of villas and townhouses should be more limited. Therefore, we expect rental pressure to be more pronounced in apartment-heavy locations and communities with competing new supply.

Supply of residential units in Dubai ('000 units)



Planned* vs. actual residential units delivered in Dubai ('000 units)



Source: Company reports, JLL UAE Living Market Dynamics Q1 2026 based on JLL Research and REIDIN, ADCB estimates; *Planned project announcements based on multiple sources including press releases by JLL, Zawya, Gulfbusiness, Arabian Business, REIDIN, Cavendish Maxwell, and betterhomes Dubai residential market report Q2 2026 for 2026-30 supply.

Demand growth trails supply

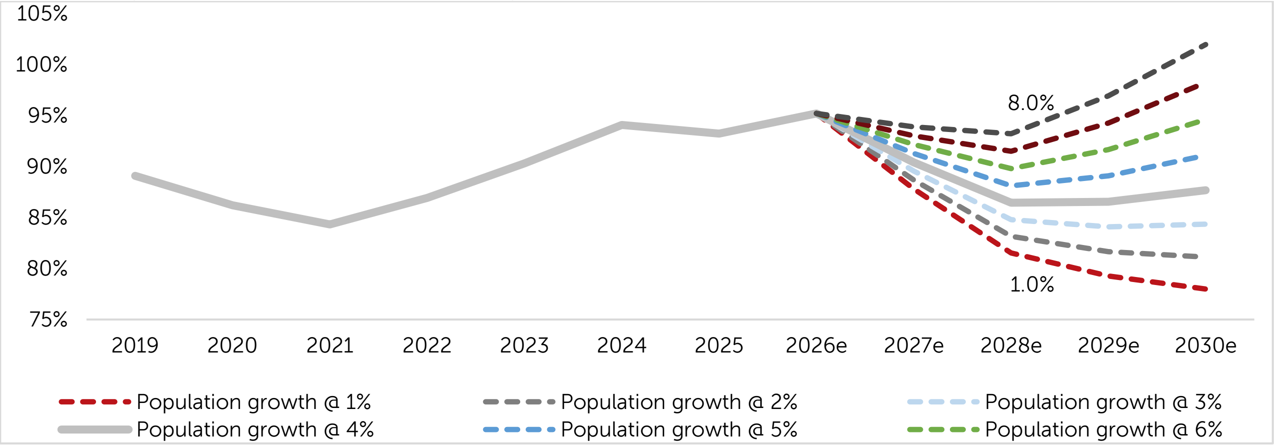
Dubai's rising population should continue to support housing demand. We estimate that addressable housing demand will increase from 825k households in 2025 to 1,042k by 2030. However, we expect residential stock to grow at a faster rate over the same period.

We define housing utilisation as estimated housing demand divided by available residential stock. We use this measure as a proxy for citywide occupancy, although it does not represent reported physical occupancy. Our estimates imply that utilisation will increase to c.95% in 2026 before declining as residential completions accelerate. We forecast utilisation of c.90% in 2027 and c.86-88% in 2028-30.

Our forecast is sensitive to our population growth assumptions. We run sensitivity analysis at annual population growth of 1.0-8.0% over 2027-30. Utilisation reaches c.98% in 2030 under a 7% growth scenario. Moreover, population growth above 7% would push estimated housing demand close to, or above, available stock.

However, a utilisation rate above 100% should not be interpreted as physical occupancy. It would indicate that estimated demand exceeds formal housing stock under the assumptions used. In practice, this imbalance could be absorbed through faster residential completions, higher household density or the use of accommodation outside our estimated stock base. The sensitivity nevertheless shows that population growth would need to remain materially above our 4.0% base-case assumption to offset the expected increase in supply by 2030.

Dubai housing utilization* under various population growth scenarios in 2027-30



Source: ADCB estimates; *estimated housing demand divided by available residential stock, which we use as proxy for occupancy

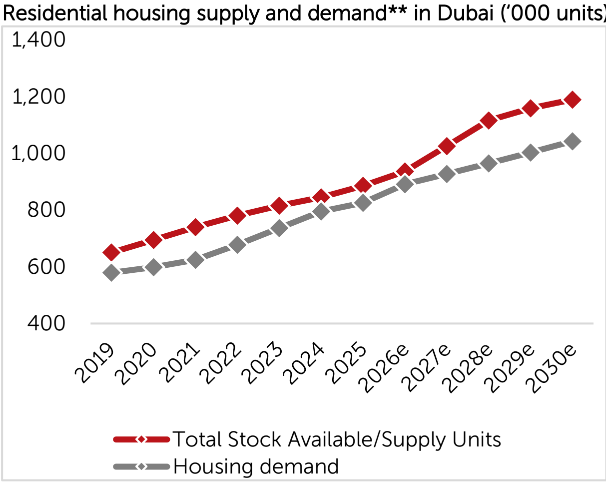
The regional conflict also adds another uncertainty to the pace of demand absorption. We believe the effect on residential demand will depend on the duration of the disruption. A prolonged period of uncertainty could delay relocation and household formation decisions. It could also slow the absorption of newly completed units. However, current market evidence does not indicate a structural decline in Dubai's resident base or long-term housing requirements.

We note that citywide occupancy is not directly comparable with Dubai Residential's portfolio occupancy. The REIT has consistently outperformed the wider market, supported by its professionally managed communities and diversified tenant base. Its portfolio also covers a broad range of rental price points.

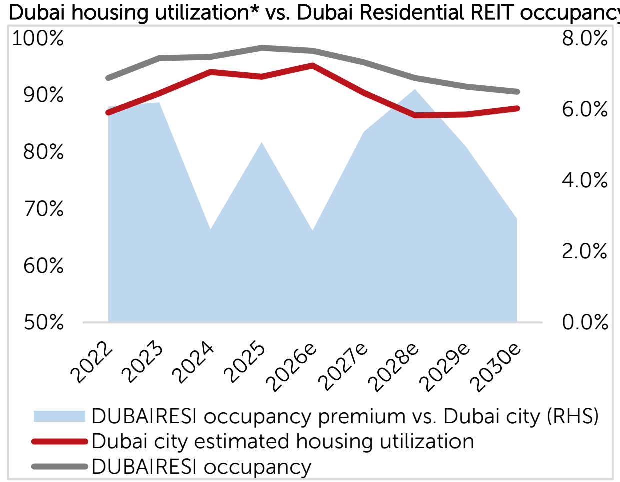
We assume Dubai Residential maintains an occupancy premium of c.3-7pp to the wider Dubai market over the forecast period. Even so, we do not expect the REIT to be insulated from the supply cycle. We forecast portfolio occupancy to decline from 98.3% in 2025 to 90.6% in 2030.

In our view, the occupancy premium is justified by Dubai Residential REIT's operating track record and portfolio scale. However, the assumed premium is not permanent or risk-free. Greater-than-expected supply in competing communities could narrow the gap. Similarly, a weaker population outlook or prolonged regional disruption would create additional downside risk.

Residential housing supply and demand** in Dubai ('000 units)



Dubai housing utilization* vs. Dubai Residential REIT occupancy



Source: Company reports, JLL UAE Living Market Dynamics Q1 2026 based on JLL Research and REIDIN, ADCB estimates; *Utilization is the ratio of housing demand to supply; ** demand derived by assuming household size of 4.2 from 2026 and 4.3 through 2025, and addressable population excluding corporate staff

Rent growth slows; reversion supports DUBAIRESI

Dubai residential rents have risen sharply since the 2020 trough. We estimate that the citywide average increased from AED64/sq ft/year in 2020 to AED120/sq ft/year in 2025. This represents an increase of almost 90% over five years.

We do not expect the pace of growth recorded in 2022-25 to continue. We observe that Dubai residential rental growth slowed to c.2% YoY in 1H26. This moderation follows several years of strong increases and comes as the supply pipeline begins to expand.

Recent monthly data support a more cautious near-term outlook. Average apartment rents rose through 1Q26 but weakened in 2Q26 for both apartments and villas. By June 2026, apartment and villa rents were around 6% and 4% below their respective March levels.

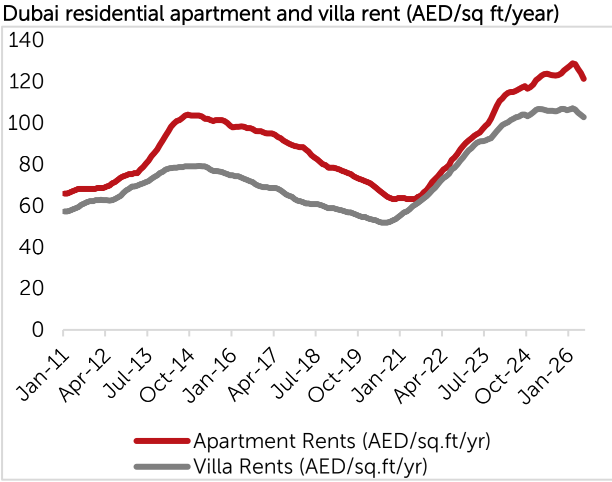
Dubai Residential REIT may nevertheless deliver rental growth above the wider market over time. The REIT reported average revenue per leased gross leasable area (GLA) of AED56.5/sq ft in 2025. This was substantially below our estimated average citywide residential rent of AED120/sq ft/year.

The difference should not be interpreted as a directly realisable rental uplift, in our opinion. The two measures reflect different portfolio mixes. Dubai Residential REIT has significant exposure to affordable housing and corporate accommodation. Its assets also differ from the wider market in terms of location, unit type and lease structure. We therefore use the gap as a directional evidence of potential reversion rather than as a direct mark-to-market calculation.

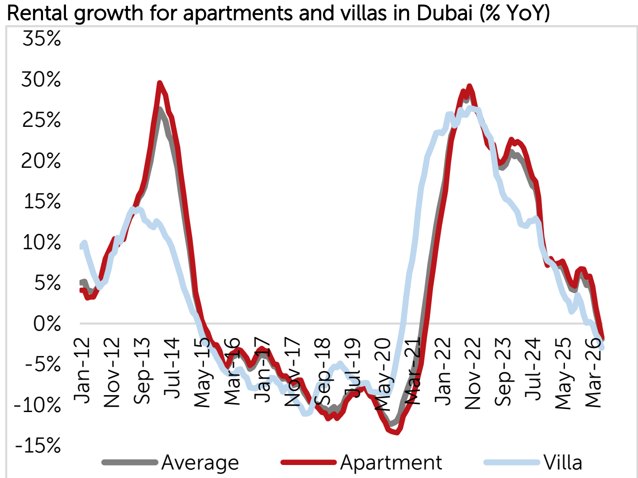
The pace of reversion will depend on tenant renewals and churn. The increase in rent at the time of lease renewal remains subject to the applicable rental regulations. On the other hand, new leases provide greater scope to reset rents towards the prevailing market levels. Additionally, refurbished units can achieve higher rents when they are re-leased.

Our forecasts remain conservative despite this potential. We estimate average revenue per leased GLA to increase over 2026-30, but expect its growth rate to moderate over time as lower occupancy and supply pressure affect portfolio rents. At the same time, we expect Dubai Residential's rental performance to be less dependent on citywide rent inflation. Internal reversion (the gradual reset of passing rents towards prevailing market levels) should become a more important driver. However, the benefit from rent reversion will likely emerge gradually and may not fully offset weaker occupancy during the peak delivery cycle.

Dubai residential apartment and villa rent (AED/sq ft/year)



Rental growth for apartments and villas in Dubai (% YoY)



Source: Company reports, REIDIN monthly updates, ADCB estimates

Sales slow, but asset values remain resilient

Dubai's residential sales market was more volatile than the rental market in 1H26. Transaction volumes declined 31% YoY to 34,850 in 2Q26 (-15% YoY in 1H26). Transaction value fell 45% YoY to AED84.9bn (-17% YoY in 1H26). The decline reflects a sharp slowdown from the high base set in 2Q25.

Sales activity weakened most during the period of heightened regional uncertainty. However, transaction volumes increased sharply MoM in June 2026. The June rebound may indicate some deferred activity, although we acknowledge that one month of data is insufficient to establish the cause or durability of the recovery.

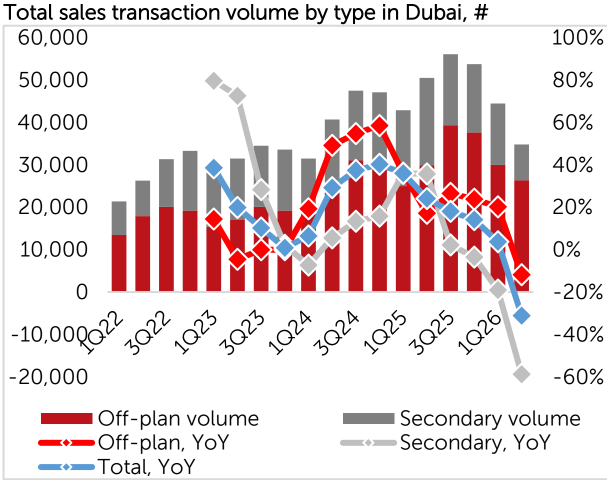
The secondary market recorded the sharpest slowdown. Secondary transaction volumes declined 59% YoY in 2Q26. In contrast, off-plan volumes fell by 12% and accounted for 76% of market activity. This suggests that developer-led sales remained more resilient than transactions between existing owners.

Asset pricing held up relatively better than transaction volumes. According to JLL's Q2 2026 UAE Living Market Dynamics report, average prices in Dubai increased by 2-6% YoY across property categories, with villas posting the highest growth. However, QoQ price performance indicated a gradual slowdown, with prices declining 2-3% QoQ and apartments recording the largest declines.

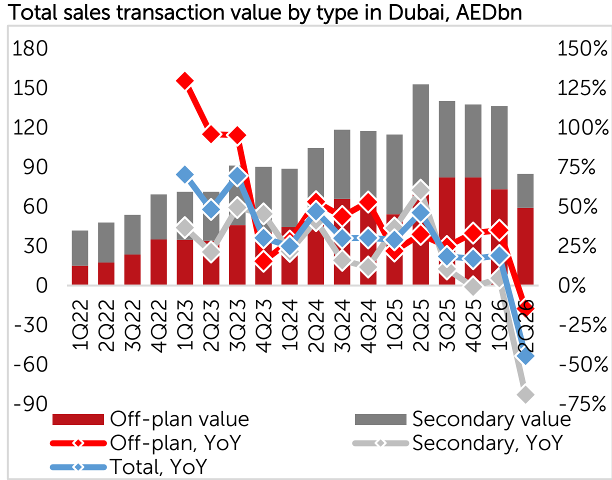
The slowdown could increase valuation risk for Dubai Residential REIT. Lower transaction liquidity can weaken price discovery. A more cautious investment market could also drive valuation yields higher, which, in turn, could lead to lower property values. Both factors could constrain growth in the REIT's investment property values and NAV.

Therefore, the available evidence does not indicate a broad-based or distressed decline in Dubai residential asset values. Transaction volumes have fallen more sharply than prices. However, weaker transaction liquidity and greater uncertainty could lead valuers and investors to apply higher cap rates. If applied, higher cap rates would lead to lower property valuations and Dubai Residential's NAV, even if rental income remained stable. This risk would increase if regional uncertainty persists or rental fundamentals weaken, in our view.

Total sales transaction volume by type in Dubai, #



Total sales transaction value by type in Dubai, AEDbn



Source: Dubai Land Department (DLD), betterhomes Q2 2026 Dubai residential market report

ADCB Dubai residential market supply-demand model

		2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e	2030e
SUPPLY													
Total stock available/supply units	**# k**	**650**	**695**	**740**	**780**	**815**	**845**	**885**	**936**	**1,025**	**1,115**	**1,158**	**1,189**
Planned gross delivery pipeline	# k	60	78	38.5	59	41	34.5	82.6	74.1	160.7	130.3	78.2	51.7
Implied completion rate	*%*	*58%*	*58%*	*117%*	*68%*	*85%*	*87%*	*48%*	69%	55%	69%	55%	60%
Expected deliveries excl. conflict impact	# k	35	45	45	40	35	30	40	51	89	90	43	31
DEMAND													
Population	**m**	**3.4**	**3.4**	**3.5**	**3.7**	**4.0**	**4.2**	**4.6**	**4.8**	**5.0**	**5.2**	**5.4**	**5.7**
Population growth	%		1.6%	2.0%	6.9%	6.9%	6.9%	7.8%	5.5%	4.0%	4.0%	4.0%	4.0%
Household size	x	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.2	4.2	4.2	4.2	4.2
Addressable share	%	74.2%	75.5%	77.1%	78.4%	79.6%	80.5%	77.5%	77.5%	77.5%	77.5%	77.5%	77.5%
Housing demand	**# k**	**579**	**599**	**624**	**678**	**736**	**795**	**825**	**891**	**927**	**964**	**1,002**	**1,042**
Housing demand growth	%		3.5%	4.2%	8.7%	8.6%	8.0%	3.8%	8.0%	4.0%	4.0%	4.0%	4.0%
ADCB estimated housing utilization													
Dubai city estimated housing utilization	%	89.1%	86.2%	84.3%	86.9%	90.3%	94.1%	93.2%	95.2%	90.4%	86.4%	86.6%	87.7%
Change, YoY	pp		(2.9%)	(1.9%)	2.6%	3.4%	3.8%	(0.9%)	2.0%	(4.8%)	(4.0%)	0.1%	1.1%

Source: Dubai Residential REIT reports, JLL UAE Living Market Dynamics report based on JLL Research and REIDIN, Dubai Land Department (DLD), REIDIN monthly updates, ADCB estimates; Planned project announcements based on multiple sources including press releases by JLL, Zawya, Gulfbusiness, Arabian Business, REIDIN, Cavendish Maxwell, and betterhomes Dubai residential market report Q2 2026 for 2026-30 supply; Note: Housing demand is derived by dividing total addressable population by the household size of 4.3 through 2025 and 4.2 from 2026. Addressable population excludes corporate, which is assumed to be 22.5% of the total population.

Dubai Residential REIT

- Dubai Residential REIT combines a diversified portfolio of nearly 36,000 homes with an institutional residential leasing platform spanning multiple price segments.
- Dubai Holding's 85% ownership provides operating scale and access to potential acquisitions, while low leverage supports an 80% minimum payout and a forecast FY26-28e dividend yield of c.6.8-7.4%.
- We initiate coverage with a Buy rating and AED1.50 fair value.

Investment thesis

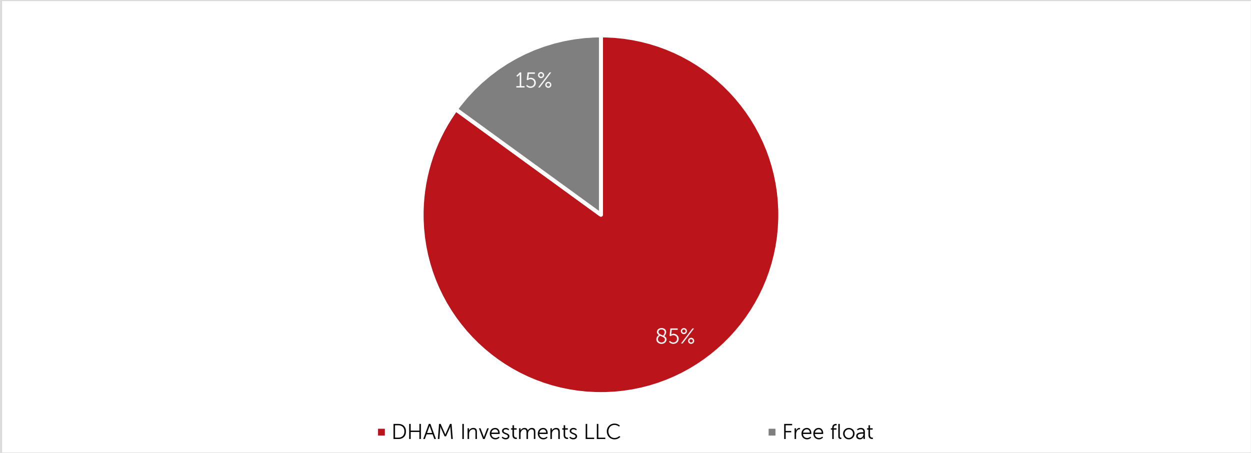
We initiate coverage on Dubai Residential REIT with a Buy rating and a fair value of AED1.50 per unit, implying 16.3% upside. Dubai Residential offers exposure to recurring rental income through one of the UAE's largest institutionally owned residential portfolios. Its diversification across Premium, Community, Affordable and Corporate Housing broadens the tenant base and reduces reliance on any single rental segment. Our estimates indicate that Dubai Residential's portfolio occupancy has consistently exceeded the wider Dubai market, reflecting the appeal of its communities and the strength of its institutional leasing platform. While rising citywide supply should drive some occupancy normalisation, internal rent reversion provides a multi-year earnings growth tailwind. Refurbishment and operating efficiencies provide further support, helping adjusted EBITDA margin rise from 72.3% in 2024 to 79.4% in 1H26. Dubai Holding's 85% ownership provides sponsor alignment, operating capabilities and access to potential acquisitions through the wider residential pipeline. Our FY26e LTV forecast of 6.4%, with a declining profile thereafter, indicates limited balance sheet risk. Finally, the company's minimum 80% payout policy supports distribution visibility, with our estimates implying a dividend yield of 6.8-7.4% over FY26-28e. We believe this combination of portfolio scale, rental growth optionality, low leverage and visible cash returns is not fully reflected in the current valuation of c.0.74x 1H26-end NAV.

Ownership and operational structure

Dubai Residential REIT is a real estate investment trust (REIT) established as a shariah-compliant, income-generating, closed-ended fund in the Emirate of Dubai, UAE. DHAM Investments LLC owns 85% of Dubai Residential REIT, while public investors hold the remaining 15%. DHAM Investments is a subsidiary of Dubai Holding. The ownership structure has remained unchanged since the REIT listed on the Dubai Financial Market in May 2025.

The current structure resulted from the REIT's IPO. DHAM Investments was the sole unitholder before the offering. It sold 15% of the issued unit capital during the company's IPO. The offering raised AED2.15bn for DHAM Investments at a final price of AED1.10 per unit. No new units were issued. The IPO therefore did not raise primary capital for the REIT. The offering was initially expected to represent 12.5% of issued units. However, strong demand resulted in the offer being increased to 15%. Total demand for the IPO exceeded AED56bn, representing oversubscription of more than 26 times. Dubai Residential began trading on the Dubai Financial Market (DFM) on 28 May 2025.

Dubai Residential REIT ownership structure



Source: Company reports

Managed within the Dubai Holding ecosystem

Dubai Residential REIT is externally managed by DHAM REIT Management LLC, a wholly owned subsidiary of Dubai Holding. The fund manager is legally separate from both the REIT and DHAM Investments. However, DHAM REIT Management and DHAM Investments are both part of Dubai Holding. Dubai Holding also controls the REIT through DHAM Investments' 85% stake.

As the REIT's fund manager, DHAM REIT Management performs a role similar to the executive management team of a conventional listed company. It sets and implements the REIT's strategy, monitors portfolio performance and oversees capital allocation. The fund manager oversees financing and liquidity, arranges independent property valuations and prepares the REIT's financial reporting. It also appoints and monitors key service providers, including facilities and property-management providers.

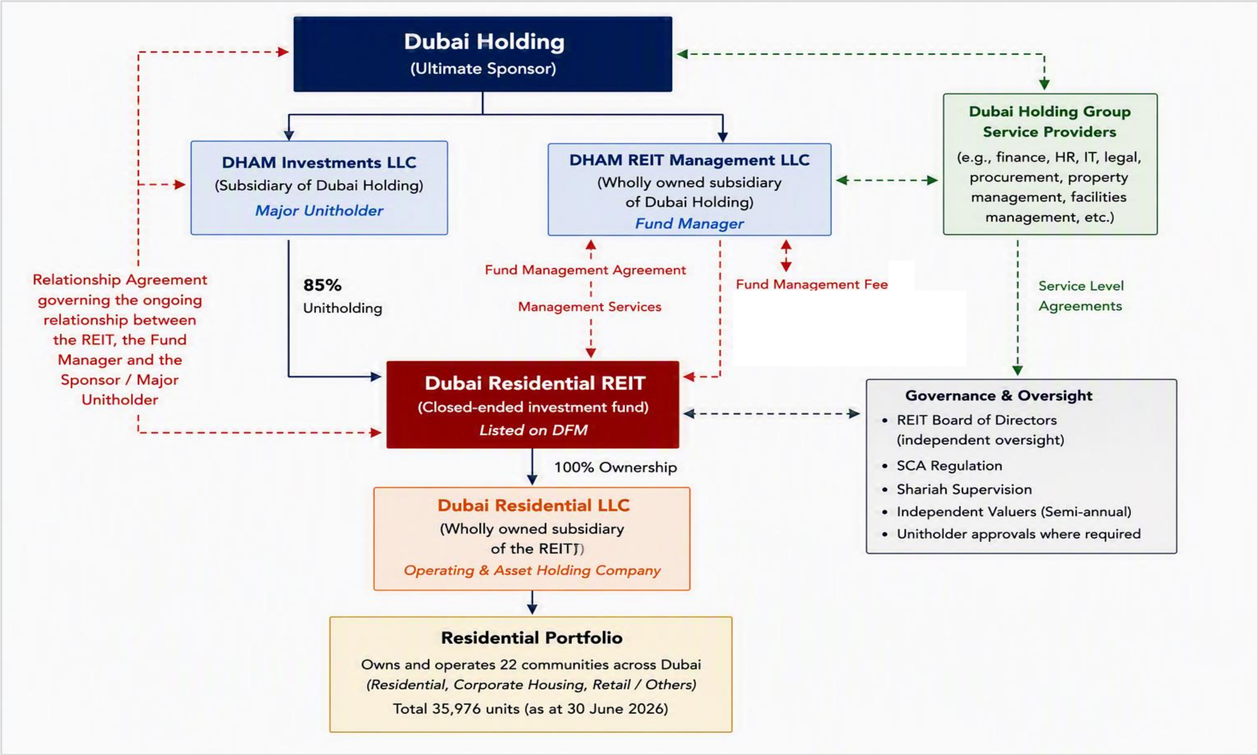
The underlying residential leasing platform operates through Dubai Residential LLC, which is owned by the REIT. Dubai Residential LLC manages the communities, leases the properties and provides tenant services. DHAM REIT Management provides strategic, financial and governance oversight.

The structure gives the REIT access to Dubai Holding's wider real-estate ecosystem. This can support the sourcing of additional residential assets and built-to-lease communities. The benefit is visible in the potential acquisition pipeline, which includes assets developed within the wider sponsor ecosystem.

Sponsor ownership may also support execution. Dubai Holding has developed and operated the underlying residential platform for more than two decades. DHAM REIT Management can draw on the group's experience in residential leasing, community management and asset operations.

We view the ownership and management structure as broadly supportive of Dubai Residential's operating and growth strategy. The externally managed structure also avoids the need to maintain a standalone management infrastructure. Under this arrangement, the REIT pays management fees to DHAM REIT Management. The relatively limited 15% free float may constrain trading liquidity.

Operational structure of Dubai Residential REIT



Source: Company reports

Built over more than two decades

Dubai Residential REIT is the listed continuation of a residential leasing platform established within Dubai Holding in the early 2000s. The platform expanded through the development of new communities and the integration of residential assets from across the group. This created a diversified portfolio covering premium, community, affordable and corporate housing.

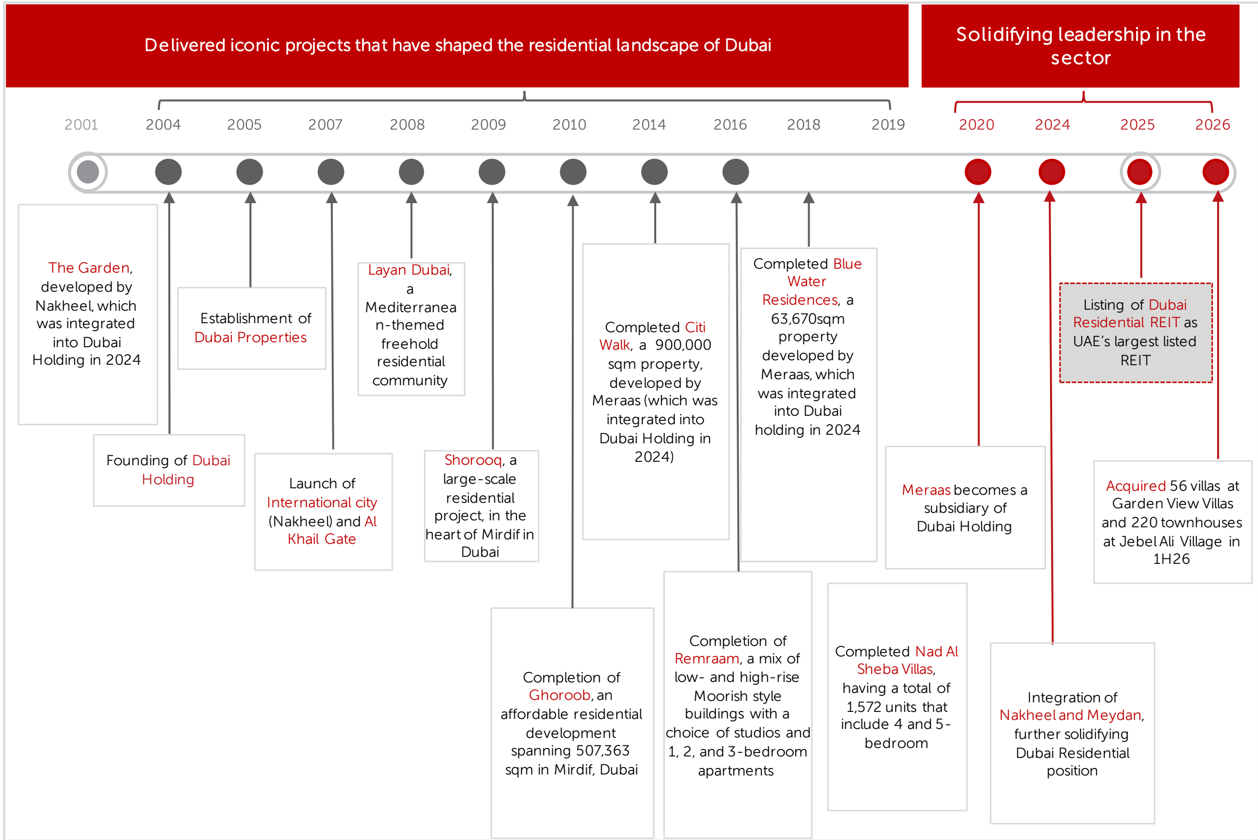
The integration of Meraas into Dubai Holding in 2020 broadened the platform's geographic reach and added premium residential communities. The portfolio expanded further following the integration of Nakheel and Meydan into Dubai Holding in 2024.

Dubai Holding Asset Management rebranded Dubai Asset Management as Dubai Residential in October 2024. The rebranding brought the group's residential leasing activities under a single identity. At that time, the wider Dubai Residential platform comprised around 40,000 homes serving more than 150,000 residents.

Dubai Residential LLC subsequently became the operating company owned by Dubai Residential REIT. The REIT listed on the DFM in May 2025 with a portfolio of around 35,700 homes across 21 communities. The listed portfolio represented a defined pool of income-generating assets within the wider Dubai Holding residential ecosystem.

Since listing, Dubai Residential has completed its first phase of inorganic growth. The REIT added 56 units at Garden View Villas for AED241m in March 2026. It subsequently acquired 220 townhouses at Jebel Ali Village for AED894m in June 2026. The two transactions added 276 units to the portfolio in 1H26 and are expected to contribute around AED75m of incremental annual revenue once stabilised.

Timeline of key events in Dubai Residential REIT's history



Source: Company reports

Business model and strategy

Dubai Residential combines recurring rental income with limited direct exposure to development. Its large and diversified portfolio supports cash flow visibility, while rent reversion and active asset management underpin organic growth. Selective acquisitions provide a second growth engine. As citywide rental growth moderates, we think the company's performance should increasingly depend on portfolio execution and disciplined capital allocation.

Recurring income from residential leasing

Dubai Residential owns and operates a diversified portfolio of income-generating residential properties across Dubai. At the end of 1H26, the portfolio comprised over 35,900 homes across 22 communities. These properties span four segments: Premium, Community, Affordable and Corporate Housing. The portfolio therefore serves a broad resident base across different rental price points.

Operating leases generate nearly all of the REIT's revenue. Service income provides a smaller contribution, alongside income from retail space within some residential communities. The business model therefore provides direct exposure to recurring rental income, with limited exposure to property development and residential sales.

The portfolio's scale reduces reliance on individual properties and tenants, while diversification across housing segments provides further resilience and broadens the REIT's addressable market.

Rent reversion and asset management drive organic growth

Dubai Residential's organic growth rests on the gradual reversion of passing rents towards prevailing market levels. For renewals, the permitted increase depends on the gap between passing rent and the applicable Real Estate

Regulatory Agency (RERA) benchmark. No increase is permitted when the gap is below 10%, while larger discounts allow step increases of between 5% and 20%.

New leases provide greater scope to reset rents closer to prevailing market levels. Tenant churn can therefore deliver a larger rental uplift than a renewal. However, the benefit must be weighed against vacancy and unit-turnover costs.

High retention supports occupancy and cash-flow visibility, but limits the number of units available for immediate repricing. We therefore expect rent reversion to remain a multi-year earnings driver rather than a near-term, portfolio-wide reset.

Refurbishment provides a further route to organic growth. Upgraded units can command higher rents when re-leased, while investment in common areas and amenities can improve the wider appeal of a community. The current catch-up capex programme focuses on The Gardens and Garden View Villas. Management indicated that refurbished units at The Gardens supported leasing performance in 1H26, providing early evidence of the return potential from targeted asset enhancement.

RERA framework for renewal increases

Gap between passing rent and RERA benchmark	Maximum increase on renewal
Less than 10%	No increase
10% to 20%	5%
21% to 30%	10%
31% to 40%	15%
More than 40%	20%

Source: Company reports and JLL valuation report, based on Dubai's RERA rental framework.

Scale supports operating efficiency

Dubai Residential operates one of the UAE's largest residential leasing platforms. Its scale supports centralised leasing, procurement and community management. It also allows operating costs to be spread across a broad portfolio.

The integration of assets from Meraas, Nakheel and Meydan provides further scope for efficiencies. Management can apply common operating standards across the combined portfolio. Shared procurement and energy-efficiency initiatives provide additional opportunities to reduce property-level costs.

Acquisitions deliver a second growth engine

Dubai Residential has access to potential acquisition opportunities within Dubai Holding's wider residential pipeline. This is supported by a 'right of first offer' (ROFO) arrangement with Dubai Holding and Dubai Holding Asset Management. Under this arrangement, relevant residential assets are offered to the REIT before they are marketed to third parties. The REIT can then evaluate each opportunity against its investment policy and return requirements. A ROFO therefore provides access to potential transactions but does not oblige the REIT to acquire the assets.

The REIT completed its first post-listing acquisitions in 1H26. It added 56 villas at Garden View Villas for AED241m and 220 townhouses at Jebel Ali Village for AED894m. Both the assets were purchased from Dubai Holding Asset Management under forward-purchase agreements. The transactions added 276 Premium units at a combined purchase price of AED1.14bn. These two assets had a combined external valuation of AED1.30bn at end-1H26, meaning that they were acquired at a c.13% discount to valuation. They are expected to contribute around AED75m of annual revenue once stabilised, implying a stabilised gross yield of 6.6% on the purchase price and 5.8% on the external valuation. Leasing commenced at Garden View Villas in April 2026 and at Jebel Ali Village in July 2026.

We view the ROFO arrangement as a strategic advantage because it provides visibility over potential acquisitions within the sponsor ecosystem. The completed transactions demonstrate how this relationship can support portfolio growth. However, value creation will depend on acquisition pricing and leasing performance. Funding and operating costs will also determine the returns delivered to unitholders.

Medium-term pipeline provides further options

In April 2026, Dubai Residential announced that it had submitted Expressions of Interest for three medium-term projects within the Dubai Holding ecosystem. The potential pipeline comprises 555 units across Lantana Hills, Dubai Wharf and The Acres. The projects remain under evaluation and are not yet subject to binding acquisition agreements.

Dubai Residential's medium-term projects within the Dubai Holding ecosystem

Project	Segment	Units	Expected completion
Lantana Hills	Premium	390 townhouses	2027
Dubai Wharf	Community	107 apartments	2028
The Acres	Premium	58 villas	2028
Total		**555 units**	

Source: Company reports

Lantana Hills is a planned built-to-lease community in Dubai Science Park. The Acres comprises single-family homes within a premium residential community. Dubai Wharf involves converting an underperforming retail asset into residential apartments.

We treat these projects as medium-term growth options. We do not regard them as committed portfolio additions until acquisition terms are finalised.

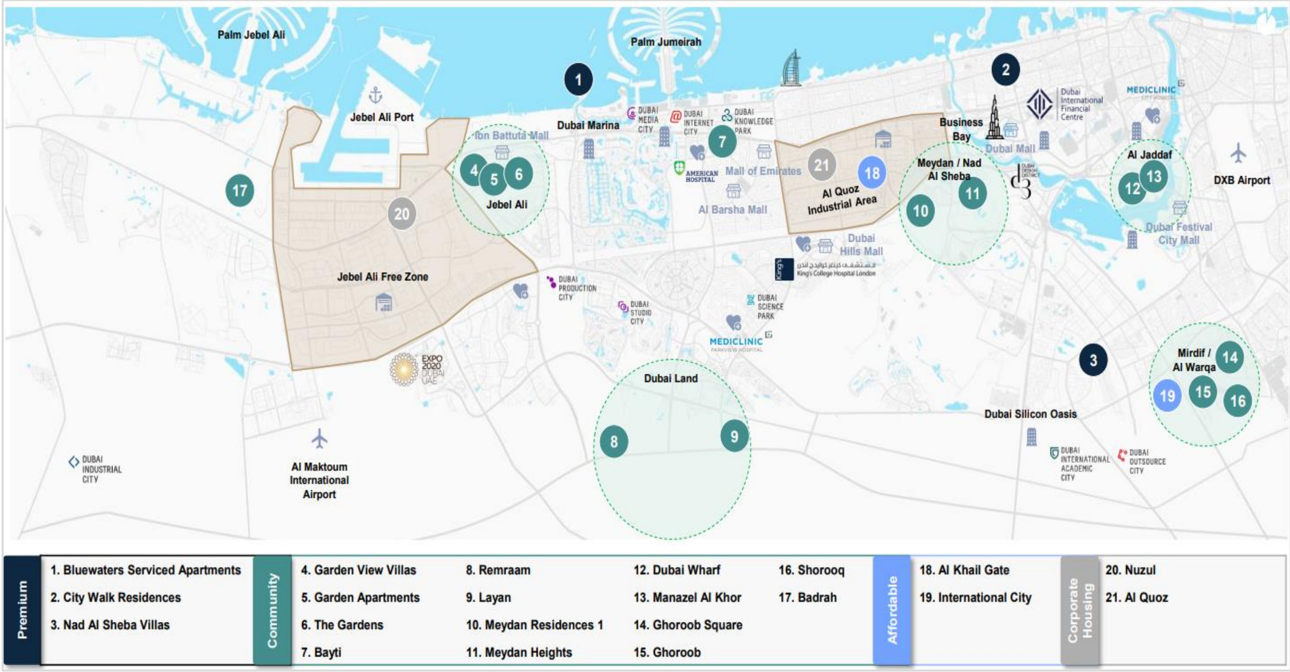
In our view, the REIT has balance-sheet capacity to pursue further acquisitions. At the end of 1H26, net LTV (net loan to value = net debt divided by GAV) stood at 6.8% after the REIT drew AED850m to fund the Jebel Ali Village acquisition. However, we note that future transactions will need to balance acquisition returns against funding costs and distribution requirements.

Profit-based management fee

DHAM REIT Management receives a semi-annual fee for managing the REIT. The fee equals 10% of profit before changes in the fair value of investment property, after deducting amounts paid to the manager or its affiliates for related services.

The fee is linked to recurring profit rather than asset value. Management fees are excluded from adjusted EBITDA but included in reported EBITDA and profit before fair value changes. We therefore assess earnings and distributions after management fees.

Dubai Residential REIT: Location of assets



Source: Company reports

Operating segments

Dubai Residential operates through four key segments: Premium, Community, Affordable, and Corporate. Retail spaces within the REIT's communities provide services and amenities to residents, while the related rental income is reported under 'Other' revenue. Across all segments, the company operates over 35,900 units as of 1H26-end. The Community and Affordable segments are the top two contributors to total revenue and EBITDA.

- Premium: The Premium segment comprises properties in prime locations and lifestyle destinations. These are high-end residences in prime Dubai locations, offering superior amenities. This segment covers luxury multi-family apartments, as well as single-family villas and townhouses. The REIT offers these properties at starting rents ranging from AED150k for a 1-bedroom apartment to AED265k for a 4-bedroom villa, according to the 2025 annual report.

  Key assets include Bluewaters Residences, City Walk Residences, Nad Al Sheba Villas and Garden View Villas. Overall, this segment comprised 1,022 units at the end of 1H26, including the newly acquired 56 villas at Garden View Villas and 220 townhouses at Jebel Ali Village.

  In FY25, the Premium segment accounted for 8.4% of Dubai Residential's revenue and 9% of adjusted EBITDA. We expect the segment's contribution to rise to c. 10% of both total revenue and EBITDA in 2026, owing to the increase in units following the acquisitions in 1H26. The segment accounted for 2.8% of the company's total number of units and 15% of gross asset value (GAV) at the end of FY25. Potential acquisitions at Lantana Hills and The Acres would add further Premium exposure. However, we exclude these projects from our forecasts because the REIT has submitted only non-binding Expressions of Interest and acquisition terms have not been finalised.

- Community: The Community segment offers family-friendly gated properties with integrated facilities such as schools, parks, retail, and other amenities. This segment comprises mid- and upper-mid-market multi-family apartments and single-family homes, villas, and townhouses with starting rents ranging from AED40k for a studio to AED90k for a two-bedroom townhouse. The segment had 13,646 units at the end of 1H26 (38% of total). Key assets include The Gardens, Shorooq, Ghoroob, Layan and Remraam.

Community is the largest segment by revenue and EBITDA. At the end of 2025, this segment accounted for 48% of the company's total revenue, 49% of adjusted EBITDA, and 53% of GAV.

We expect the Community segment to remain the principal driver of the REIT's earnings throughout our forecast period. Its scale and broad family-oriented tenant base provide recurring income, while the ongoing refurbishment programme supports property-specific rental growth.

- Affordable: The Affordable segment is the largest by unit count, with 16,258 homes at end-1H26 (c. 45% of total units). The portfolio includes Al Khail Gate and residential buildings in International City. These properties meet the demand from households seeking lower rents in established locations. This segment comprises affordable multi-family apartments, with current annual rents for individual tenants starting at AED21k for a studio.

  The segment is the second largest by revenue and EBITDA, accounting for 35% of both overall revenue and adjusted EBITDA, and 25% of GAV in FY25.

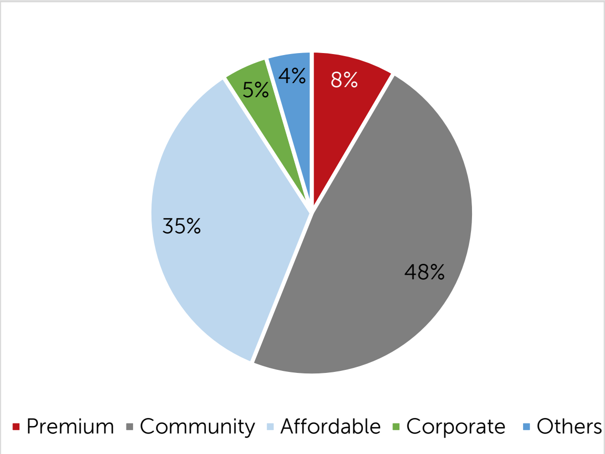
  The Affordable segment has maintained high occupancy levels, supported by demand for accessible housing. Its lower rental levels broaden the addressable tenant base and may provide greater occupancy resilience if market conditions weaken. However, we forecast limited rental upside potential in this segment. Rather, we expect the segment's growth to be driven by rent reversions and cost efficiency measures.

- Corporate: Corporate Housing comprises purpose-built accommodation for corporate and industrial staff. This segment includes corporate dormitory-style housing with annual rents starting at AED10k per unit. Key properties include Nuzul, staff accommodation properties in Al Quoz, and furnished apartments at The Gardens. As of end-1H26, the segment had 5,051 units. In FY25, Corporate accounted for 5% of Dubai Residential's revenue, 3% of adjusted EBITDA, and 2% of GAV.

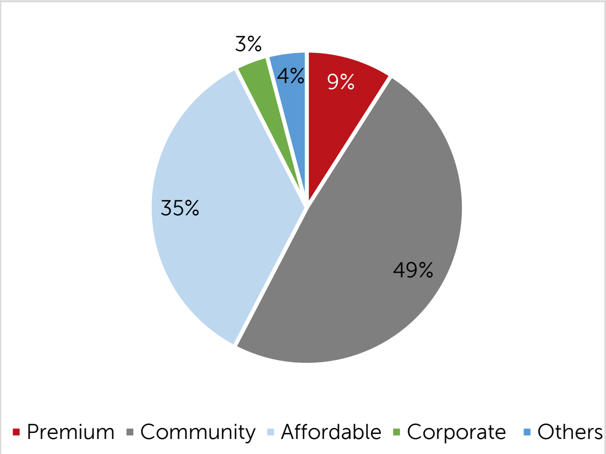
  Corporate Housing has a different operating profile from the individual residential portfolio. We understand that demand in this segment is more closely linked to corporate hiring and staff accommodation requirements. The segment also has greater tenant concentration.

- Other: The Other segment primarily includes retail and commercial space within Dubai Residential's communities. These assets provide services and amenities for residents, while generating ancillary lease income for the REIT. In FY25, the segment accounted for 4% of total revenue, 4% of adjusted EBITDA, and 5% of GAV.

Revenue share by segment, FY25a

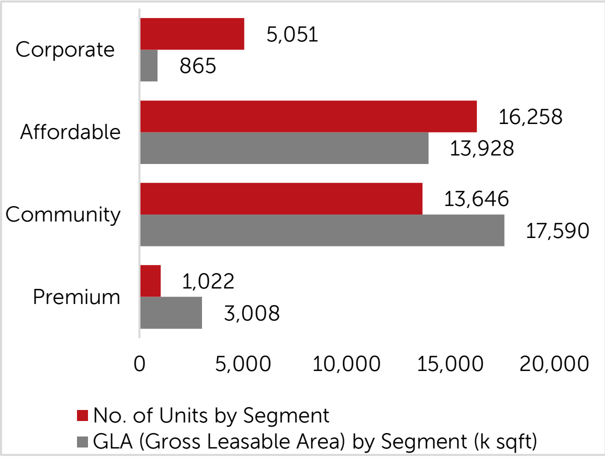


Adjusted EBITDA share by segment, FY25a

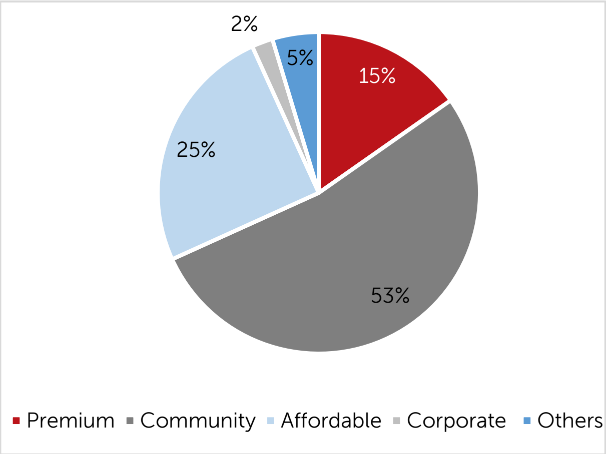


Source: Company reports, ADCB estimates

Number of units and leasable area by segment, 1H26



Gross asset value (GAV) share by segment, end-2025



Source: Company reports, ADCB estimates

Financial outlook

Revenue: Rent reversion offsets occupancy normalisation

We forecast revenue using gross leasable area (GLA), occupancy and revenue per leased GLA. Over FY25-28e, we expect Dubai Residential REIT to grow its revenue at a CAGR of 4%, driven by the lease-up of new units in the Premium segment in 1H26 and continued rent reversion across the existing portfolio. Overall, we expect these drivers to more than offset the decline in occupancy assumed in our forecasts.

GLA estimates: No uncommitted acquisitions included

We assume no change in GLA after 1H26 as we do not factor in any new units to the company's portfolio. While the company has submitted an Expression of Interest for three projects – Dubai Wharf (Community segment, 107 units), The Acres (Premium segment, 58 units), and Lantana Hills (Premium segment, 390 units) – these projects are under construction, and the acquisition terms have not been finalised. Therefore, we do not include these new units in our FY26-28e estimates and keep the number of units across segments unchanged post-1H26.

Occupancy: Higher supply drives occupancy normalisation

We forecast average portfolio occupancy at Dubai Residential REIT to decline from 98.3% in FY25 to 93% in FY28e. Our supply-demand model for the Dubai residential market points to a substantial increase in completions in FY27-28e. At the same time, we expect Dubai's annual population growth rate to moderate to the 4.0-5.5% range, compared with c.7-8% in FY22-25.

The combination of stronger growth in residential supply and slower household formation should reduce the citywide occupancy rate, in our view. However, we note that historically, Dubai Residential REIT has maintained an occupancy premium to the wider market, supported by its diversified portfolio and institutional operating platform. We expect this premium to persist, although occupancy should decline in line with the broader market trend.

Our segment assumptions reflect different levels of resilience. Community occupancy declines from 98.4% in FY26e to 93.0% in FY28e, while Affordable falls from 99.1% to 94.0%. Premium occupancy declines more gradually following the lease-up of Garden View Villas and Jebel Ali Village, from 93.0% in FY26-27 to 92.0% in FY28e.

Growth in rents: Rent reversion remains a multi-year driver

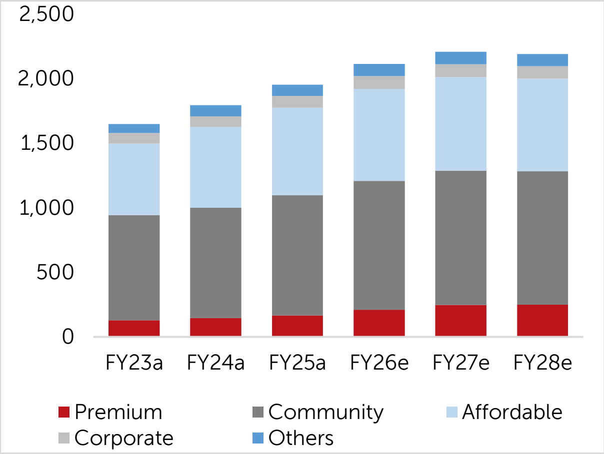
We forecast average rent or revenue per leased GLA to increase at a three-year CAGR of 4.5% over FY25-28e. The rent expansion should be supported by increases in lease renewals and the repricing of churned units at prevailing market rents.

The RERA framework limits increases on renewed leases based on the gap between passing rent and the applicable rental benchmark. On the other hand, new leases generally provide greater scope to reset rents toward current market levels. Therefore, tenant churn can usually generate a larger rental uplift, although the benefit must be weighed against vacancy and unit-turnover costs. High tenant retention supports occupancy and cash-flow visibility, but slows the pace at which passing rents can be repriced.

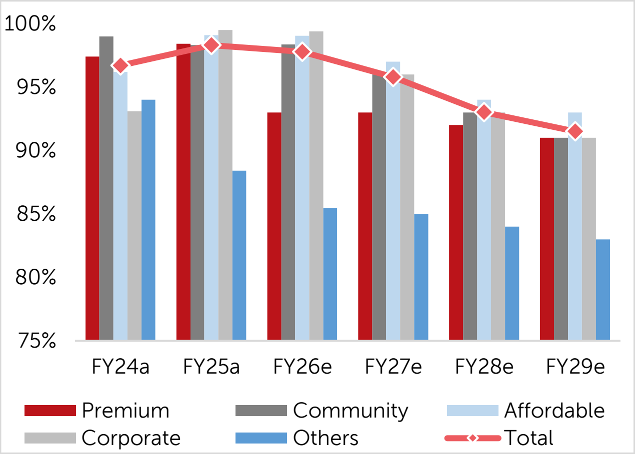
Refurbishment provides an additional source of rental growth. The company is upgrading units at The Gardens and Garden View Villas, with refurbished units expected to command higher rents when re-leased.

Taken together, we think these drivers allow Dubai Residential to generate internal rental growth even if citywide market rents come under pressure. Our forecasts assume that revenue per leased GLA continues to rise as occupancy normalises.

Revenue by segment, AEDm

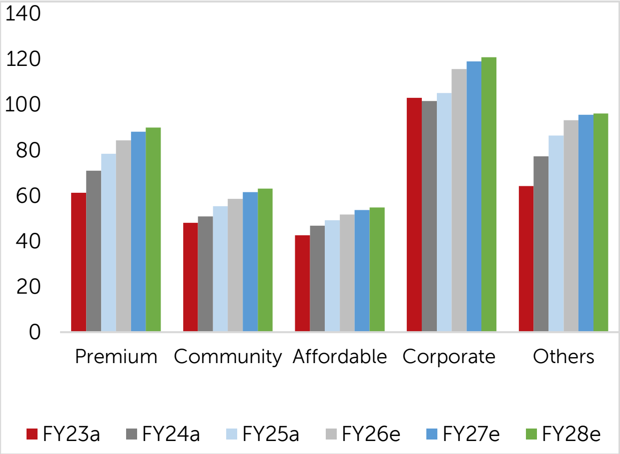


Occupancy by segment, %

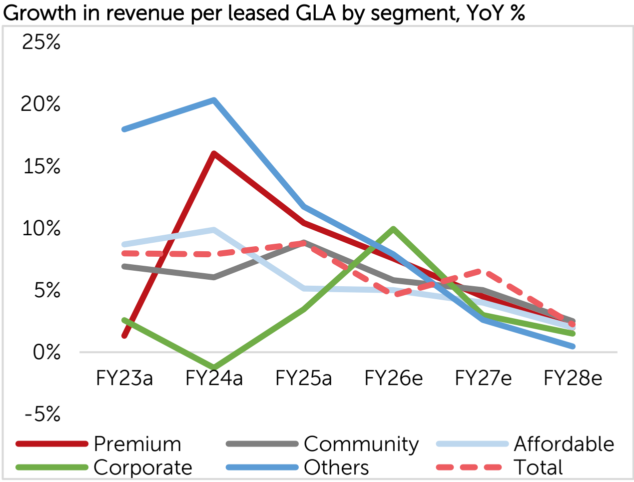


Source: Company reports, ADCB estimates

Revenue per leased GLA, AED/sq ft

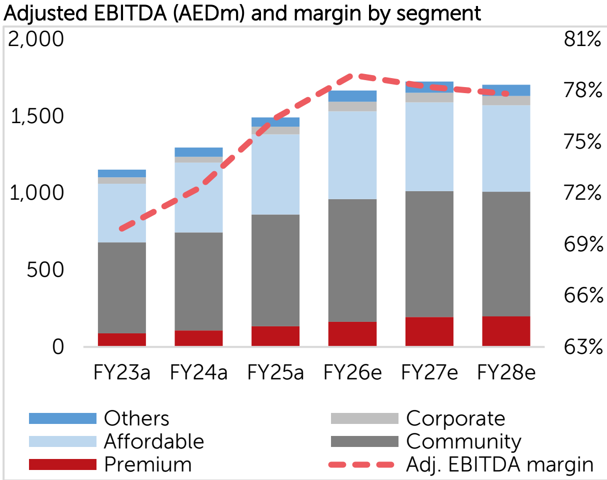


Growth in revenue per leased GLA by segment, YoY %

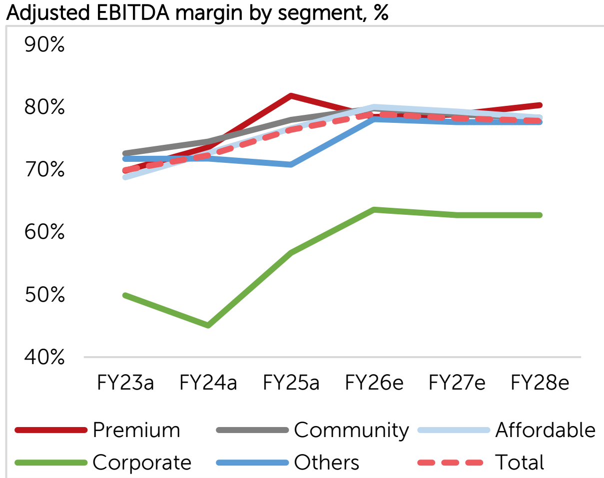


Source: Company reports, ADCB estimates

Adjusted EBITDA (AEDm) and margin by segment



Adjusted EBITDA margin by segment, %



Source: Company reports, ADCB estimates

EBITDA margin set to remain above historical levels

Dubai Residential delivered substantial margin expansion in FY24-1H26. Adjusted EBITDA margin increased from 72.3% in FY24 to 76.4% in FY25, before reaching 79.4% in 1H26. Adjusted EBITDA is reported before management fees and allocated corporate costs or cost recharges. The metric therefore reflects property-level operating performance rather than profitability after the recurring cost of external management.

Three factors drove the improvement. First, rent reversion supported revenue growth, with a large proportion of the incremental income converting directly into adjusted EBITDA. Second, higher occupancy improved the absorption of the portfolio's relatively fixed operating costs. Third, operating efficiencies reduced direct costs. Management attributed these savings to portfolio integration benefits, lower utility consumption and energy-efficiency initiatives.

We expect rent reversion and a lower operating cost base to remain supportive over the medium term. The stabilisation of Garden View Villas and Jebel Ali Village should also improve the absorption of costs associated with the recent portfolio expansion. However, our forecast decline in occupancy and the moderation in rental growth should limit further margin gains.

We forecast adjusted EBITDA margin to remain in the c.78-79% range in FY26-28e. This remains above the FY24-25 average, reflecting the retention of structural efficiency gains. However, it is below the 1H26 peak as the favourable period-specific cost movements fade and occupancy normalises. Our estimates imply adjusted EBITDA increasing at a three-year CAGR of 4.5% in FY25-28e.

Capex, cash flows, leverage and dividends

Capex supports asset quality and rental growth

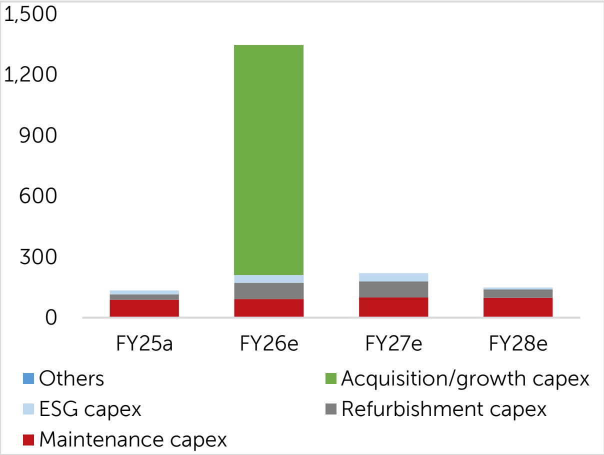
Dubai Residential's recurring capex comprises maintenance, refurbishment and energy-efficiency investment. Maintenance capex preserves the portfolio's condition, while refurbishment supports rental growth by improving units before re-leasing. Meanwhile, ESG investment targets lower utility consumption and property-level operating costs.

In FY26-28e, we forecast maintenance capex to average c.5% of revenue, which is largely in line with the company's guidance, amounting to AED92m in FY26e and AED99m both FY27e and FY28e. The company's current refurbishment programme focuses on The Gardens and Garden View Villas. Management has guided for c.AED240m of refurbishment expenditure over FY25-27. Our forecasts incorporate refurbishment capex of AED80m in FY26e, AED80m in FY27e and AED40m in FY28e. In addition, we forecast ESG capex of AED40m for both FY26e and FY27, and AED10m for FY28e. We include AED1.14bn of acquisition expenditure for the Garden View Villas and Jebel Ali

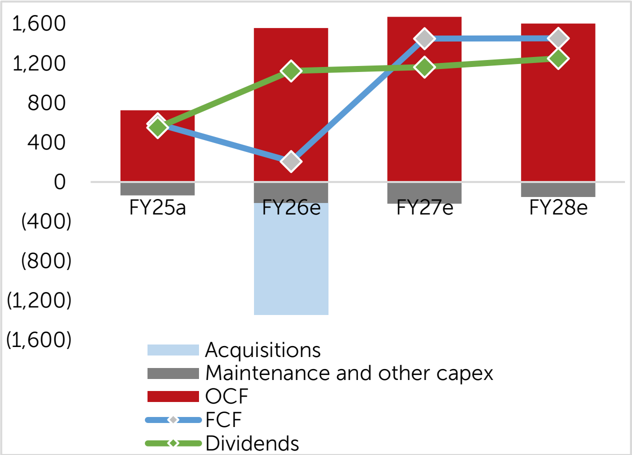
Village transactions completed in 1H26, but do not assume any additional acquisition related capex over the remainder of our forecast period. Our FY26-28e estimates imply that the company should be able to fund its recurring capex requirements from operating cash flows. However, given the large acquisition capex in 1H26, free cash flows in FY26e may not be sufficient to cover dividend payouts, and the company will likely need to use its balance sheet to fund them.

Our estimates indicate a comfortable leverage position, with loan-to-value (LTV) of 6.4% at the end of FY26e, declining to 5.6% in FY27e and 5.0% in FY28e. The surge in LTV in FY26e mainly reflects the AED850m drawn to fund the Jebel Ali Village acquisition.

Capex and its components, AEDm



Cash flows and their uses, AEDm



Source: Company reports, ADCB estimates

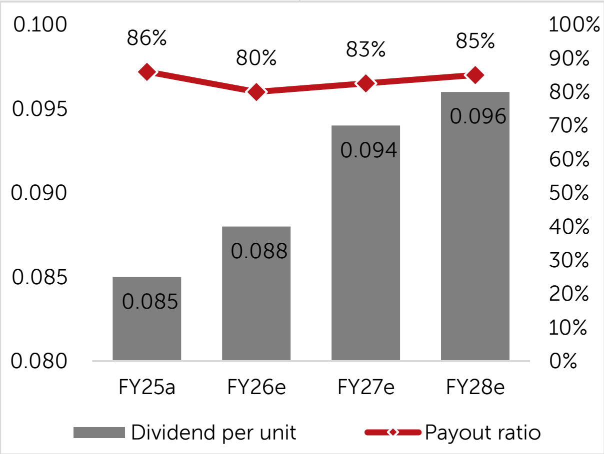
Dividend policy provides distribution visibility

Dubai Residential intends to distribute at least 80% of profit before changes in the fair value of investment property, subject to board approval. Distributions are expected to be paid semi-annually.

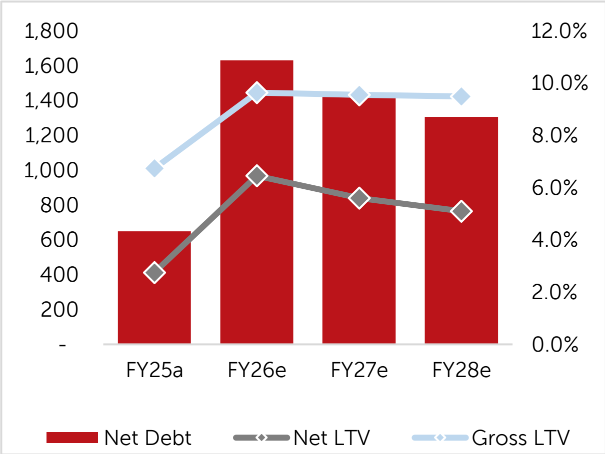
The board approved an interim dividend of AED573.2m for 1H26, equivalent to 4.4 fils per unit and 80% of profit before fair value changes. The payment implies an annualised dividend yield of 7.1% on the closing unit price as of 30 June 2026.

We forecast dividend per unit (DPU) of 8.8 fils in FY26e, 9.4 fils in FY27e and 9.6 fils in FY28e, compared with 8.5 fils in 2025. Our estimates imply payout ratios of 80%, 83%, and 85% over FY26-28e, respectively. This implies FY26-28e dividend yields of 6.8-7.4%.

Dividend per unit (AED) and payout ratio



Net debt (AEDm) and loan-to-value* (%)



Source: Company reports, ADCB estimates; *Loan-to-value (LTV) = financial debt less cash, divided by gross asset value (GAV).

Valuation and risks

Valuation

We derive our fair value from an equally weighted average of DCF, dividend discount model (DDM) and cap rate valuations. The three approaches capture the REIT's long-term cash flow generation, distribution profile and stabilised property earnings, respectively. We use relative valuation only as a cross-check rather than as a fourth target-price methodology, given the absence of a close listed peer with a comparable residential asset mix and geographic exposure.

We acknowledge that DCF and cap-rate valuations both rely on the underlying rental cash flows, but provide different perspectives on terminal value and stabilised property returns. DDM provides an equity-income cross-check through forecast distributions. We supplement these methods with regional and international peer comparisons, but assign no formal weight as differences in asset mix, leverage and market structure reduce comparability.

A simple average of the three valuation methodologies yields our fair value of AED1.50 per unit (rounded). Our fair value implies upside of c. 16% compared with the last closing price. We initiate coverage on the stock with a Buy rating.

Dubai Residential REIT fair value table

Valuation methodology		Fair value	Weight
DCF	AED	1.50	33.3%
DDM	AED	1.40	33.3%
Cap rate	AED	1.70	33.3%
Weighted average fair value	**AED**	**1.50**	

Source: ADCB estimates

DCF valuation

Our DCF is based on a WACC of 8.7% and a terminal growth rate of 2%. Our WACC is based on the following assumptions: a beta of 0.68 (in line with the Bloomberg-adjusted beta since listing on the DFM), a market risk premium of 5.0%, a country risk premium of 1% and a risk-free rate of 4.7%. These assumptions result in a 9.1% cost of equity and a WACC of 8.7% for Dubai Residential REIT. We assume an effective tax rate of 0%. These assumptions result in our FY26-27e time-weighted fair value of AED1.50 per unit (rounded).

Dubai Residential REIT DCF valuation assumptions

Parameter	Assumption
Cost of debt	5.0%
After-tax cost of debt	5.0%
Beta	0.68
Market risk premium	5.0%
Country risk premium	1.0%
Risk-free rate	4.7%
Cost of equity	9.1%
Gearing	8.8%
Tax rate	0.0%
WACC	8.7%
Terminal growth rate	2.0%

Source: ADCB estimates

Dubai Residential REIT DCF valuation table

		FY26e	FY27e	FY28e	FY29e	FY30e
Adjusted EBIT	AEDm	1,665	1,723	1,702	1,675	1,644
Income tax	AEDm	0	0	0	0	0
D&A	AEDm	2	2	2	2	2
Working capital changes	AEDm	50	108	60	10	24
Management fee	AEDm	(143)	(130)	(130)	(129)	(129)
Capex	AEDm	(1,348)	(221)	(151)	(135)	(135)
FCF	**AEDm**	**226**	**1,482**	**1,484**	**1,423**	**1,407**
FCF + terminal value	AEDm	226	1,482	1,484	1,423	22,727
EV	**AEDm**	**20,212**	**21,731**			
Net debt - prior period	AEDm	(648)	(1,632)			
Minority	AEDm	0	0			
Equity	**AEDm**	**19,564**	**20,099**			
Units o/s	m	13,000	13,000			
DCF/unit	AED	1.50	1.55			
Period weights	%	33%	67%			
Period-weighted DCF/unit (rounded)	**AED**	**1.50**				

Source: ADCB estimates

DCF sensitivity to changes in WACC and terminal growth rate

WACC	Terminal growth rate -->							
	0.5%	1.0%	1.5%	2.0%	2.50%	3.00%	3.50%	4.00%
6.0%	1.90	2.10	2.30	2.60	2.90	3.40	4.00	4.90
7.0%	1.60	1.80	1.90	2.10	2.30	2.50	2.90	3.30
8.0%	1.40	1.50	1.60	1.70	1.90	2.00	2.20	2.50
8.7%	1.30	1.40	1.40	$\boxed{1.50}$	1.60	1.80	1.90	2.10
9.0%	1.20	1.30	1.40	1.50	1.60	1.70	1.80	2.00
10.0%	1.10	1.20	1.20	1.30	1.40	1.40	1.50	1.60
11.0%	1.00	1.10	1.10	1.10	1.20	1.30	1.30	1.40

Source: ADCB estimates

Dividend discount model (DDM)

Our DDM values Dubai Residential based on our forecast distributions to unitholders. We project DPU based on our recurring earnings forecasts and assumed payout ratios. We discount these distributions at a 9.1% cost of equity and calculate terminal value using 2.0% perpetual growth. After adjusting for the timing of distributions in 2026, the DDM implies a fair value of AED1.40 per unit (rounded).

Dubai Residential REIT DDM valuation table

		FY26e	FY27e	FY28e	FY29e	FY30e
DPU	AED	0.088	0.094	0.096	0.100	0.100
DPU + terminal value	AED	0.088	0.094	0.096	0.100	1.539
PV of Dividends per unit	AED	1.40	1.45			
Period weights	%	33%	67%			
Period-weighted FV/unit (rounded)	AED	**1.40**				

Source: ADCB estimates

Cap-rate valuation

We use adjusted EBITDA as a proxy for portfolio level net operating income because it measures earnings from the underlying properties before financing, fair-value movements and the externally managed REIT structure. We think this provides a cleaner basis for applying a property capitalisation rate. However, adjusted EBITDA excludes management fees, even though it is a recurring economic expense. As adjusted EBITDA excludes recurring management fees, we deduct the capitalised value of the management fee separately, assuming the fee remains constant in perpetuity and discounting it at the 8.7% WACC. We apply a 7.0% cap rate, broadly in line with the REIT's 6.9% like-for-like implied net yield at end-1H26. After deducting the net debt and adjusting for the timing of the valuation periods, the method implies a fair value of AED1.70 per unit (rounded).

Dubai Residential REIT cap-rate valuation table

		FY26e	FY27e	FY28e	FY29e	FY30e
Adjusted EBITDA/ NOI proxy	AEDm	1,667	1,725	1,704	1,677	1,646
Cap rate	%	7.00%	7.00%			
Implied gross asset value	**AEDm**	**23,812**	**24,638**			
Management fee		(143)	(130)			
PV of management fees		(1,637)	(1,489)			
Net debt - prior period	AEDm	(648)	(1,632)			
Equity	**AEDm**	**21,527**	**21,517**			
Units o/s	m	13,000	13,000			
Fair value/unit	AED	1.66	1.66			
Period weight	%	33%	67%			
Period-weighted FV/unit (rounded)	**AED**	**1.70**				

Source: ADCB estimates; *Adjusted EBITDA used as NOI proxy; Management fees are capitalised at an 8.7% WACC with no perpetual growth.

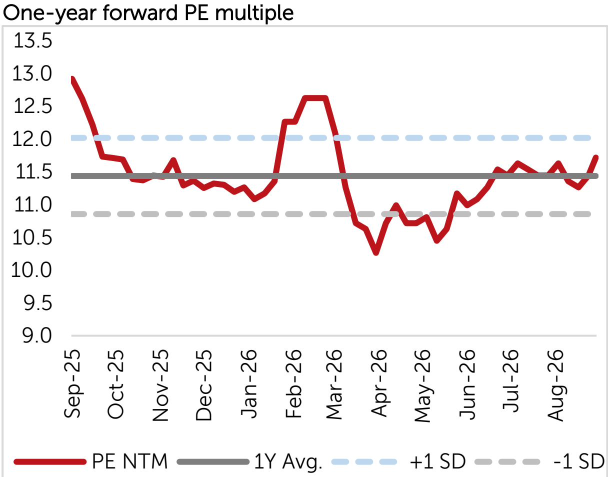
Dubai Residential REIT valuation peer comp table

Name	Ticker	Country	Curr.	CMP	Market cap (USDm)	PE			Dividend Yield			3Yr EPS growth
						FY25a	FY26e	FY27e	FY25a	FY26e	FY27e	FY25-28e
Dubai Residential REIT*	DUBAIRESI UH	UAE	AED	1.29	4,566	12.9	11.7	11.7	6.6%	6.8%	7.3%	4.6%
Asian Residential REIT												
Daiwa House REIT Investment	8984 JP	Japan	JPY	116,800	3,359	17.7	23.1	23.2	5.6%	5.4%	5.1%	-7.1%
Invincible Investment Corp	8963 JP	Japan	JPY	62,200	2,976	14.3	15.1	14.7	7.0%	6.6%	6.7%	0.7%
Advance Residence Investment	3269 JP	Japan	JPY	145,400	2,598	21.2	24.1	23.1	4.7%	4.4%	4.6%	-1.3%
Mitsui Fudosan Accommodation	3226 JP	Japan	JPY	118,800	1,872	23.0	23.7	23.5	4.2%	4.1%	4.1%	1.2%
Median						19.4	23.4	23.1	5.2%	4.9%	4.8%	-0.3%
US Residential REIT												
Avalonbay Communities Inc	AVB US	USA	USD	184.06	26,289	24.9	33.0	35.5	3.8%	3.9%	4.0%	-9.1%
Camden Property Trust	CPT US	USA	USD	106.35	11,532	30.0	na	na	3.9%	4.0%	4.1%	-29.5%
Essex Property Trust Inc	ESS US	USA	USD	284.03	18,291	27.3	51.6	44.9	3.6%	3.7%	3.8%	-13.5%
Median						27.3	42.3	40.2	3.8%	3.9%	4.0%	-13.5%
Canada Residential REIT												
Can Apartment Prop Real Esta	CAR-U CN	Canada	CAD	33.33	3,834	27.2	na	12.9	4.6%	4.6%	4.7%	45.2%
Boardwalk Real Estate Invest	BEI-U CN	Canada	CAD	64.01	2,462	16.7	35.0	14.1	2.5%	2.7%	2.8%	6.1%
Killam Apartment Real Estate	KMP-U CN	Canada	CAD	18.30	1,639	77.9	12.6	17.1	3.9%	3.9%	4.0%	79.4%
Go Residential Real Est	GO/U CN	Canada	USD	8.31	278	0.4	8.2	9.7	na	7.4%	7.7%	-65.2%
Northview Residential REIT	NRR-U CN	Canada	CAD	16.08	84	1.7	12.5	7.7	6.8%	6.8%	6.8%	-38.3%
Median						16.7	12.5	12.9	4.3%	4.6%	4.7%	6.1%
MENA Non-Residential REIT												
Emirates REIT Ceic Plc	REIT DU	UAE	USD	0.68	217	1.0	1.5	2.4	3.5%	4.0%	4.1%	-35.7%
Enbd REIT Ceic Plc	ENBDREIT DU	UAE	USD	0.50	125	2.8	0.2	0.4	4.1%	na	na	150.6%
Growthpoint Properties Ltd	GRT SJ	S.Africa	ZAr	1,649.0	3,492	12.7	11.1	10.7	6.7%	8.2%	8.5%	7.6%
Redefine Properties Ltd	RDF SJ	S.Africa	ZAr	614.0	2,655	13.1	10.9	10.4	3.0%	8.0%	8.4%	9.9%
Median						7.7	6.2	6.4	3.8%	8.0%	8.4%	8.7%
UAE Real Estate												
TECOM	TECOM UH	UAE	AED	3.38	4,601	8.0	10.6	10.3	4.7%	5.4%	5.6%	-6.4%
Emaar Properties	EMAAR UH	UAE	AED	10.80	25,989	5.4	5.4	4.8	9.3%	9.3%	9.3%	10.0%
Aldar Properties	ALDAR UH	UAE	AED	7.68	16,440	8.0	7.4	6.0	2.7%	2.9%	3.3%	16.3%
Median						8.0	7.4	6.0	4.7%	5.4%	5.6%	10.0%
Average						17.6	16.8	15.1	4.7%	5.3%	5.4%	-1.7%
Median						14.3	12.5	11.8	4.2%	4.5%	4.7%	-0.3%

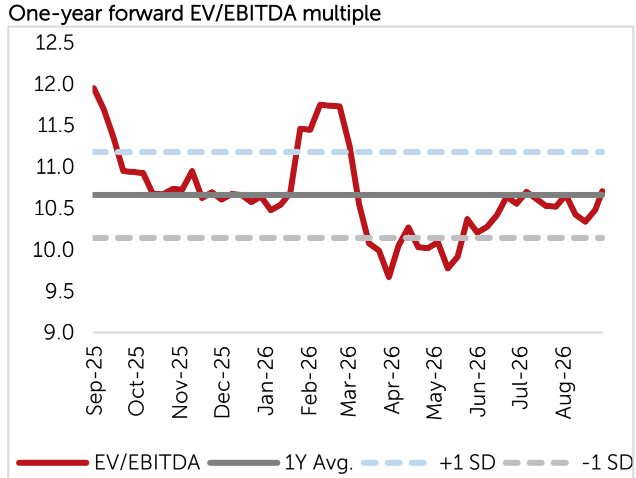
Source: Bloomberg consensus, *ADCB estimates for Dubai Residential REIT; Priced at close of 31 August 2026

Dubai Residential REIT valuation charts

One-year forward PE multiple

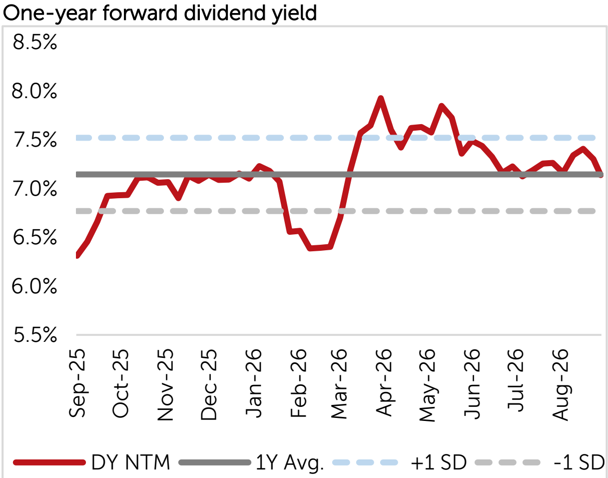


One-year forward EV/EBITDA multiple

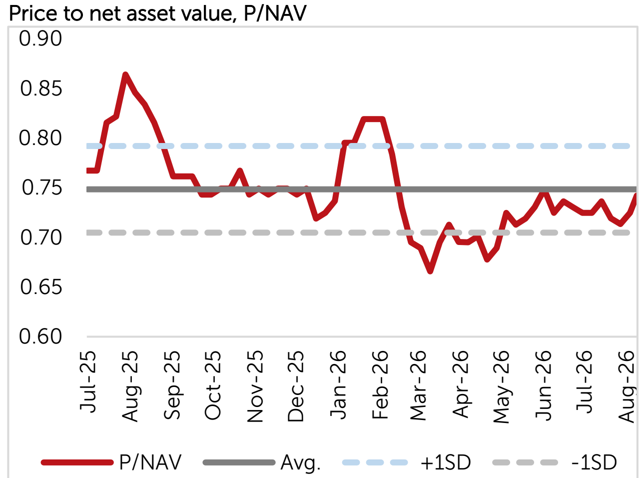


Source: Bloomberg, ADCB estimates

One-year forward dividend yield

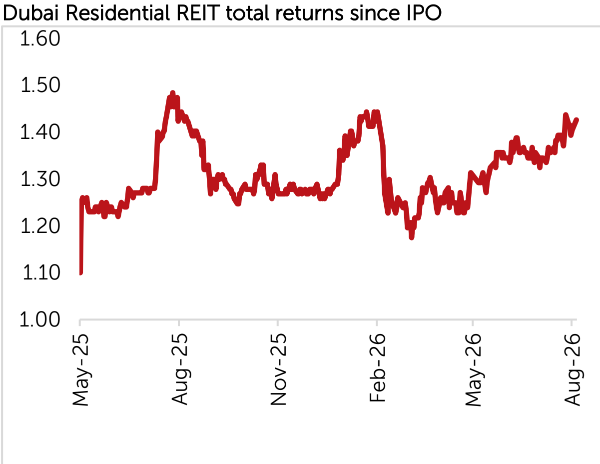


Price to net asset value, P/NAV

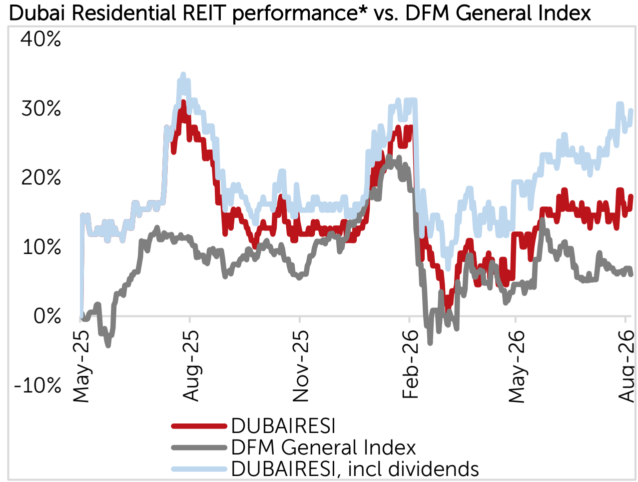


Source: Bloomberg, ADCB estimates; Prices at close of 31 August 2026

Dubai Residential REIT total returns since IPO



Dubai Residential REIT performance* vs. DFM General Index



Source: Bloomberg, ADCB estimates; Prices at close of 31 August 2026 *DUBAIRESI rebased to AED1.10 IPO price. DFM rebased to its 27 May 2025 closing.

Downside risks

Increased supply could weaken occupancy and rents

Dubai's residential completion pipeline is expected to increase substantially in 2027-28. If realised supply exceeds our assumptions or population growth slows more sharply, occupancy and market rents could come under greater pressure. Dubai Residential's occupancy premium may provide some protection, but it would not fully insulate the portfolio from a broad market downturn. A faster-than-expected decline in occupancy would reduce revenue and weaken operating leverage.

Rent reversion may take longer to materialise

Lease renewal increases are limited by the RERA rental framework, while high tenant retention reduces the number of units available for repricing through new leases. A narrower-than-expected rent-to-market gap, lower tenant churn or weaker market rents could slow rental growth relative to our estimates.

Margins could normalise faster than expected

Lower-than-expected efficiency gains related to structural savings from scale, integration and energy efficiency, as well as maintenance or credit costs, could result in margins declining more quickly than our forecast range.

New acquisitions may deliver lower returns

The Garden View Villas and Jebel Ali Village acquisitions increase the REIT's exposure to Premium housing. Returns will depend on the pace of lease-up and achieved rental rates. Future transactions through the sponsor pipeline may also involve development, stabilisation, or funding risks. Acquisitions completed at lower yields or funded at higher borrowing costs could dilute earnings and distributions rather than create value.

Concentration in Dubai increases market-specific risk

The REIT's properties and rental income are entirely concentrated in Dubai. The portfolio is diversified across locations and housing segments, but it remains exposed to Dubai's economic cycle, population growth and residential market conditions. A slowdown in employment, migration or corporate accommodation demand would affect several segments simultaneously and cannot be offset by exposure to other geographies.

Limited free float creates a liquidity discount risk. With only 15% of outstanding units available to public investors, Dubai Residential may experience lower trading volumes than companies with a broader unitholder base. This could constrain institutional participation and result in a persistent valuation discount, even if the REIT delivers resilient operating performance.

Board of Directors and management profiles

Dubai Residential REIT's Board comprises seven directors, including four non-executive directors and three independent non-executive directors. The directors were appointed for three years from the REIT's listing on 28 May 2025.

Dubai Residential REIT Board of Directors

	Board of Directors
	**Mr. Nabil Mohammad Ramadhan Alahmadi, Chairman, Non-Executive** Mr. Nabil Alahmadi is Chief Strategy & Marketing Officer at Dubai Holding Asset Management (DHAM). He oversees corporate strategy, marketing and communications, business excellence, and research and product development. He also leads the group's ESG framework and previously served as Vice Chairman of Shuaa Capital. Mr. Alahmadi holds a BSc in Industrial Engineering from the University of Arizona and is a graduate of the Mohammed Bin Rashid Programme for Leadership Development.
	**Mr. Ahmad Ali Ahmad Meftah AlMarzooqi, Independent Non-Executive Director** Mr. Ahmad AlMarzooqi is Executive Director of the Central Accounts Sector at the Department of Finance, Government of Dubai. His responsibilities include aligning Dubai's financial strategy with the government's innovation and sustainability objectives. He also serves on the boards of the Dubai Investment Fund and the DIFC Employee Workplace Savings Scheme. Mr. AlMarzooqi holds a degree in Business Administration and Management, specialising in accounting, from Dubai Men's College. He is also a graduate of the Mohammed Bin Rashid Programme for Leadership Development and the Future Government Leaders Programme in the Arab World.
	**Mr. Fahed Ahmed Saeed Mohamed AlAwadhi, Independent Non-Executive Director** Mr. Fahed AlAwadhi is Director of the Drainage and Recycled Water Projects Department at Dubai Municipality. He has more than 15 years of experience in large-scale infrastructure delivery and has overseen completed projects worth more than AED35bn, alongside an ongoing pipeline exceeding AED100bn. Mr. AlAwadhi holds an MBA with honours in Strategic Management and Planning from the University of Strathclyde and a BSc in Civil Engineering from the American University of Sharjah.
	**Mr. Badr Yousuf Mohammad Ali AlGargawi, Independent Non-Executive Director** Mr. Badr AlGargawi is Deputy Director General of Planning & Development at the Dubai Development Authority. He oversees planning and development regulation across the authority's jurisdiction, which expanded under his leadership from 44m sq metres to approximately 350m sq metres. Mr. AlGargawi holds an MBA from the American University in Dubai and a bachelor's degree in Civil Engineering from UAE University.
	**Ms. Anuradha Harish, Non-Executive Director** Ms. Anuradha Harish is Chief Commercial Officer at Dubai Holding Real Estate. She leads commercial strategy across the residential and land portfolios of Nakheel, Meraas, Dubai Properties and Meydan. She is responsible for marketing, sales, customer management and commercial operations in these portfolios. Ms. Harish holds a Bachelor of Architecture from Bangalore Institute of Technology.

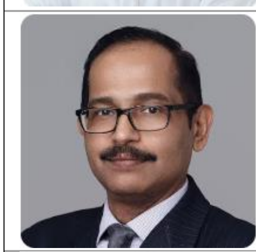
Mr. Zuber Dehgamia, Non-Executive Director
Mr. Zuber Dehgamia is Chief Financial Officer at Dubai Holding Real Estate. He oversees financial strategy, operations, reporting and compliance across the group's real estate portfolio. Mr. Dehgamia is a Chartered Accountant with the Institute of Chartered Accountants in England and Wales and holds a BA (Econ) (Hons) in Accounting and Finance from the University of Manchester. He also serves on the boards of several Dubai Holding-related international entities.

Ms. Brigitte Zammit, Non-Executive Director
Ms. Brigitte Zammit is Managing Director of Investments and Portfolio Management at DH Investments Corporate, Dubai Holding's investment arm. She oversees strategic and financial investments across multiple asset classes, with responsibility for transactions, portfolio management, governance and strategic initiatives. Ms. Zammit holds a Master of Laws from Queen Mary University of London and a Doctor of Laws from the University of Malta.

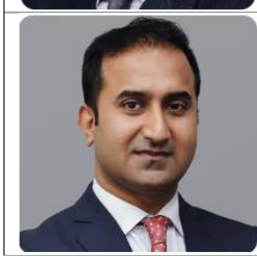
Source: Company reports

Dubai Residential REIT key members of senior management team

Mr. Ahmed Al Suwaidi, Managing Director, DHAM REIT Management
Mr. Ahmed Al Suwaidi leads DHAM REIT Management, the fund manager of Dubai Residential REIT. He is responsible for the REIT's strategic execution, governance and capital allocation, with a focus on portfolio performance and sustainable returns for unitholders. Mr. Al Suwaidi has also led the execution of the REIT's post-listing growth strategy, including the Garden View Villas and Jebel Ali Village acquisitions.



Mr. Girish Kumar, Executive Director of Finance, DHAM REIT Management
Mr. Girish Kumar oversees the fund manager's finance function. He is responsible for accounting and statutory reporting, financial planning and analysis, treasury, billing and collections, and investor relations. Mr. Kumar is also a member of the fund manager's Investment Committee.



Mr. Umar Farooq, Executive Director of Investments, DHAM REIT Management
Mr. Umar Farooq leads the fund manager's investment team on an outsourced basis as a Dubai Holding Group employee. He is responsible for investment strategy, acquisitions and disposals, portfolio management, market and feasibility analysis, valuations and investment reporting. Mr. Farooq is also a member of the fund manager's Investment Committee.

Source: Company reports

Summary financial statements

Dubai Residential Income Statement

AEDm	FY24a	FY25a	FY26e	FY27e	FY28e	FY29e	FY30e
Revenue	**1,793**	**1,953**	**2,113**	**2,206**	**2,190**	**2,177**	**2,174**
Direct costs	(522)	(427)	(390)	(435)	(440)	(454)	(482)
Gross profit	**1,271**	**1,526**	**1,722**	**1,770**	**1,749**	**1,723**	**1,692**
Other operating income	7	10	8	8	8	8	8
OPEX:							
General and administrative	(91)	(79)	(70)	(73)	(72)	(72)	(72)
Marketing and selling	(22)	(15)	(13)	(14)	(14)	(14)	(13)
Management fees	0	(83)	(143)	(130)	(130)	(129)	(129)
Impairment and other gains – net	(7)	(8)	2	0			
Total operating expenses	(120)	(185)	(224)	(217)	(216)	(215)	(215)
Operating profit	**1,158**	**1,350**	**1,506**	**1,562**	**1,542**	**1,517**	**1,486**
Finance income	47	9	20	17	20	23	24
Finance costs	(88)	(81)	(91)	(102)	(100)	(100)	(70)
Finance costs - net	(41)	(72)	(71)	(85)	(80)	(77)	(46)
Profit before FV changes in investment property	**1,117**	**1,279**	**1,435**	**1,477**	**1,462**	**1,439**	**1,440**
Gain on fair value of investment property	1,546	1,743	373	0	0	0	0
Profit for the year	**2,662**	**3,022**	**1,808**	**1,477**	**1,462**	**1,439**	**1,440**
Income tax expense	(240)	0	0	0	0	0	0
Profit after tax	**2,423**	**3,022**	**1,808**	**1,477**	**1,462**	**1,439**	**1,440**
Earnings/unit before FV changes of investment property, AED		0.10	0.11	0.11	0.11	0.11	0.11
Units outstanding (m)		13,000	13,000	13,000	13,000	13,000	13,000

Source: Company reports, ADCB estimates

Dubai Residential REIT Balance Sheet

	FY24a	FY25a	FY26e	FY27e	FY28e	FY29e	FY30e
Non-current assets							
Property and equipment	18	17	17	17	16	16	16
Investment property	21,633	23,538	25,297	25,516	25,665	25,798	25,931
Intangible assets	3	1	1	1	1	1	1
Derivative financial instruments	20	-					
Total non-current assets	**21,673**	**23,557**	**25,315**	**25,534**	**25,682**	**25,815**	**25,948**
Current assets							
Trade and other receivables	68	70	59	60	60	60	60
Due from related parties	24	2	1	1	1	1	1
Derivative financial instruments	0	5	-	-	-	-	-
Cash and bank balances	1,968	937	805	1,007	1,130	1,178	1,213
Total current assets	**2,061**	**1,014**	**865**	**1,068**	**1,191**	**1,238**	**1,273**
Total assets	**23,734**	**24,570**	**26,179**	**26,601**	**26,873**	**27,053**	**27,221**
Equity and liabilities							
Equity							
Unit capital	-	1,300	1,300	1,300	1,300	1,300	1,300
Share capital	0	-	-	-	-	-	-
Contributed capital	2,560	-	-	-	-	-	-
Legal reserve	6	6	6	6	6	6	6
Hedge reserve	20	5	-	-	-	-	-
Retained earnings	17,004	20,736	21,421	21,734	21,945	22,116	22,260
Total equity	**19,590**	**22,047**	**22,727**	**23,040**	**23,251**	**23,421**	**23,565**
Liabilities							
Non-current liabilities							
Trade and other payables	7	6	6	6	6	6	6
Borrowings	2,582	1,585	2,437	2,437	2,437	2,437	2,437
Employees' end of service benefits	11	-	-	-	-	-	-
Total non-current liabilities	**2,600**	**1,591**	**2,443**	**2,443**	**2,443**	**2,443**	**2,443**
Current liabilities							
Trade and other payables	518	487	527	602	658	656	655
Due to related parties	675	104	113	116	115	115	114
Advances from customers	350	340	370	401	406	418	444
Deferred tax liabilities							
Total current liabilities	**1,544**	**932**	**1,009**	**1,119**	**1,179**	**1,189**	**1,213**
Total liabilities	**4,144**	**2,524**	**3,452**	**3,562**	**3,622**	**3,632**	**3,656**
Total equity and liabilities	**23,734**	**24,570**	**26,179**	**26,601**	**26,873**	**27,053**	**27,221**

Source: Company reports, ADCB estimates

Dubai Residential REIT Cashflow Statement

	FY24a	FY25a	FY26e	FY27e	FY28e	FY29e	FY30e
Profit for the year	2,662	3,022	1,808	1,477	1,462	1,439	1,440
Adjustments for:							
Gain on fair value of investment property	(1,546)	(1,743)	(373)	0	0	0	0
Finance costs	88	81	91	102	100	100	70
Finance income	(47)	(9)	(20)	(17)	(20)	(23)	(24)
Provision for loss allowance	7	8	(2)	0			
Depreciation and amortisation	4	2	2	2	2	2	2
Provision: employees' end of service benefits	0	0	0	0			
Loss on disposal of property and equipment	0	0	0	0			
OCF before working capital changes	**1,170**	**1,361**	**1,506**	**1,564**	**1,544**	**1,519**	**1,488**
Changes in working capital	**2,604**	**(636)**	**50**	**108**	**60**	**10**	**24**
Payment of employees' end of service benefits	(0)	(0)	0				
Net cash generated from operating activities	**3,773**	**725**	**1,556**	**1,672**	**1,604**	**1,529**	**1,512**
Cash flows from investing activities							
Movement in fixed deposits w/maturities >3M	(507)	832	0	0			
Payments for investment property	(184)	(135)	(1,347)	(219)	(149)	(133)	(133)
Interest /profit received, net	41	15	(33)	(85)	(80)	(77)	(46)
Purchase of PPE and intangible assets	(5)	(1)	(1)	(2)	(2)	(2)	(2)
Proceeds from disposal of PPE	1	0	0	0			
Investing cash flow	**(653)**	**712**	**(1,381)**	**(306)**	**(230)**	**(212)**	**(181)**
Cash flows from financing activities							
Repayment of borrowings	(1,360)	(1,000)	0	0			
Proceeds from borrowings	2,582	0	850	0			
Reduction in restricted cash	28	0	0	0			
Dividends paid	(1,221)	(550)	(1,123)	(1,164)	(1,251)	(1,269)	(1,296)
Interest /profit paid	(73)	(87)	(34)	0			
Net decrease due to group reorganisation	(2,161)	0	0	0			
Net cash used in financing activities	**(2,206)**	**(1,637)**	**(307)**	**(1,164)**	**(1,251)**	**(1,269)**	**(1,296)**
Net change in cash and cash equivalents	**914**	**(200)**	**(132)**	**201**	**123**	**47**	**36**
Cash and cash equivalents at start of the year	222	1,137	937	805	1,007	1,130	1,178
Cash and cash equivalents at end of the year	**1,137**	**937**	**805**	**1,007**	**1,130**	**1,178**	**1,213**

Source: Company reports, ADCB estimates

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