CREDIT OPINION
17 March 2025

New Issue

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RATINGS

Binghatti Holding Limited

Domicile	United Arab Emirates
Long Term Rating	Ba3
Type	LT Corporate Family Ratings
Outlook	Stable

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

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Binghatti Holding Limited

New Issuer

Summary

Binghatti Holding Limited's (Binghatti) Ba3 CFR reflects (1) decent market position in the UAE's largest real estate market, the Emirate of Dubai; (2) strong backward integration which allows for control over the development process, project delivery, and costs; (3) solid margins stemming from operational efficiency driven by vertical integration; (4) our expectation of strong credit metrics including low financial leverage and solid interest coverage in 2025; and (5) good liquidity with no material debt maturity until 2027 when the company's sukuk matures.

The rating also takes into consideration (1) the company's limited track record of execution on ultra luxury real estate projects which we expect to contribute about 20% of total consolidated revenue and 30% of gross margins by 2026; (2) modest revenue visibility beyond 18 months mitigated by short development turnaround; (3) short operating track record through market downturns at the current development scale; and (4) geographic concentration in a single market, i.e. the Emirate of Dubai. The rating also factors in governance considerations related to key personnel risk with the founder controlling 100% of the company and the decision-making process is concentrated with members of the founder's family. Also, even though financial policies are prudent, there is no established track record of adhering to these over time.

Exhibit 1
Short development turnaround supports solid financial metrics
Debt/EBITDA (left axis) and debt/book capitalization (right axis)

Source: Moody's Ratings

Credit strengths

» Decent market position in Dubai's residential property market

» Vertically integrated business model supports relatively short development turnaround

» Solid margins and strong credit metrics

» Good liquidity with no large debt maturities until 2027

Credit challenges

» Limited track record of execution in luxury real estate segment with geographic concentration in a single market

» Revenue visibility is limited but somewhat offset by quick development cycles

» Limited track record of operating through market downturns at current scale

» Concentrated ownership and limited track record of adhering to prudent financial policy

Rating outlook

The stable outlook reflects our expectation that Binghatti's earnings will grow as the company continue to execute its pipeline of residential real estate projects through 2026. The outlook also reflects our expectation that Binghatti's credit metrics will be solid within the rating thresholds.

Factors that could lead to an upgrade

The rating could be upgraded over time if Binghatti continues building its track record of strong sales, while gross margin remains in mid-30%; debt to EBITDA is below 2.0x and debt to book capitalization remains below 25% on a sustainable basis through the cycle; free cash flow is consistently positive and liquidity is strong; the company maintains strong track record of execution on its luxury and ultra luxury projects; and economic and homebuilding conditions in Dubai are stable.

Factors that could lead to a downgrade

The rating could be downgraded if the company fails to execute on its projects that in a way weakens the company's financial profile; pre-completion sales activity or payment collections weaken materially from current levels; debt/ EBITDA exceeds 3.0x or debt to capitalization remains above 35%; liquidity weakens; or economic and homebuilding conditions in Dubai weaken materially.

Key indicators

Exhibit 2
Binghatti Holding Limited

	2020	2021	2022	2023	2024	2025(f)	2026(f)
Revenue (AED billions)	0.3	1.0	1.0	2.1	6.3	20.4	32.5
Gross Margin %	38%	24%	42%	45%	45%	49%	51%
EBIT / Interest Expense	3.0x	33.3x	29.6x	16.4x	9.6x	21x	27x
Debt / EBITDA	1.7x	0.5x	1.3x	1.4x	1.5x	1x	1x
Debt / Book Capitalization	25%	14%	33%	45%	52%	27%	18%

All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

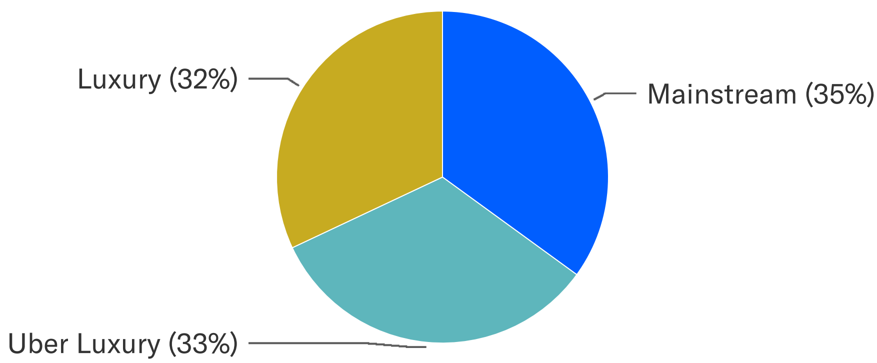
Profile

Binghatti Holding Limited (Binghatti) is a real estate developer in the United Arab Emirates, operating mainly in Dubai. The company is owned by Al Jbori family.

Binghatti's main business is developing residential towers and high-end residential properties. The company builds what it calls mainstreams, luxury, and uber luxury units. The mainstream units are categorized as mid-market residential units while the luxury and uber luxury units are mainly catered to high-end wealthy individuals.

Binghatti owns and operates construction, aluminum, steel, and wood joinery arms that support its homebuilding business, enabling for economies of scale and vertical integration. Other segments include facility management services as well as some food and beverage businesses.

Exhibit 3
Binghatti's product mix is diversified across affordable and luxury offerings
Gross development value by segment mix, 2024



Source: Company Presentation

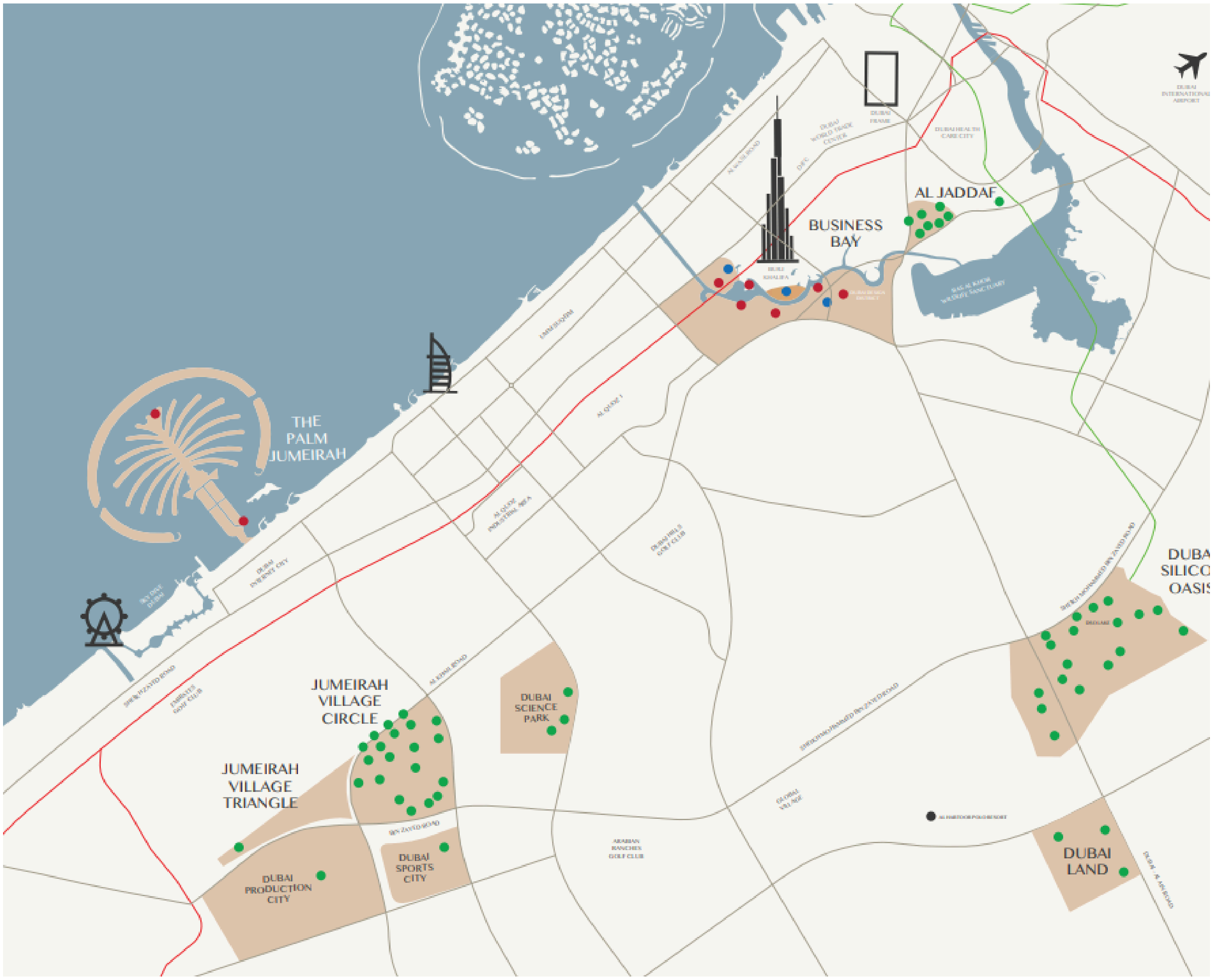
Detailed credit considerations

Good position in the Emirate of Dubai real estate market with modest track record

Binghatti is a large privately owned real estate developer in the Emirate of Dubai, but it remains a relatively new developer. The company's revenue of about AED 6.3 billion for 2024 is relatively small compared to other Ba-rated peers in the Emirate, but we expect it to grow to about AED 32.5 billion by 2026. The company's size measured by revenue gives it cushion to withstand temporary weakness in the market and provide flexibility to postpone or cancel projects if needed. However, the company remains significantly smaller compared to other larger peers in the Emirate such as Emaar Properties PJSC (Baa2 stable).

We believe Binghatti has a healthy project pipeline and modest track record of successful development execution. Although established in 2008, the company has constructed around 10,000 units or about 9 million square feet, with almost 7,000 units completed post 2019. We expect the pace of deliveries to pick up to an average of around 13,000 units per year for the next two years driven by strong demand. Binghatti has developed mainstream projects, which are mid-market real estate projects mainly in the form of residential towers, and luxury projects, which are premium residential offerings. The two categories contributed around 67% and 14% of 2024 consolidated revenues, respectively. The company has in the past focused on mainstream and luxury residential projects, but has recently expanded its offerings with the launch of ultra luxury projects in 2022. However, there is limited track record of completing these ultra luxury projects on time and on budget as the first three projects (Bugatti Residence by Binghatti, Burj Binghatti Jacob & Co., and Mercedes Benz Places By Binghatti) are expected to be completed in 2026.

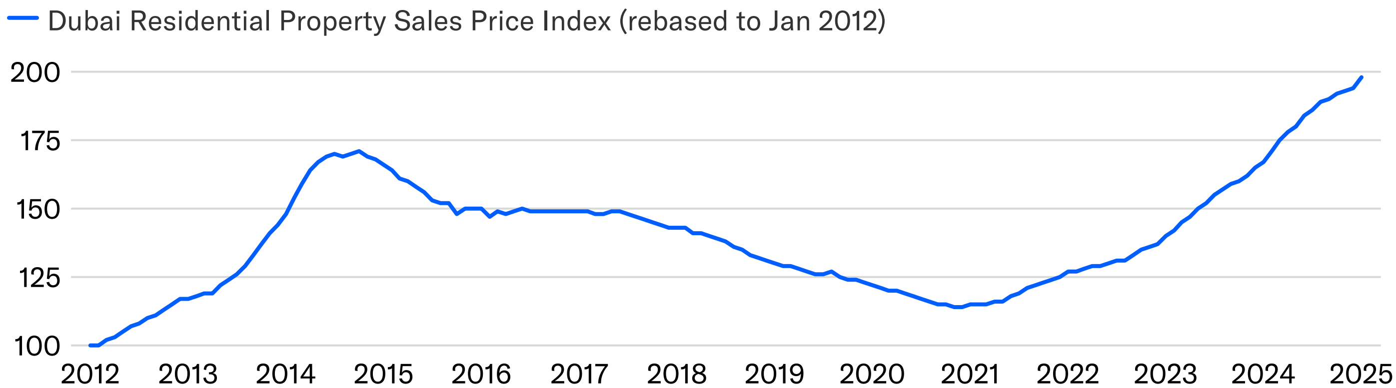
Exhibit 4
Binghatti's projects are concentrated in a single market
Project locations across the Emirate of Dubai



Green dots represent mainstream projects; red dots represent luxury projects; blue dots represent uber luxury projects.
Source: Company Presentation

The Dubai residential property market has been strong since early 2021. After a roughly 30% price drop from 2014 to 2020, prices as of January 2025 are 70% higher than in November 2020, surpassing the late 2014 peak. Despite this recovery, the market remains cyclical due to its high population of foreign residents (around 90%) whose residency is prone to economic downturns. The economy's exposure to tourism, logistics, and oil price fluctuations, alongside the housing market influenced by investor sentiment, also contribute to this cyclicity.

Exhibit 5
Dubai residential sales prices exceed 2014 peak



Source: REIDIN

The price recovery since late 2020 was driven by the UAE's strong macro-economic performance, effective Covid-19 management, and new visa categories attracting new and existing residents to buy property. Real GDP rose by 3.6% in 2023 after a 7.5% increase in 2022, with expected growth of 3.9% in 2024 and 4.3% in 2025. Dubai especially benefited from tourism reopening in mid-2020. The new visas include a 10-year golden visa for property buyers investing at least AED2 million, applicable also to off-plan properties.

We believe ultra luxury off-plan development projects attract strong demand from a wealthy local and international investor base. The government efforts to facilitate process for international investors to settle in Dubai such as offering long term golden visa along with Dubai's relatively new infrastructure and safe environment has helped attract and retain wealthy investors and residents.

Binghatti's non-citizen buyers accounted for around 86% of the investor base in 2024. These come from other GCC countries, Europe, Asia, Africa and the US. There is also underlying demand for new properties because Dubai's population continues to grow at mid-single digit rate per year, as observed over the past 10 years, which on average led to the city absorbing 35,000 to 45,000 new homes per year. However, in recent years, UAE real estate developers have launched a significant number of projects, most of which are expected to be delivered starting from 2026.

Quick development turnaround cushions against limited revenue visibility

Binghatti's strategy is to develop real estate projects within a relatively short period of time, a key credit strength. The company owns construction, aluminum, steel, and wood joinery companies (contracting companies), which allow it to exercise a high degree of control over its real estate projects' development, costs, and timings. The contracting companies provide many of the essential materials and steps in getting the real estate project completed. This includes the construction equipment and labor, internal fit-out such as wood fittings, the steel reinforcement for the foundation and pillars, and external facade architecture. Binghatti's contracting companies allows for control over quality, construction time, and schedule. The company indicates that it aims to maintain 60% of its labor force as internal employees and the remainder subcontracted which allows it to scale up or down its operations quickly if needed to adjust to the construction cycle.

We believe control over project timings is an important credit consideration because it enables better visibility on revenue and cash flows as these are earned through construction milestone recognition. Delivering projects on schedule allows Binghatti to build its reputation and further its brand recognition which if done consistently will provide a competitive edge over peers. The company has a track record in developing mainstream residential projects on or ahead of planned schedule with an average delivery timeline of about 12 to 15 months. We understand Binghatti's strategy is to expand into luxury and uber luxury residential projects which require more construction time given its complexity compared to its established mainstream business (Exhibit 6) but we estimate that overall the average construction time will remain quicker compared to master developers which tend to have longer construction completion periods.

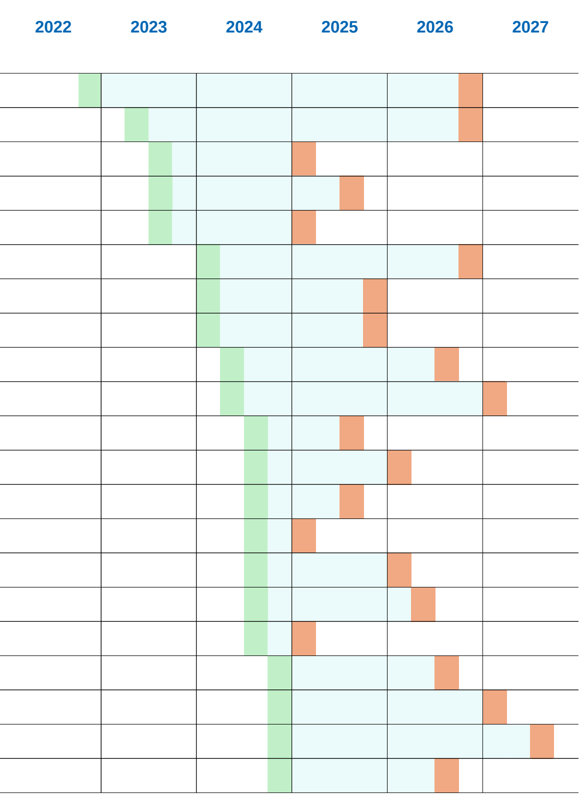
Binghatti is exposed to real estate residential cycles given the limited visibility in revenue. The company does not have a strategy to hold material land bank and tends to purchase plots of land 2-3 months before it launches its residential projects with no material off plan sales before construction start which limits revenue visibility beyond 18 months. As of 2024, Binghatti's revenue backlog (determined as the value of units that have been sold but not yet recognised as revenue under IFRS) is AED 9.6 billion. This development strategy increases exposure to unsold inventory at completion. However, the company indicates that it does not keep material inventory of completed residential units. We believe this risk is mitigated by quick turnaround strategy which minimizes the event risk during the construction period and the company's relatively solid margins which provides pricing flexibility to spur demand through incentives. The risk is further mitigated by the company's 70:30 payment plan with 70% collected during the construction phase (20% on signing the contract) and 30% paid at handover. This payment plan helps fund the majority of the construction costs until the company achieves the 30% construction milestone after which it can tap into the escrow account to fund the remaining construction costs.

Exhibit 6

Binghatti enjoys a relatively quick turnaround time; average of 18 months for 'mainstream' projects, longer for 'luxury' and 'uber luxury'

Binghatti's projects under development, as of December 2024

No.	Name of project	Category	Launch date	End date	No. of units
1	Burj Binghatti Jacob & Co.	Uber Luxury	Nov-22	Dec-26	304
2	Bugatti Residences by Binghatti	Uber Luxury	May-23	Dec-26	190
3	Binghatti Gardenia	Mainstream	Jul-23	Jan-25	308
4	Binghatti Azure	Mainstream	Nov-23	Jul-25	650
5	Binghatti Tulip	Mainstream	Nov-23	Feb-25	279
6	Mercedes-Benz Places | Binghatti	Uber Luxury	Jan-24	Dec-26	151
7	Binghatti Phantom	Mainstream	Feb-24	Oct-25	369
8	Binghatti Phoenix	Mainstream	Mar-24	Oct-25	464
9	Binghatti Hills	Mainstream	Apr-24	Sep-26	1,687
10	One By Binghatti	Luxury	Jun-24	Feb-27	745
11	Binghatti Aurora	Mainstream	Jul-24	Sep-25	275
12	Binghatti Apex	Mainstream	Jul-24	Feb-26	552
13	Binghatti Royale	Mainstream	Sep-24	Sep-25	370
14	Dusk By Binghatti	Mainstream	Sep-24	Mar-25	107
15	Binghatti Ghost	Mainstream	Sep-24	Feb-26	776
16	Binghatti Ivory	Mainstream	Sep-24	Apr-26	332
17	Dawn By Binghatti	Mainstream	Sep-24	Mar-25	97
18	Binghatti Elite	Mainstream	Oct-24	Sep-26	1,317
19	Binghatti HillViews	Mainstream	Oct-24	Jan-27	771
20	Binghatti Skyrise	Luxury	Oct-24	Sep-27	3,333
21	Binghatti Grove	Mainstream	Nov-24	Jul-26	404



Green bar represents launch date; orange bar represents construction end date.
Source: Company Presentation

Strong margins supported by vertical integration and launch of luxury projects

Binghatti's vertical integration supports its strong margins. The company's gross profit margins were about 45% in both 2023 and 2024, growing from an average of 35% over the 2020-2022 period. Binghatti's strong margins benefits from ultra luxury projects the company embarked on in 2023 and 2024 which have higher margins. The company's investment in vertical integration evidenced in the recent purchase of a steel manufacturing facility has also helped margin expansion. Binghatti's gross margins compares well with the UAE rated-peers median of around 50% (across 4 issuers) some of which tend to have a low cost land bank.

Strong credit metrics through 2026 as residential projects are delivered

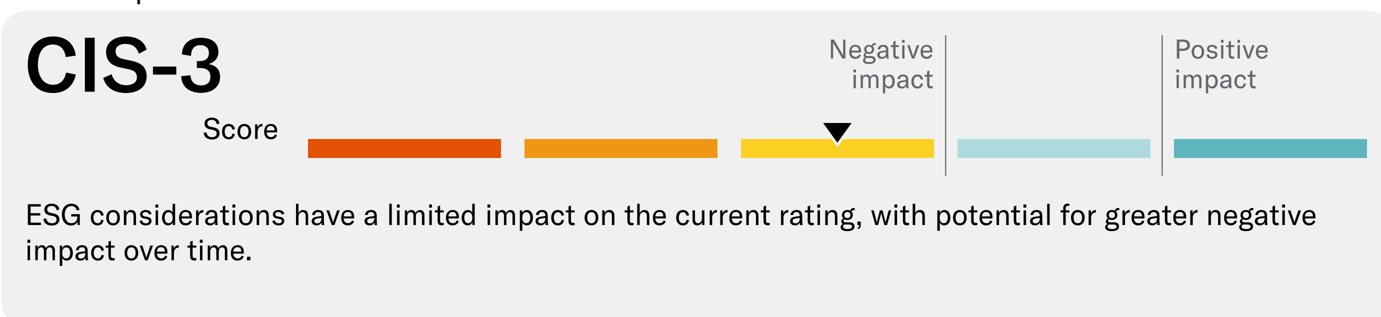
Binghatti has a conservative and prudent financial policy with an internal net financial target (net debt to equity) of about 1.25x. We expect Binghatti's financial leverage (gross debt to EBTIDA) to improve to below 1x in 2025 and 2026, down from 1.5x in 2024 and 1.4x a year earlier. The financial leverage for Binghatti is conservative which provides it with cushion to absorb market cyclicality and mitigates its development strategy or a slowdown in sales. Similarly, we expect the company's interest coverage will remain strong above 10x for both 2025 and 2026.

We expect EBITDA will grow to about AED 8.9 billion and AED 15 billion in 2025 and 2026 respectively, up from only AED 2.3 billion in 2024 and AED 818 million a year earlier. The growth in EBITDA is attributed to higher sales and earnings recognized upon the completion of ongoing projects and future projects the company plans to launch during these years. We believe solid demand will continue to support residential sales for the company but will start to normalize in 2026 with large projected units delivery.

ESG considerations

Binghatti Holding Limited's ESG credit impact score is CIS-3

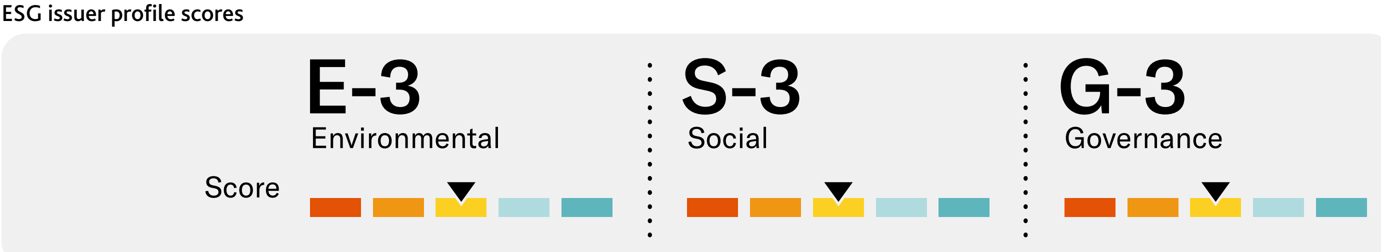
Exhibit 7
ESG credit impact score



Source: Moody's Ratings

Binghatti Holding Limited's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating. The company has moderate exposure to environmental and social risks that are in line with the wider homebuilding sector. Governance risk reflects ownership concentration and lack of independent board of directors composition and oversight. The governance risks also reflect limited track record of the company adhering to its financial target through real estate market downturn.

Exhibit 8
ESG issuer profile scores



Source: Moody's Ratings

Environmental

E-3. Binghatti's environmental risks reflect concentration of the company's operations in the United Arab Emirates (UAE), specifically the Emirate of Dubai. Climate risks including heat waves could raise the company's construction costs. The need to exploit and replenish land resources exposes the company to natural capital risks.

Social

S-3. Binghatti has exposure to social risks primarily related to demographic and societal trends because the majority of the company's customers are non-citizens. Demand for properties will depend on the ability of the government to attract new residents and investors. Binghatti also faces moderate human capital risks and health and safety risks, given the labor-intensive nature of the construction process and the reliance on skilled labor. The company is exposed to health and safety risks more than other homebuilders because it employs construction workers directly. The company's exposure to customer relations risk reflects the potential impact on brand reputation given customer satisfaction is closely linked to the quality and timeliness of properties delivered.

Governance

G-3. Binghatti's governance risks reflect concentrated ownership and lack of independent board composition and oversight balanced by the company's strong credit metrics and prudent financial policies with a maximum net financial leverage of about 1.25x through the cycle. We note however that the company has no track record of adhering to its prudent financial targets through a property market downturn.

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

Liquidity analysis

Binghatti has good liquidity. The company has about AED 4.9 billion of sources to cover about AED 1 billion of uses. At December 2024, sources of liquidity include AED 1.5 billion of cash and cash equivalents (net of AED 2.2 billion of restricted cash in escrow accounts) and our expectation for AED 3.4 billion of positive free cash flow (net of capex and land acquisition costs) through June 2026. The company does not have committed revolving credit facilities but for past projects has tended to secure working capital facilities to fund project specific working capital. These sources together with ongoing customer collection of project specific installments during the development cycle are sufficient to fund AED 1 billion of mandatory debt repayment during the same period. We expect Binghatti to remain in compliance with its sukuk covenants.

Rating methodology and scorecard factors

The principal methodology used in rating Binghatti is the Homebuilding and Property Development Industry methodology. The scorecard-indicated outcome of Baa3 on a 12-18 month forward basis is three notches above the corporate family rating assigned to the company. This reflects the company's limited operating track record through market downturns at this scale as well as the cyclical nature of real estate market in Dubai which are not fully reflected in the scorecard.

Exhibit 9

Scorecard Factors

Binghatti Holding Limited

Homebuilding And Property Development Industry Scorecard	Current FY 12/31/2024		Moody's 12-18 Month Forward View	
Factor 1 : Scale (10%)	**Measure**	**Score**	**Measure**	**Score**
a) Revenue (USD Billion)	$1.7	B	$5.6 - $7.2	Ba
Factor 2 : Business Profile (30%)				
a) Market Position and Diversification	B	B	B	B
b) Business Strategy	B	B	B	B
c) Market Conditions	B	B	B	B
Factor 3 : Profitability and Efficiency (10%)				
a) Gross Margin	45.2%	A	45% - 50%	A
Factor 4 : Leverage and Coverage (30%)				
a) EBIT / Interest Expense	9.6x	Baa	21x - 24x	Aa
b) Debt / Book Capitalization	52.0%	B	23% - 27%	Aa
c) Debt / EBITDA	1.5x	Baa	0.5x - 1x	Aa
Factor 5 : Financial Policy (20%)				
a) Financial Policy	Ba	Ba	Ba	Ba
Rating:				
a) Scorecard-Indicated Outcome		Ba3		Baa3
b) Actual Rating Assigned				Ba3

All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures

Source: Moody's Ratings

Appendix

Exhibit 10

Peer Comparison

Binghatti Holding Limited

	Binghatti Holding Limited			PNC Investments LLC			Damac Real Estate Development Limited, DIFC			Arada Developments LLC		
	Ba3 Stable			Ba3 Stable			Ba2 Positive			B1 Stable		
(in $ millions)	FY Dec-22	FY Dec-23	FY Dec-24	FY Dec-22	FY Dec-23	FY Dec-24	FY Dec-22	FY Dec-23	FY Dec-24	FY Dec-22	FY Dec-23	LTM Jun-24
Revenue	285	581	1,728	1,511	1,771	2,420	817	2,408	3,303	676	754	799
Gross Margin %	42%	45%	45%	40%	42%	40%	37%	56%	49%	33%	35%	38%
EBIT / Interest Expense	29.6x	16.4x	9.6x	9.1x	7.8x	7.3x	-2.3x	12.0x	9.7x	2.5x	1.2x	1.3x
Debt / EBITDA	1.3x	1.4x	1.5x	1.4x	2.7x	1.7x	-6.0x	1.2x	1.8x	5.5x	9.3x	9.3x
Debt / Book Capitalization	33.0%	45.5%	52.0%	20.5%	20.3%	24.8%	12.6%	24.4%	33.3%	75.8%	68.8%	71.3%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. LTM = last twelve months.

Source: Moody's Financial Metrics™

Exhibit 11

Moody's-adjusted debt reconciliation

Binghatti Holding Limited

(in AED millions)	2021	2022	2023	2024
As reported debt	**98.9**	**437.9**	**1,127.5**	**3,436.9**
No Adjustments	-	-	-	-
Moody's-adjusted debt	**98.9**	**437.9**	**1,127.5**	**3,436.9**

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

Exhibit 12

Moody's-adjusted EBITDA reconciliation

Binghatti Holding Limited

(in AED millions)	2021	2022	2023	2024
As reported EBITDA	**202.3**	**347.3**	**817.8**	**2,337.5**
Unusual Items	(6.5)	0.0	0.0	(41.3)
Moody's-adjusted EBITDA	**195.8**	**347.3**	**817.8**	**2,296.1**

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

Ratings

Exhibit 13

Category	Moody's Rating
BINGHATTI HOLDING LIMITED	
Outlook	Stable
Corporate Family Rating	Ba3

Source: Moody's Ratings

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454