Final Report

Prepared by: Arsen Tagibekov

Date: April, 2025

Project Title: Private Equity Acquisition Valuation of Dubai Urban Services Co. (DUSC)

Note: *This report is a ChatGPT-simulated private equity investment project developed as part of an Investment Analyst portfolio. The analysis reflects real-world techniques and assumptions commonly used by investment professionals, including financial forecasting, valuation modeling, return analysis, and strategic recommendations. While the data is fictionalized, all methodologies and logic follow actual industry practices.*

1. Executive Summary

This report presents a complete simulated acquisition analysis of Dubai Urban Services Co. (DUSC), a mid-sized facilities management firm based in Dubai, UAE. The analysis assumes the role of a buy-side (serve households) investment analyst at a family office considering an 80% acquisition of DUSC for $20.8 million. The model projects 5-year financial performance and exit scenarios, calculating Internal Rate of Return (IRR) and Multiple on Invested Capital (MOIC) under realistic assumptions.

Base Case Highlights:

- Entry Enterprise Value: $26.0 million (5.0x 2024 EBITDA)
- Equity Investment: $20.8 million (80% stake)
- Exit Enterprise Value: $53.4 million (6.5x 2029 EBITDA)
- Exit Equity Value: $42.7 million
- Project IRR: 15.46%
- MOIC: 2.05x

2. Company Overview

Dubai Urban Services Co. (DUSC) operates in real estate services, managing 55 properties across Dubai Marina, Business Bay, and Mirdif. DUSC provides bundled property services including cleaning, concierge, leasing support, and HVAC (Heating, ventilation, and air conditioning) maintenance.

Attribute	Detail
Industry	Real Estate Services / Facilities Management
Founded	2013
HQ	Business Bay, Dubai, UAE
Business Model	B2B property services (cleaning, concierge, fit-out, HVAC maintenance, leasing support)
Client Base	Property developers (Emaar, Damac), REITs, residential communities
Buildings Serviced	55 properties in Marina, Mirdif, Downtown
Contracts	2-5 year renewable service contracts
Employees	~130 (100 operational, 30 admin/sales)
Competitive Advantage	Contract stickiness, bundled services, tech-enabled work order system
Pain Point	Limited scale, outdated CRM, capex needed to expand operations & digitize maintenance tracking

3. Market Opportunity

Dubai's real estate and facility management market is expanding due to:

- Continuous residential and commercial development[1]
- Increased demand for bundled facilities management (FM) services
- Expo 2020[2] aftereffects and Golden Visa[3] program driving population growth

The market remains fragmented with opportunities for consolidation by professionalized operators like DUSC.

[1] Demtco Blog (2025) Recovery of the Real Estate Sector: Key Trends and Future Outlook for Global Markets, Demtco.com. Available at: https://www.demtco.com/blogs/recovery-of-the-real-estate-sector/8/

[2] FutureUAE (2021) Future Center - 'Expo 2020 Dubai' and its comprehensive impact on the UAE Economy, Futureuae. Available at: https://futureuae.com/en-US/Mainpage/Item/6691/a-sustainable-boom-expo-2020-dubai-and-its-comprehensive-impact-on-the-uae-economy

[3] Benham&Reeves (2025) *UAE Golden Visa: How It's Transforming the Real Estate Market*, *Benhams.co.in*. Available at: https://www.benhams.co.in/news/uae-property-market/uae-golden-visa-impact-property-market/

4. Historical Financials (2021-2024)

Metric	2021	2022	2023	2024
Revenue	15.2	17.4	19.3	21.5
EBITDA	3.2	4.0	4.6	5.2
EBITDA Margin	21.1%	23.0%	23.8%	24.2%
Net Income	1.7	2.2	2.6	2.9

5. Deal Assumptions

Parameter	Base Case
Entry EV	$26.0M (5.0x 2024 EBITDA)
Equity Purchase	80% stake (majority acquisition)
Investor Type	Family Office (e.g., Al Zahra Capital)
Equity Check	$20.8M
Debt Usage	None (cash deal)
Holding Period	5 years
Exit Strategy	Strategic sale to regional FM giant or IPO prep
Target Exit EV Multiple	6.5x EBITDA
EBITDA at Exit (2029)	$8.21M
Exit EV (2029)	$53.4M
Equity Exit Value (80%)	$42.7M

6. Financial Forecast (2025-2029)

Using revenue growth rates of 6-8% and gradual EBITDA margin expansion to 28.0% by 2029:

Year	Revenue (USD M)	EBITDA (USD M)	EBITDA Margin
2025	23.0	5.75	25.0%
2026	24.5	6.37	26.0%
2027	26.1	7.05	27.0%
2028	27.7	7.61	27.5%
2029	29.3	8.21	28.0%

7. Valuation

- Entry EV: $26.0 million
- Exit EV: $53.4 million
- Exit Multiple: 6.5x on $8.21 million EBITDA

Equity Investment & Returns:

- Initial Equity Investment: $20.8 million
- Exit Equity Value: $42.7 million
- IRR: 15.5%
- MOIC: 2.05x

8. IRR & MOIC Calculation

Year	Cash Flow (USD M)
2024	-20.8
2025	0
2026	0
2027	0
2028	0
2029	42.7

IRR = 15.5% **MOIC = 2.05x**

9. Sensitivity Analysis

Exit Multiple	6.0x	6.5x	7.0x	7.5x	8.0x
Exit Equity Value (USD M)	39.4	42.7	46.0	49.3	52.5
IRR	13.6%	15.5%	17.2%	18.8%	20.3%
MOIC	1.89x	2.05x	2.21x	2.37x	2.53x

10.Investment Recommendation

Buy / Proceed

The DUSC acquisition demonstrates strong return potential under conservative growth and margin assumptions. The FM sector's tailwinds and the company's solid margins, scalability, and operational base provide a robust platform for value creation and eventual exit.

11.Risks & Consideration

- Labor cost inflation or policy change
- Customer churn due to competitive pricing
- Execution risk in scaling ops or technology upgrade
- Low-margin contracts eroding EBITDA

12. Conclusion

This project simulates a full Investment Analyst workflow in a Dubai-based private equity context. It covers company profiling, forecasting, valuation, return modeling, and scenario testing – showcasing readiness for roles in investment analysis, corporate finance, and strategic M&A.