

TECOM GROUP REPORTS STRONG GROWTH IN FIRST 9 MONTHS OF 2022 WITH NET PROFIT INCREASING 51% TO AED 639 MILLION DRIVEN BY SUSTAINED INCREASE IN OCCUPANCY RATES

- Q3 2022 revenue rose 12.48% while net profit rose 70%, on high occupancy levels thanks to very high customer retention rates and increase in number of new customers
- High-quality portfolio of assets catering to 6 sectors enabled TECOM Group to benefit from continued expansion and diversification of Dubai's economy
- Board proposes AED 200 million interim cash dividend distribution, in line with dividend policy

Dubai, UAE, 25 October 2022 – TECOM Group PJSC (DFM: TECOM), (the "Company" or the "Group"), the creator of specialised business districts and vibrant communities, today announced its financial results for the third quarter (Q3) and first nine months ending 30 September 2022.

Financial & Operating Highlights

AED '000s (Unless otherwise stated)	Third Quarter			First Nine Months		
	2022	2021	% Change (YoY)	2022	2021	% Change (YoY)
Revenue	490,295	435,877	12.48%	1,479,712	1,290,392	14.67%
EBITDA	364,156	287,478	26.67%	1,087,014	877,874	23.82%
Net Profit	211,527	124,245	70.25%	639,060	422,471	51.27%

Q3 2022:

- Revenue came in at AED 490 million, increasing 12.48% year on year (YoY) driven by rising occupancy levels across the portfolio, especially office, warehouse, and worker accommodation
- EBITDA for the three-month period was AED 364 million up 26.76% YoY, supporting margin expansion. Higher EBITDA levels was driven by top line growth and lower operational expenses thank to the implementation of groupwide efficiency enhancement initiatives
- Net profit increased 70% year on year (YoY) to AED 212 million in strongest quarter, as growth across segments was sustained

9 Months 2022:

- Revenue 2022 increased 15% YoY to AED 1.48 billion, driven by strong growth across all business segments
- As at 30 September 2022, occupancy levels for commercial and industrial assets was 83.5%, registering the third sequential growth and a significant increase from year end 2021 occupancy levels of 78.3%. The sustained growth momentum in occupancy is owed to the very strong customer retention rates, increase in new customers across the portfolio underpinned by Dubai's continued economic growth and diversification. New customers include Motorola Solutions, Rakuten, Dubatt and M-Glory amongst others.
- EBITDA increased 24% YoY to AED 1.09 billion, owing to revenue growth and improved revenue quality from all business segments and lower operational expenses
- Net profit grew 51% YoY to AED 639 million, underpinned by strong growth in revenues, lower operational expenses, and prudent financial management
- Funds from Operations¹ (FFO) was AED 864 million (AED 1,228 LTM²), a 34% YoY increase, demonstrating the Company's continued focus on driving quality revenue and enhancing its operating efficiency
- The Loan to Value (LTV) stands at 16%, and the net debt to LTM² EBITDA ratio, a measure of financial leverage, stands at 2.2x on strong EBITDA growth and the Company's continued hedging against rising interest rates
- On 14 October 2022, the Board of Directors recommended an interim cash dividend payment of AED 200 million (4.0 fils per share), the first payment of the proposed AED 400 million payout for the second half of 2022 in line with the dividend policy, subject to shareholder approval at the next Annual General Meeting.

¹ Funds from Operations = Cash from operations (including net financing costs and income) before changes in working capital

² LTM = Last twelve months

Abdulla Belhoul, Chief Executive Officer of TECOM Group, said: "Our strong revenue and profit growth since the start of the year and our particularly remarkable performance in Q3 is a testament to the Group's ability to effectively deliver on its growth strategy to drive net asset value growth and maximise shareholder returns.

The increase in occupancy rates across our portfolio reflects the sharp rise in demand in the commercial real estate market, underpinned by Dubai's economic expansion and the government's pro-growth initiatives to further improve the ease of doing business and attract top global talent and foreign direct investment. As Dubai's largest commercial real estate owner, TECOM Group remains well-positioned to capitalise on the encouraging economic growth and positive business sentiment within the six knowledge-based economic sectors it caters to.

Improvement in commercial rental rates and strong occupancy levels will continue to drive revenue growth across our commercial leasing properties while structural medium-term tailwinds in the industrial, construction, and logistics sector will bolster our industrial, land leasing and value-add service segments. With a well-balanced portfolio and complementary comprehensive service offering, we remain optimistic in our ability to maintain a robust financial performance in light of global market uncertainty and will continue to contribute to strengthening Dubai's position as an attractive global business and talent hub."

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Note to Editors:

Definitions

TECOM Group has an integrated portfolio of real estate assets, spread across 10 strategically located *business districts* in Dubai. These business districts serve 6 industry sectors. We refer to each sector we serve as a *Cluster*, which consists of one or more business districts operating in the same industry.

- **Technology Cluster:** Consists of *Dubai Internet City* and *Dubai Outsource City*.
- **Media Cluster:** Consists of *Dubai Media City*, *Dubai Studio City* and *Dubai Production City*.
- **Education Cluster:** Consists of *Dubai International Academic City* and the *Dubai Knowledge Park*.
- **Science Cluster:** Consists of *Dubai Science Park*.
- **Design Cluster:** Consists of *Dubai Design District*.
- **Manufacturing Cluster:** Consists of *Dubai Industrial City*.

More broadly, the Company provides real estate solutions across three segments: *Commercial Leasing*, *Land Leasing* and *Industrial Leasing*.

- **Commercial Leasing.** TECOM Group provides state of the art built-to-lease (BTL) and built-to-suit (BTS) properties across office and retail spaces including purpose-built business centres and HQs tailored to customer specifications as well as industry specialised facilities (e.g. sound stages, film studios, university campuses, lab facilities, etc.). Typically, BTL properties have a lease term of 1 to 5 years and BTS properties have lease terms of 10 years and over.
- **Land Leasing.** Available land within our various business districts for which infrastructure (e.g. roads, water, electricity, sewage) is already in place or will be put in place allowing us to lease the land or utilise it for our planned future investments. Typically, lease terms for Land Leasing are between 30 to 50 years.
- **Industrial Leasing.** Warehouse space, showrooms and worker accommodation facilities utilised by large corporates and other businesses to accommodate their employees. Typically, lease terms for Industrial Leasing are 1 to 5 years.

TECOM Group also provides an array of value-added government and business services (e.g. visa, immigration, licensing, etc.) including services promoting individual talent, start-ups and entrepreneurship through our dedicated platforms *axs*, *in5*, *gofreelance*, *marketplace.ae* and *D/Quarters* respectively, as well as advertising, property and venue management services specific to each industry / district. Collectively we refer to these services as **Services & Others**.

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FINANCIAL RESULTS

FIRST 9 MONTHS 2022

2022

2021

AED 1,480
MILLIONREVENUE
▲ 15%AED 1,290
MILLIONAED 1,087
MILLIONEBITDA
▲ 24%AED 878
MILLIONAED 639
MILLIONNET PROFIT
▲ 51%AED 422
MILLION

AED 0.13

EPS*
▲ 51%

AED 0.08

AED 864
MILLIONFFO**
▲ 34%AED 644
MILLION

Q3 2022

2022

2021

AED 490
MILLIONREVENUE
▲ 12%AED 436
MILLIONAED 364
MILLIONEBITDA
▲ 27%AED 287
MILLIONAED 212
MILLIONNET PROFIT
▲ 70%AED 124
MILLION

AED 0.04

EPS*
▲ 70%

AED 0.02