TECOM GROUP FY 2022 REVENUES UP 12% TO AED 2 BILLION, HIGHEST IN 22 YEARS WITH 28% INCREASE IN NET PROFIT

Malek Al Malek, Chairman of TECOM Group: *"Since our successful IPO in July 2022, TECOM Group continued to realise unparalleled achievements, demonstrating strong results and rewarding shareholders with attractive returns."*

- *Board of Directors recommends a dividend payment of AED 200 million (4.0 fils per share) in April 2023, subject to shareholder approval at its upcoming Annual General Meeting to be held on 14 March 2023*
- *FY 2022 revenue up 12% YoY to AED 1.97 billion due to substantial increase in new customers and the delivery of new built-to-suit projects which resulted in significantly high occupancy levels of 86%*
- *EBITDA up 15% YoY to AED 1.35 billion and net profit up 28% YoY to AED 725.62 million, testament to strong performance across all business segments including Commercial and Industrial Leasing and Services*
- *Strong increase in funds from operations[1] to AED 1.20 billion and healthy recurring free cash flow of AED 964 million on improved revenue quality and enhanced operational efficiency*
- *9.7% increase in fair value of investment property portfolio from March 2022*

Dubai, UAE, 10 February 2023 – TECOM Group PJSC (DFM: TECOM), (the "Company" or the "Group"), the creator of specialised business districts and vibrant communities, today announced a 12% year-on-year (YoY) increase in revenues to AED 1.97 billion and a record 28% YoY increase in net profit to AED 725.62 million for the financial year ended 31 December 2022 (FY 2022), due to strong demand for the Group's commercial and industrial properties and supported by Dubai's strong macroeconomic environment and buoyant business and consumer confidence.

Financial Highlights

AED '000s (Unless otherwise stated)	**Full Year 2022**	**Full Year 2021**	**YoY%**
Revenue	1,973,368	1,765,629	12%
EBITDA	1,346,793	1,171,384	15%
EBITDA Margin	68%	66%	2%
Funds From Operations (FFO)	1,197,909	1,008,646	19%
Net Profit	725,618	568,837	28%
Earnings Per Share (EPS[2]) *in AED*	0.15	0.11	28%

Operating Highlights

As of	**31 December 2022**	**31 December 2021**	**YoY%**
Occupancy Level (Commercial and Industrial)	86%	78%	8%
Number of Customers	9,500+	7,800+	22%

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

[2] Based on number of shares as of 31 December 2022

Malek Al Malek, Chairman of TECOM Group, said: *"Since our successful IPO in July 2022, TECOM Group continued to realise unparalleled achievements, demonstrating strong results and rewarding shareholders with attractive returns. The excellent performance, surpassing expectations at the time of our listing, has benefitted from Dubai's strong economy and the long-term vision of our nation's leadership, which continues to support sustainable economic growth through robust government reforms and initiatives.*

"As per our declared dividend policy, we have distributed AED 200 million in cash dividends to our shareholders in November 2022. Following our exceptional FY 2022 performance, the Board of Directors has recommended an interim dividend payment of AED 200 million to be distributed in April 2023, which will bring the total dividend to AED 400 million for the second half of 2022. We remain committed to distributing a total dividend of AED 800 million per annum in our first three years of being a listed company, subject to the Board of Directors and General Assembly required approval.

"Looking ahead, we are focused on expanding and optimising our world class assets, embedding sustainability deeper into our core operations and capitalising on the booming real estate market in Dubai, which is continuing to grow and yield strong returns."

Abdulla Belhoul, Chief Executive Officer of TECOM Group, added: *"Our strong first full year results since listing are a testament to our ability to deliver on the growth strategy outlined at our IPO and our rigorous financial and operational discipline.*

"The strong growth in our occupancy rates in 2022 indicates a sharp return in demand for quality commercial and industrial real estate assets in Dubai and reflects the attractiveness of TECOM Group's specialist real estate offerings. I am encouraged by the progress we have made this past year, particularly in increasing the value of our investment property portfolio by nearly 10%, as well as increasing and enhancing our high-quality customer base to reach more than 9,500 including companies and freelancers which represents a 22% YoY growth.

"We expect sustained growth in rental rates and occupancy levels for the foreseeable future which will enable us to maintain a robust financial performance and unlock greater value for shareholders. We will also continue to look at developing existing and new assets to improve our offering. Together, this will support the Group's growth agenda and cement our position as Dubai's leading specialised commercial and industrial real estate owner and operator."

Full Year 2022:

- FY 2022 revenue rose by 12% year-on-year to AED 1.97 billion, driven by higher occupancy levels, stronger customer retention rates and an increase in the number of new customers across the TECOM Group portfolio.
    - As of 31 December 2022, the occupancy level for commercial and industrial assets was 86%, registering the fourth quarter of sequential growth and a substantial increase from year end 2021 occupancy level of 78%.
    - Customer retention rates stood at 92%, surpassing market expectations and reaffirming the unparalleled customer offerings provided by TECOM Group. Over the year, more than 1,700 new customers joined the business districts that cater to six different strategic sectors – Technology, Media, Education, Science, Design and Industrial – with high demand for both 'built-to-suit' and 'built-to-lease' properties.
- EBITDA increased by 15% year-on-year to AED 1.35 billion and the EBITDA margin expanded to 68% in FY 2022, compared to 66% in FY 2021. The higher EBITDA and EBITDA margin was due to improved revenue quality from all the different business segments as well as enhanced management of operating expenses.

- Net profit grew by a record 28% year-on-year to AED 725.62 million in line with the top-line positive performance, which was also supported by the resilience of the economic environment in Dubai and the upward trend in its real estate market.
- Funds from operations (FFO) stood at AED 1.20 billion, representing a 19% year-on-year increase, a testament to enhanced operational efficiency across all income-generating assets.
- Recurring free cash flow increased to AED 964 million, up 21% year-on-year, on the back of healthy accounts receivables and effective cash conversion. TECOM Group has a well-balanced portfolio of assets with both short and long-term contracts, which supports cash flow predictability.
- At the end of 2022, TECOM Group maintained a highly controlled cost of debt and healthy debt profile with a loan to value (LTV) ratio of 14.5% and net debt of AED 3.08 billion.
- The robust performance and overall positive real estate market sentiment resulted in an increase in the fair value of our investment property portfolio by 9.7% since March 2022 from AED 19.41 billion to AED 21.29 billion, translating to solid net asset value growth and further strengthening the real long-term value realised by shareholders.
- An attractive annualised dividend yield of 7.1% (based on closing share price on 30 December 2022), which is among the top returns for shareholders who have invested in companies listed on the Dubai Financial Market (DFM).

Q4 2022:

- Q4 2022 revenue increased by 4% YoY to AED 493.66 million, due to an increase in new customers as well as growth in occupancy rates which saw an 8% increase from the same period in 2021.
- TECOM Group's high-quality customer base saw many new high-profile organisations join one of its specialised business parks as well as existing customers taking additional space to expand operations.
- EBITDA for the quarter stood at AED 260 million and net profit at AED 87 million, impacted primarily by increased depreciation expense following the delivery of new built-to-suit projects and additional capital expenditure (CAPEX) on enhancement of existing assets as well as higher operating costs as a result of return to normal activity levels compared to the same period of last year, in which the Group also took precautionary measures in Q4 2021 due to the COVID-19 pandemic.

Performance by Business Segment

TECOM Group provides real estate solutions across three main segments: Commercial Leasing, Industrial Leasing and Land Leasing. The Company also offers a range of value-added services to facilitate creating unique ecosystems at its 10 business districts for its customers, which is the fourth segment known as Services and Others.

AED '000s (Unless otherwise stated)	COMMERCIAL LEASING			INDUSTRIAL LEASING		
	FY2022	**FY2021**	**YoY%**	**FY2022**	**FY2021**	**YoY%**
Revenue	1,056,422	900,389	17.3%	273,704	243,962	12.2%
EBITDA	665,538	519,973	28.0%	170,198	169,319	0.5%
EBITDA Margin	63.0%	57.7%	5.2%	62.2%	69.4%	-7.2%
Occupancy Rate	85.4%	80.4%	5.0%	86.5%	76.6%	9.9%

AED '000s (Unless otherwise stated)	LAND LEASING			SERVICES & OTHERS		
	FY2022	**FY2021**	**YoY%**	**FY2022**	**FY2021**	**YoY%**
Revenue	426,877	438,798	-2.7%	216,365	182,480	18.6%
EBITDA	357,935	367,862	-2.7%	153,122	114,230	34.0%
EBITDA Margin	83.8%	83.8%	0.0%	70.8%	62.6%	8.2%

- FY 2022 revenue for the commercial segment increased by 17% year-on-year to AED 1.06 billion, driven by a sustained increase in occupancy rates to 85% and strong above target retention rates across all clusters of 92%.
- The expansionary economy in Dubai coupled with the strong demand from manufacturing customers drove higher occupancy and retention rates for both the commercial and industrial leasing segments.
- Land Leasing continue to enjoy the same level of EBITDA margin at 84% while revenue marginally decreased by 2.7% in FY 2022. However, the Group was able to maintain a high retention rate of over 95%, expecting this segment to grow further over the coming years in line with Dubai's economy.
- FY 2022 revenue for the Services & Others segment increased by 19% YoY to AED 216 million, driven by strong increase in demand for government and registration services (axs) due to the easing of COVID-19 restrictions and a subsequent increase in new business established in Dubai.
- Higher EBITDA and EBITDA margins for the Services & Others segment is owed to an improving top-line and lower general and administrative expenses due to operational efficiency enhancement.

Corporate Highlights

Further progress was made on ESG initiatives in 2022, following the publication of the inaugural ESG Report detailing the TECOM Group's ESG framework and commitments based on the results of a materiality assessment identifying the ESG topics of importance for its different stakeholders and operations. The installation of three new solar photovoltaic (PV) within our business districts increased the total amount of clean energy generated by the Group for the year of 2022 to 11.14 Gigawatt hours (GWh), while emissions from electricity consumption were also reduced by 25% against 2021 figures.

In the second half of the year, TECOM Group broke ground on the development of Innovation Hub Phase II with agreement to lease more than 50% of the leasable area. As of 31 December 2022, the Innovation Hub Phase I reached the occupancy of 93%, providing tech giants like Google, Hewlett-Packard, Gartner, and China Telecom a home in the region. With additional stages in the pipeline, the completed Innovation Hub project is expected to add more than 1.3 million square feet of space for technology, education and new media businesses of all sizes to the Group's portfolio.

Dividend Policy

As per the dividend policy set out in the IPO prospectus, TECOM Group is committed to paying a total dividend amount of AED 800 million per annum over the first three years of being a listed company. The first interim dividend payment of AED 200 million (4.0 fils per share) was distributed in November 2022. Following the Board of Director's meeting held on 9 February 2023 in which they recommended a dividend distribution of AED 200 million (4.0 fils per share), the next dividend payment will be distributed in April 2023 for the year 2022, subject to shareholder approval at the upcoming Annual General Meeting.

The full dividends payment schedule is outlined below:

This dividend policy is designed to reflect confidence in realising a strong cash flow and expected long-term earnings potential, while allowing the Group to retain sufficient capital to fund ongoing operating requirements and continued investment for long-term growth.

-ENDS-

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 *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.
- **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.
- **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.

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**.

	MEDIA ENQUIRIE	**INVESTOR RELATIONS ENQUIRIES**
TECOM Group P.J.S.C	**Mutaz Albadri**	**Ghaith Zghaibi**
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Brunswick Group	tecomgroup@brunswickgroup.com	

TECOM GROUP

TECOM GROUP FY 2022 REVENUES UP 12% TO AED 2 BILLION, HIGHEST ON RECORD IN 22 YEARS WITH 15% GROWTH IN EBITDA

FY 2022 KEY FINANCIALS (YoY)

Revenue
AED 1.97bn (↑ 12%)

EBITDA
AED 1.35bn (↑ 15%)

Funds from Operations (FFO)
AED 1.20bn (↑ 19%)

Net Profit
AED 726mn (↑ 28%)

Return on Equity
12.5% (↑ 2.8%)

Earnings per Share
AED 0.15 (↑ 28%)

SEGMENTAL PERFORMANCE (YoY)

Commercial Leasing
AED 1.06bn (+ 17%)

Industrial Leasing
AED 274mn (+ 12%)

Land Leasing
AED 427mn (– 3%)

Services & Others
AED 216mn (+ 19%)

OPERATIONAL PERFORMANCE

Overall Occupancy (Commercial and Industrial)
86% (+ 7.7%)

Commercial Leasing Occupancy
85% (+ 5%)

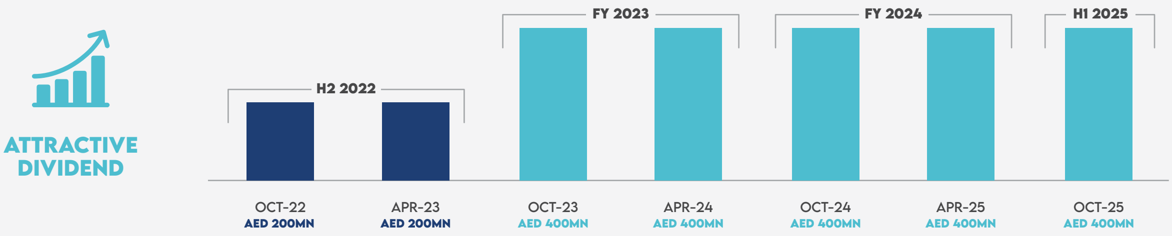
Industrial Leasing Occupancy
86% (+ 10%)

Commercial & Industrial Retention Rate
92%

Number of Customers
+9,500 (+ 22%)

ATTRACTIVE DIVIDEND

9.7% increase in fair value of investment property portfolio*
7.1% dividend yield**



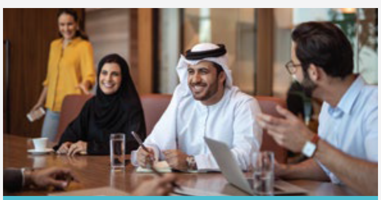
HIGHLIGHTS

SUSTAINABILITY

- 11.14 GWh of clean energy generated in 2022
- Emissions from electricity consumption was reduced by 25% YoY
- Installation of three new solar photovoltaic (PV) rooftop systems

INNOVATION HUB PHASE 2

- Broke ground on the development of Innovation Hub Phase 2
- Innovation Hub Phase 2 project will add 355,000+ square feet of space
- Innovation Hub Phase 1 is approaching total capacity (93%)



CUSTOMERS

- 1,700+ new customers

AstraZeneca
CLOUDFLARE
COMCAST
BOTTEGA VENETA

*From 31st March 2022
**Based on Share price as of 30 December 2022 closing