

## TECOM GROUP FY 2023 NET PROFIT JUMPS 49% TO A RECORD AED 1.1 BILLION DRIVEN BY STRONG PERFORMANCE OF ASSETS ACROSS ALL BUSINESS SECTORS

- FY 2023 revenue grew 10% YoY, reaching AED 2.2 billion driven by high occupancy rates of 89% across the portfolio on the back of strong demand from new and existing customers across all sectors
- FY 2023 EBITDA increased 23% YoY to AED 1.7 billion with margins expanding to 76% (vs. 68% in 2022) on the back of improved revenue quality and positive impact from operational efficiency enhancements
- FY 2023 net profit reached AED 1.1 billion on strong performance across the business and as Group reaps the benefits of its financial optimisation initiatives and prudent cost management
- FY 2023 funds from operations (FFO) reached AED 1.4 billion, up 21% YoY on increase in revenue and improved collections, a reflection of healthy economic conditions
- The market value of the Group's real estate investments portfolio increased by 7.7% YoY to reach AED 22.9 billion as of 31 December 2023, achieving a record growth of 18.2% since the IPO, which reflects the distinctive performance of its operational assets
- In line with the dividend policy, Board of Directors propose a dividend payment of AED 400 million (8 fils per share) in April 2024, for the second half of 2023, subject to shareholder approval at its upcoming Annual General Meeting to be held on 4 March 2024

**Dubai, UAE, 31 January 2024** – TECOM Group PJSC (DFM: TECOM), (the "Company" or the "Group"), the creator of specialised business districts and vibrant communities, today announced a record AED 2.2 billion in revenue, representing a 10% year-on-year (YoY) increase and a 49% YoY increase in net profit to AED 1.1 billion for the financial year ended 31 December 2023 (FY 2023). The strong financial performance was driven by robust demand from new and existing customers operating across all six sectors the Group serves, underpinned by Dubai's resilient economic performance, pro-growth and diversification government initiatives, and bullish consumer and business confidence.

### Financial Highlights

AED Millions (Unless otherwise stated)	FY		% Change (YoY)	Q4		% Change (YoY)
	2023	2022		2023	2022	
<b>Revenue</b>	2,169	1,973	<b>10%</b>	579	494	<b>17%</b>
<b>EBITDA</b>	1,654	1,347	<b>23%</b>	419	260	<b>61%</b>
<b>EBITDA Margin</b>	76%	68%	<b>8%</b>	72%	53%	<b>20%</b>
<b>Net Profit</b>	1,078	726	<b>49%</b>	311	87	<b>259%</b>

### Operating Highlights

	31 December 2023	31 December 2022	% Change
<b>Occupancy Level</b> (Commercial and Industrial)	89%	86%	3%
<b>Occupancy Level</b> (Land Lease)	94%	81%	13%
<b>Number of Customers</b>	11,000+	9,500+	15%



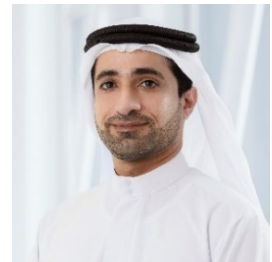
**Malek Al Malek, Chairman of TECOM Group**, said: "2023 was a remarkable year for the UAE and Dubai's economy, supported by strong performance across several sectors including the commercial real estate sector, which has outperformed other global markets. This has enabled TECOM Group to cement its position as the leading owner and operator of specialised business districts and a major contributor to the rapid growth of Dubai's knowledge and innovation-based economy."

"In 2023, we continued to demonstrate the attractiveness of our assets and our ability to acquire new customers including major and market-leading global and regional companies, further strengthening, and expanding our diverse customer base. This is owed to our ability to deliver comprehensive and competitive offerings and solutions. Consequently, we have enhanced our position as the preferred destination for investors and entrepreneurs and talent from around the world. The Group delivered excellent financial results achieving record revenue and net profit and ended the year with a healthy liquidity position and robust balance sheet."

"As part of our commitment to delivering superior shareholder returns, and in line with our dividend policy, the Board of Directors is recommending a dividend payout of AED 400 million to our shareholders for the second half of 2023. Our commitment to rewarding shareholders is a reflection of the strong FY 2023 performance and optimism in our ability to sustain the growth momentum in 2024."

"We will continue to unlock greater value for our shareholders, thanks to our unique capabilities that enable us to capitalise on promising market opportunities within Dubai's robust macroeconomic backdrop, underpinned by pro-growth government initiatives, including Dubai's D33."

**Abdulla Belhoul, Chief Executive Officer of TECOM Group**, added: "Our strong financial performance reflects our ability to capitalise on favourable opportunities in Dubai's attractive commercial and industrial market and satisfy demand trends by leveraging our unique and diverse offerings. We successfully converted demand-driven business growth into sustainable bottom-line expansion, thanks to our focus on operating at more efficient levels across the business which pushed EBITDA and EBITDA margins higher. We ended the year with a very healthy cash profile, further optimised our capital structure and maintained a robust balance sheet."



"What drove occupancy rates to 89% across our portfolio was strong demand for assets in all sectors, especially those catering to customers in the industrial sector. We also witnessed a demand surge for customers requiring premium office spaces in centrally located districts, such as the Dubai Design District. While the majority of our revenue is attributed to retained customers, we are also pleased with an almost 15% increase in the number of new customers from 2022, including welcoming F&B manufacturer Nutridor, technology service provider Endava, global herbal health specialist Himalaya Wellness, pharma giant AstraZeneca, and globally renowned School of Jewelry Arts L'ÉCOLE."

"We anticipate the demand-induced growth momentum to be sustained in 2024 and beyond. With our well-balanced business model, access to strategically located land bank and prime assets, we are confident in our ability to satisfy demand trends and consolidate our market-leading position."

### Commentary on Full Year 2023

- Revenue increased by 10% YoY to AED 2.2 billion, the highest on record for the Group, driven by elevated occupancy rates on the back of high customer retention rates and an increase in the number of new customers across the Group's portfolio.

- As of 31 December 2023, the occupancy rate for commercial and industrial portfolio was 89%, registering the third quarter of sequential growth and a substantial increase from year-end 2022 occupancy rate of 86%.
- The lease of industrial lands witnessed a strong demand in 2023, as the occupancy rate rose to 94%, compared to an occupancy rate of 81% during the year 2022.
- EBITDA increased by 23% YoY to AED 1.7 billion and the EBITDA margin expanded to 76% compared to 68% in 2022. The significant rise in EBITDA and EBITDA margin is owed to enhanced revenue quality, attributed to improving macro conditions.
- Net profit jumped 49% YoY to an all-time high of AED 1.1 billion driven by strong broad-based growth across the business, lower operational and financial costs, owing to the Group's ongoing efforts to enhance operations, reduce costs to complement its funding needs and growth plans.
- Funds from operations (FFO) stood at AED 1.4 billion, representing a 21% YoY increase, on improved collections and increased performance of income-generating assets.
- In June 2023, TECOM Group refinanced an existing AED 7.6 billion loan facility at lower rates and more favourable terms, enabling it to reduce its financial costs in the second half of the year and ending the year at a very comfortable debt-to-equity ratio of 0.7x. As part of the refinanced facility, the Group can tap an AED 3.2 billion revolving credit facility to invest in the business.
- Following an independent valuation exercise, the market value of the Group's real estate investments portfolio increased by 7.7% YoY to reach AED 22.9 billion as of 31 December 2023, achieving a record growth of 18.2% since the IPO, which reflects the distinctive performance of its operational assets.

#### **Commentary on Q4 2023**

- Revenue increased by 17% YoY to AED 579 million, due to an increase in new customers including Yango, Sokovo, Himalaya Wellness and Nutridor, among others, as well as strong demand from existing customers.
- EBITDA rose by 61% YoY to AED 419 million with EBITDA margins expanding to 72% compared to 53% in the same period a year ago. Strong EBITDA performance is owed to higher top-line and enhanced operations.
- Net profit more than tripled to AED 311 million.

#### **Q4 2023 Corporate Highlights**

- Global technology leader Sprinklr and Yango, a technology company dedicated to enhancing local communities through global innovations announced the inauguration of its new office at Dubai Internet City during GITEX Global 2023.
- Global biotechnology company BeiGene opened its regional office at Dubai Science Park.
- Dubai Science Park and EY announced early findings of their white paper focused on healthcare sector during COP28.
- L'ÉCOLE, School of Jewelry Arts, founded in 2012 with the support of Van Cleef & Arpels, opened its doors in Dubai Design District (d3), with its inaugural exhibition, Garden of Emeralds.
- Dubai Knowledge Park celebrated its 20<sup>th</sup> anniversary as the hub for lifelong learning and a catalyst for the region's knowledge-based economy. It also secured the Guinness World Record for the World's Largest Rubik's Cube.
- Sokovo inaugurates advanced hydroponic vertical farm at Dubai Industrial City to bolster national food security agenda.
- Nutridor expanded its regional footprint of dairy brand Abevia with inauguration of AED 75 million factory at Dubai Industrial City.
- Himalaya Wellness has broken ground for its upcoming AED 200 million state-of-the-art herbal pharmaceutical factory at Dubai Industrial City.

## ESG 2023 Highlights

In 2023, TECOM Group remained dedicated to transparent governance, driving economic growth, nurturing a diverse and inclusive workplace and fostering sustainable practices. Key highlights for the year include:

- 9.83% increase in active startups, for a total of 380 active startups under the in5 incubator compared to 346 in 2022.
- Invested almost AED 1.5 million into CSR activities that delivered initiatives such as 'The Good Store' and 'WeWalk'.
- 11% increase in clean energy generated to 12.35 GWh compared to 11.14 GWh in 2022.
- 8 new LEED certified buildings, with a total of 30 LEED-certified buildings in 2023.
- Participation and active engagements during COP28 with several strategic partnerships formed with Ministry of Industry and Advanced Technology, and Ministry of Climate Change and Environment.

-ENDS-

### Note to Editors:

#### Definitions

TECOM Group has an integrated portfolio of commercial and industrial 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 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*.

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