

## TECOM Group invests AED 1.7 billion in strategic projects as it embarks on its next phase of growth

- *Board of Directors approves Strategic Acquisitions and Development Plan, reflecting the Group's ambitions to expand its portfolio and achieve sustainable growth*
- *The Plan includes acquiring:*
  - *Existing high-quality office buildings with high occupancy rates in Dubai Internet City*
  - *Built-up areas in a prime and strategic location to be developed into Grade A offices*
  - *Industrial land plots allocated for industrial sector.*
- *The well-devised investments align with the Group's clear and defined roadmap of achieving sustainable growth and delivering strong performance*
- *The operational assets will contribute immediately to revenue growth and portfolio value appreciation, and the other acquisitions will enable the Group to satisfy growing market demand in the mid to long-term*
- *The expansion plan reflects the Group's confidence in sustained robust demand for commercial Grade A spaces and for industrial assets, bolstered by Dubai's strong economic development and the government's strategies and initiatives aimed at supporting economic growth*
- *Investments will be executed by the Group's subsidiaries: TECOM Investment FZ LLC, Dubai Design District FZ LLC and Dubai Industrial City LLC*
- *The Group is well funded to acquire the strategic assets, underpinned by resilient financial performance and ample liquidity, including existing credit facilities*

**Dubai, UAE, 15 May 2024:** The Board of Directors at TECOM Group PJSC (DFM: TECOM), (the "Company" or the "Group"), the creator of strategic, sector-focused business districts across Dubai and a major contributor to the rapid growth of Dubai's knowledge and innovation-based economy, has approved a **Strategic Acquisition and Development Plan** following a board meeting held earlier today.

The expansion plan will involve TECOM Group investing AED 966 million to acquire commercial and industrial assets from Dubai Holding Asset Management ("DHAM") and earmarking AED 689 million for to develop grade A offices in Dubai Design District ("d3").

The strategic acquisitions are in line with the Group's clearly defined roadmap to achieve sustainable growth and continue delivering strong performance through strengthening its portfolio of flexible and high-quality commercial and industrial assets as a result of tapping into new sources of sustainable growth. The investment plan will enable the Group to further cement its leading position in developing integrated business ecosystems and enabling growth across key strategic sectors within Dubai. It will also seek to unlock greater returns for shareholders over the mid to long-term.

**Abdulla Belhoul, Chief Executive Officer of TECOM Group,** said: “As we embark on our ambitious AED 1.7 billion strategic acquisitions and development plan, TECOM Group is well equipped and poised to capitalise on the unique opportunities that Dubai’s commercial real estate market offers. This plan is not just an expansion of our asset base, it is a strategic move to harness favourable market dynamics and drive our vision forward, reinforcing our commitment to Dubai and the UAE’s growth and will unlock greater value for our shareholders and other key stakeholders.”



“This expansionary plan is perfectly aligned with a key pillar of our growth strategy which is tapping new sources of growth to expand our offerings and boost our portfolio value. Expanding through acquisitions has always been a crucial lever to help accelerate our growth ambitions and cater to evolving market dynamics.”

He added, “Thanks to our prudent financial management, optimised capital structure, and strong financial performance so far this year, we have the financial means to execute these deals while maintaining a healthy cash profile. We look forward to updating the market as we execute our growth agenda.”

The Strategic Acquisition and Development Plan includes the following assets:

- 1. Operational Grade A office space buildings in Dubai Internet City:** TECOM Investment FZ LLC, a TECOM Group subsidiary, will acquire two grade A office buildings from DHAM with a combined value of AED 420 million. Over the past years, Dubai Internet City has sustained high occupancy levels, driven by strong demand for premium office spaces in central business districts (“CBD”). The office buildings have a gross leasable area (“GLA”) of 334k sq. ft with high occupancy level consisting of a loyal and quality customer base that includes leading regional and international tech companies. The acquisition will have an immediate positive impact on the Group’s financial performance while also supporting the commercial assets portfolio.
- 2. Industrial land located in Dubai Industrial City:** The Group’s subsidiary, Dubai Industrial City LLC, will acquire several plots with total area 13.9 million sq. ft of strategically located, well-connected land plots allocated for industrial leasing from DHAM for a combined value of AED 410 million to enhance the Group’s land bank and satisfy robust and sustained demand for this asset type. Dubai Industrial City witnessed exceptional performance in 2023, driven in large part by the government’s pro-growth strategy and initiatives such as mixed-use development, “Operation 300 Billion” and “Make it in Emirates”. The acquisition of the target land plots is expected to have a positive impact on the Group’s financial performance over the short and medium term, along with further enhancing revenue predictability, given the long-term nature of the lease contracts.
- 3. Future Grade A office spaces in d3:** Dubai Design District FZ LLC, one of TECOM Group’s subsidiaries, will acquire 629K sq. ft gross floor area (“GFA”) from DHAM for AED 136 million within “Design Quarter”, a mixed-use development located in phase 2 of the creative district. The Group intends to earmark AED 689 million to develop 6 grade A office buildings with an expected total GLA of 503k sq. ft. d3 has been one of the Group’s most sought-after specialised districts with high

occupancy rates and existing offices nearing full capacity. This is driven by strong demand from customers in the design, fashion and creative industries, in addition to the increasing appeal of the creative district as a global destination for creative minds from around the world. The Group anticipates demand to continue gathering pace, bolstered by the goals of the Dubai Economic Agenda “D33” and the “Dubai Creative Economy Strategy”, which aim to cement Dubai’s position as a global destination for culture and creativity. The project is expected to be completed by 2028, in turn achieving a positive impact in the long term.

The Group has adhered to all relevant regulatory and governance requirements related to the acquisitions, including following the best practices and international standards of appraisals by conducting the valuation through a credible and independent third party accredited by the regulatory authorities.

#### **Conducive market conditions**

According to recent industry reports, Dubai’s office market continues to see strong occupier demand, driving average occupancy levels to 93% in Q4 2023 compared to 88% in Q4 2022. The average occupancy level across TECOM Group’s business districts was 91% (as of 31 March 2024), with d3 occupancy rates reaching 98% for the same period. The industrial segment is also continuing to demonstrate robust growth, which is driving occupancy rates higher and leading to a notable increase in rental rates.

#### **Positive impact on the Group’s financial performance**

The planned value-accretive asset acquisitions are expected to yield a significant positive impact on the Group’s financial performance. The acquisition of the two fully leased operating assets in Dubai Internet City, will have an immediate impact on the Group’s top-line. The remaining acquisitions will further enhance TECOM Group’s revenue visibility by attracting new customers, further diversifying its customer base while maintaining its current healthy EBITDA margins. Furthermore, the strategic acquisitions will support portfolio value appreciation.

#### **Well-funded for the planned expansion plan**

The Group is well funded for the planned transactions from existing sources, driven by its solid financial performance, underpinned by a healthy leverage position and ample liquidity, with the option to tap into up to AED 3.2 billion from its existing revolving credit facility, which was refinanced in 2023 at more competitive financing terms.

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