

Management Discussion & Analysis

TECOM GROUP

Financial
Results 2024

In 2024, we reached key strategic and financial milestones that solidified our role as a driving force for innovation, investment, and sustainable economic growth in Dubai. Our portfolio valuation experienced remarkable growth, driven by consistently high occupancy and retention rates, as well as the effectiveness of our investment strategy.

Through strategic acquisitions and developments, we have further enhanced our portfolio, positioning ourselves to meet the evolving demands of our clients while supporting Dubai's vision as a leading global business and investment hub.

OUR REGULATORY ANNOUNCEMENTS, FINANCIAL AND SHARES INFORMATION, PRESS RELEASES AND PERIODIC REPORTS CAN BE FOUND ON OUR GROUP WEBSITE.

tecomgroup.ae



Dubai Media City

UAE GDP Growth 2025¹**5.10%**Dubai GDP Growth 2025¹**4.50%**

Consumer Price Index

112.87%

Population

3.8M

Residents

UAE Macroeconomic Overview

The UAE achieved robust economic growth in 2024, driven by diversification efforts and strong performance in non-oil sectors. Rising domestic demand and foreign investment have positioned the UAE as a global business and investment hub.

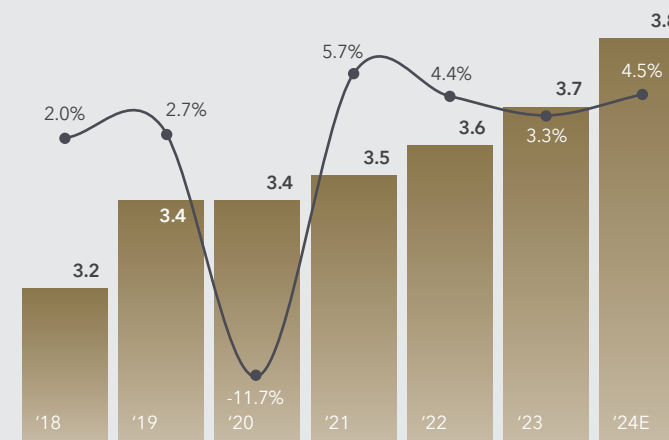
As economic activity intensifies, demand for infrastructure and property development across residential and commercial sectors is expected to rise, reflecting broader confidence in the UAE's long-term growth trajectory. With continued government support and a focus on innovation-driven sectors, the UAE can sustain its upward trajectory in 2025 and beyond.



Dubai Macroeconomic Overview

Dubai's GDP grew by 4.5% in 2024, with a projected 4.5% rise in 2025, driven by real estate, trade, and tourism. Supported by Dubai Economic Agenda 'D33' and a record AED 272 billion budget for 2025-27, the economy focuses on social services, health, education, and infrastructure. Business-friendly policies and strong demand for office space reflect sustained growth and confidence.

Dubai Population and GDP Growth



● Population in millions² ● Dubai Real GDP Growth³

² Khaleejtimes³ IMF¹ Forecast

Commercial Market Overview

Dubai's office market in 2024 faces a shortage of Grade A office space, driving high rental rates in key business districts such as Dubai Internet City. Near-full occupancy and limited new supply have sustained strong demand, prompting developers to launch major projects, expected to add 5.2 million sq. ft. by 2027. Despite these developments, demand for premium office spaces remains robust, leading businesses to explore build-to-suit (BTS) projects and flexible office solutions.

Key sectors such as technology, financial services, and professional services are fueling this demand as international companies expand operations in Dubai. Occupancy in prime Grade-A buildings, including Dubai Design District (d3)

has reached 98%, with limited supply intensifying competition for high-quality office spaces. This constrained supply has significantly increased rental rates, a trend likely to persist.

The high demand aligns with Dubai's growing population and tourism, with 17.15 million international visitors in 2023 and nearly 10 million in the first half of 2024. TECOM Group is capitalizing on this dynamic by optimizing leases, enhancing asset management, and expanding its portfolio with projects like d3 Phase 2 and Innovation Hub Phase 3 to cater to the growing need for premium office spaces.

What this Means for TECOM Group

Growth in Dubai's population and tourist numbers translates into upward pressure on rental rates across key business districts, benefiting TECOM Group towards optimizing lease terms and enhance revenue through strategic asset management. By expanding its portfolio with developments like d3 Phase 2 and enhancing its existing assets, the Group is well-positioned to meet the increasing demand for premium office spaces in strategically connected locations.

Industrial Market Overview

The UAE's storage and logistics sector saw strong growth in 2024, driven by demand from manufacturing, construction, and logistics industries. Enquiries for storage and logistics solutions surged by 185% from H1 2023 to H1 2024, leading to 14 new planned facilities. However, a persistent shortage of Grade-A supply has pushed occupiers to explore alternatives such as build-to-suit solutions, self-development projects, or lower-grade spaces.

Rental dynamics have shifted as storage and logistics rates in Dubai rose sharply,

with rental registrations increasing by 2.5% over the past year. High occupancy rates for quality storage and logistics facilities, particularly in onshore locations, continue to drive price increases.

Dubai's Commercial and Logistics Land Transport Strategy 2030 aims to double the logistics sector's economic contribution by 2030, reinforcing its position as a global hub. TECOM Group is strategically positioned to capitalize on this trend.



Dubai Industrial City

What this Means for TECOM Group

TECOM Group leverages strategic assets in key zones like DI to benefit from rising Grade A warehouse rental rates. Catering to e-commerce and logistics industries, it strengthens its position as a preferred partner by offering tailored solutions, including near-shoring facilities and scalable spaces, boosting revenue and supporting efficient operations.

Worker Accommodation Market Overview

The rapid growth of the transport, logistics, and e-commerce sectors in the UAE has increased the demand for worker accommodations, particularly in industrial zones like Dubai Industrial City, where occupancy rates are at 97%. This demand is driven by a growing workforce with 18 new projects expected to raise occupancy to 80% by 2030 across the market. Landlords remain flexible on pricing, especially for large, established companies securing long-term leases or custom facilities.

The UAE's commitment to enhancing worker accommodations is evident through initiatives ensuring high standards of comfort and safety, setting a global benchmark and attracting investment interest.

The sector is projected to stabilize around 80% occupancy by 2030, driven by economic growth and industry expansion across various industries. These dynamics catalyze an increased need for a skilled workforce, leading to a consistent demand for worker accommodation.

What this Means for TECOM Group

Growth in TECOM Group's worker accommodation facilities occupancy is supported by government policies aimed at improving labour conditions and encouraging employers to invest in better housing solutions for their workers. Additionally, the projects like Etihad Rail are expected to further drive demand for worker accommodation facilities near major industrial hubs.



Dubai Industrial City

Land Lease Market Overview

The surge in demand for land has resulted in a supply shortage in attractive, prime central locations in key industrial areas in Dubai. The supply-side shortage of land inventory in these locations - and the growth of industrial parks in secondary locations - is causing many companies to opt for non-central zones. The outlook for the land lease segment remains buoyant, with master developers looking to capitalise on the shortage of available land with higher lease rates and more stringent contracts. Dubai's Commercial and Logistics Land Transport Strategy 2030 aims to boost the sector's economic contribution from AED 8.5 billion to AED 16.8 billion.

What this Means for TECOM Group

Dubai Industrial City has a significant competitive advantage with its large land bank and breadth of plot sizes. It will continue capitalising on this, particularly as the city's industrial land supply becomes more limited. Customers have started shifting towards non-central locations with better lease terms and plot options, which Dubai Industrial City continues to benefit from, particularly given its competitive rates.



Dubai Industrial City

Delivering Long-Term Shareholder Value

In 2024, TECOM Group produced outstanding financial results, significantly boosting both revenue and EBITDA compared to the previous year. This achievement can be attributed to targeted investments, asset performance, prudent cost management and a strong dedication to customer satisfaction.

The 12% improvement in our EBITDA reflects our commitment to operational excellence. Through strategic financial management, we achieved a 13% decrease in overall debt expenses, further solidifying our financial health. In addition, we sustained robust cash flow, providing us the agility to reinvest in key business areas and consider strategic opportunities.

Our impressive financial outcomes highlight the effective execution of our fiscal strategy, showcasing our resilience and ability to adapt to a dynamic economic landscape. Looking ahead, we are dedicated to continuing this growth trend while providing consistent value to our stakeholders.

Financial Highlights

By the close of the year, TECOM Group's net profit surged by 14% to AED 1,228 million, driven by strong operational performance and increased occupancy rates.

Revenue

AED 2,402M

+11%

Growth YOY

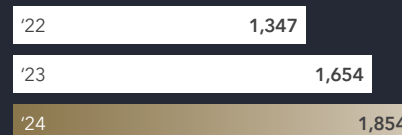


EBITDA

AED 1,854M

+12%

Growth YOY

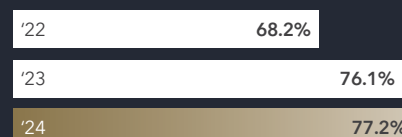


EBITDA Margin

77%

+1%

Growth YOY

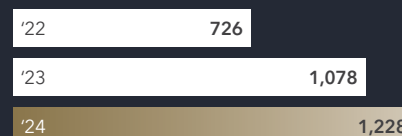


Net Profit

AED 1,228M

+14%

Growth YOY



Key Operational Highlights

By optimising our portfolio and prioritising tenant needs, TECOM Group continues to set new industry benchmarks, fostering long-term partnerships and sustainable growth.

94%

Occupancy

92%

Customer Retention

AED 2,236M

Passing Annual Rent

+17% higher than in 2023

9.5 YEARS

WALT Including Land

Income statement

	2024 AED m	2023 AED m	Variance AED m	Variance %
Revenue	2,402	2,173	229	11%
EBITDA	1,854	1,654	200	12%
EBITDA Margin	77%	76%	1%	
Net Profit	1,228	1,078	150	14%
Net Profit Margin	51%	50%	1%	

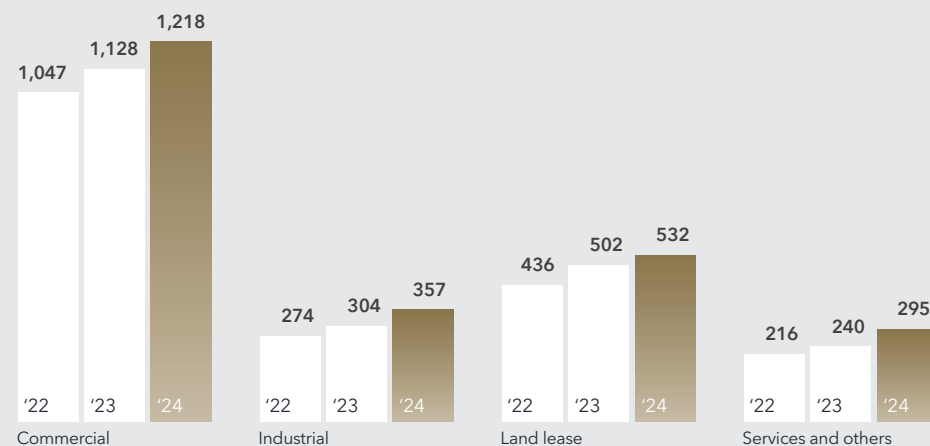
Revenue performance

TECOM Group demonstrated exceptional growth, achieving a 11% increase in revenue year on year. This success was significantly driven by the performance of Dubai Internet City, which undertook strategic acquisitions, and Dubai Industrial City, which achieved substantial growth in land lease occupancy.

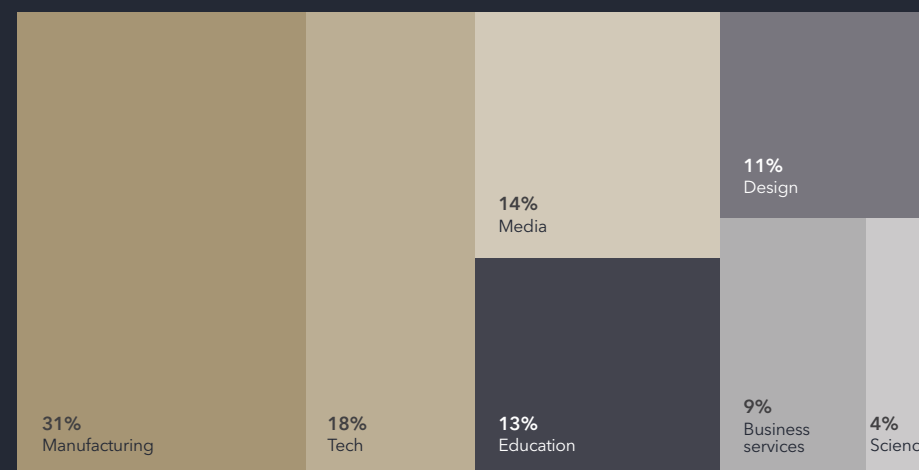
The Group's commitment to enhancing customer satisfaction led to many business partners expanding their leases, resulting in improved occupancy rates and higher leasing revenues. This also positively impacted axx revenues, with a notable rise in the number of visas issued.

Additionally, the co-working product D/Quarters exceeded expectations by delivering strong revenue growth.

Revenue by Segment (AED million)



Revenue by Sector (%)



Segments Performance

Commercial leasing

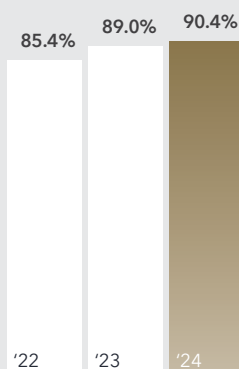
In 2024, the Commercial Real Estate Leasing sector saw revenues rise by AED 90 million, an 8% increase from AED 1,128 million to AED 1,218 million. Key contributors included the technology sector through acquisitions and the science industry with enhanced lease rates. The media and education sectors also boosted success via acquiring new customers and the expansion from existing customers.

Year-on-Year Performance

AED 90M

8% Growth

Occupancy (%)



Gross Leasable Area (sqft)

10.6M

WALT

2.5 YEARS

Commercial Buildings

153

Annual Passing Rent

AED 1,310M

Land leasing

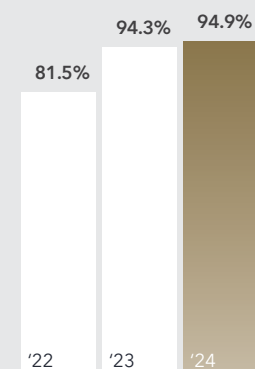
The Land Leasing sector's revenue grew by 6% to AED 532 million in 2024, up from AED 502 million. Increased leasing activities and a favourable regional economic environment for industrial land demand drove this growth. The segment capitalised on these conditions to sustain its growth trajectory.

Year-on-Year Performance

AED 31M

6% Growth

Occupancy (%)



Gross Leasable Area (sqft)

176.6M

WALT

32.4 YEARS

Number of Plots

846

Annual Passing Rent

AED 535M

Segments Performance continued

Industrial leasing

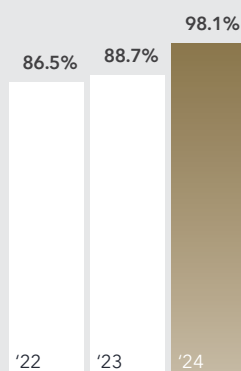
Industrial Leasing revenues increased by AED 53 million to AED 357 million in 2024, marking a 17% growth. Higher occupancy rates and lease prices in storage and logistics facilities and worker accommodation sectors fuelled this performance.

Year-on-Year Performance

AED 53M

17% Growth

Occupancy (%)



Gross Leasable Area (sqft)

11.6M

Worker Accommodation Buildings

92

Storage and logistics

1,140

Annual Passing Rent

AED 391M

Services and others

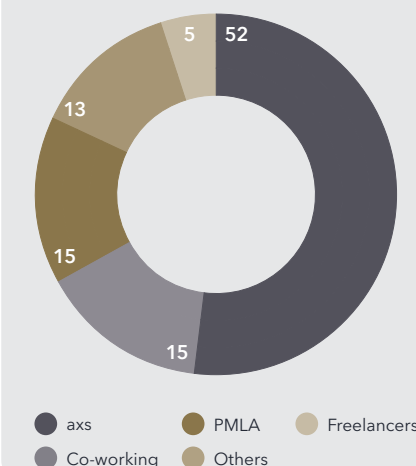
Revenue from other services grew by 23%, reaching AED 295 million for the year. This growth was mainly due to increased demand for co-working spaces and stable contributions from established visa services.

Year-on-Year Performance

AED 56M

23% Growth

Service Revenue Components (%)



Number of Transactions

182,220

+8% growth

Digitalisation

92%

Freelancers

4,769

+10% growth

D/Quarters Occupancy

87%

Costs

	2024 AED m	2023 AED m	Variance AED m	Variance %
Direct Costs	(440)	(389)	(51)	(13%)
Operating Expenses	(246)	(187)	(59)	(32%)
Total	(686)	(576)	(110)	(19%)

Direct Costs

In 2024, direct costs, including facilities management, utilities, and visa services, rose by AED 51 million. This increase was largely attributed to the acquisition of additional assets, higher occupancy levels, and expanded visa services driven by the introduction of new products with varied cost structures. Aligned with TECOM's ESG framework, the Group reinforced its dedication to sustainability by investing in solar energy projects

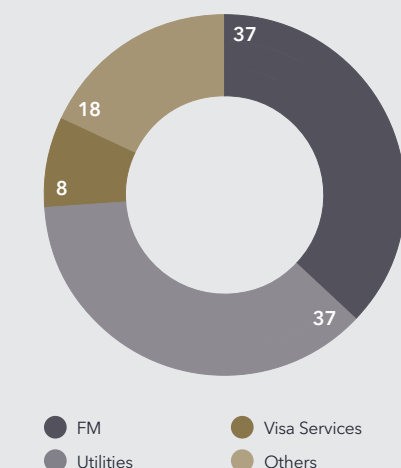
Operating Expenses (OPEX)

Operating expenses grew by AED 59 million during 2024. This rise was primarily due to the reversal of bad debt provisions recorded in the prior year and higher administrative costs resulting from an expanding customer base.

NET Finance Costs

The group maintained its weighted average cost of debt at 4% during 2024. Net finance costs decreased by AED 23 million to AED 158 million, aided by lower margins on refinanced loans and gains from derivative instruments.

Direct Cost Components (%)



Balance Sheet

	2024 AED m	2023 AED m	2022 AED m
Investment Properties	13,820	11,865	11,874
Cash & Bank	1,017	1,535	1,261
Total Assets	16,291	14,814	14,555
Debt	5,213	4,352	4,342
Equity (IFRS - net Assets)	6,708	6,329	5,968
Net Debt	4,196	2,817	3,081

Despite dividend distributions, the Group's balance sheet remained strong in 2024, with equity increasing by 6% to AED 6,708 million. This solid foundation offers stability for operational demands and future expansion plans. During the year, AED 850 million in debt was drawn to fund strategic acquisitions, totalling AED 1.7 billion, reflecting a loan-to-value ratio of 55% for these new assets.

Despite this borrowing, the Group maintained conservative leverage ratios, staying well within debt covenant limits. Asset growth of 10% reflects effective capital allocation and strategic investments, contributing to overall value creation. Liquidity remained robust, with AED 1,017 million in cash and bank balances alongside

an unutilised debt facility of AED 2,350 million, ensuring readiness for operational and strategic opportunities. Additionally, a healthy working capital position reinforced efficient day-to-day management, enabling the Group to meet short-term obligations effectively.

Return on Equity

18.8%

Return on Capital Employed

12%

Cashflow

	2024 AED m	2023 AED m	2022 AED m
Operating Cashflow	1,822	1,631	1,504
Investing Cashflow	(1,724)	(477)	(1,043)
Financing Cashflow	(129)	(761)	(953)
Net Cashflow	(32)	393	(492)
Cash & Cash Equivalents	638	670	277

Operating cash flows reached AED 1,822 million in 2024, reflecting a 12% increase compared to the previous year. This growth highlights the Group's effective working capital management, particularly through streamlined receivables processes.

Capital expenditures for the year amounted to AED 2,288 million, marking a significant increase of 5.3 times over 2023. These investments were directed toward major acquisitions and the initiation of key projects such as Phase 3 of the Innovation

Hub and Phase 2 of d3. Additionally, ongoing upgrades and refurbishment initiatives ensured the enhancement of existing assets.

On the financing side, an AED 850 million debt drawdown supported a portion of this substantial capital expenditure. The Group adhered to its financial commitments by paying interest costs as per loan agreements and distributing dividends in accordance with its established dividend policy.

Dividend Cover

176%

Loan to Value

15%

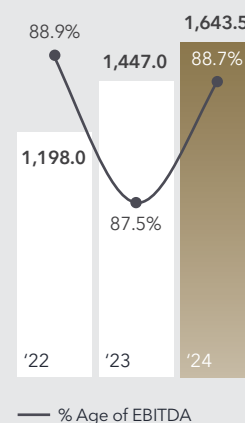
Available Funds

3,367M

Funds From Operations (FFO)

The Group's Funds from Operations (FFO) exhibited robust growth in 2024, increasing by 14% to reach AED 1,643 million. This highlights the Group's strong ability to generate cash from its core operations. With an EBITDA-to-FFO conversion rate of 89%, the Group demonstrated efficient cash flow conversion from operational activities. This upward trend underscores the Group's capacity to meet shareholder expectations while supporting future growth initiatives. As a critical financial indicator, FFO continues to reflect the strength and income-generating potential of the Group's real estate portfolio.

FFO (AED million)



Recurring Free Cash Flow (RFCF)

The recurring free cash flow showcased consistent resilience, growing 18% in 2024 with a 76% conversion from EBITDA. This performance underscores the Group's capability to generate positive cash flows, providing a solid foundation for strategic investments and shareholder returns through dividends. This financial stability highlights the Group's ability to balance operational needs with opportunities for reinvestment and value creation.

Property Valuation

According to CBRE's valuation report, as of 31 December 2024, TECOM Group's Investment Property (IP) portfolio was valued at AED 28.0 billion. This marks a robust increase of 22.1% (+AED 5.1 billion) compared to the previous year. On a like-for-like basis, excluding acquisitions and developments, the core asset growth was 11.0% (+2.5 billion).

The core asset growth of 11.0% was mainly fuelled by the increase in value of the Group's operating assets, representing two-thirds of the total portfolio. The successful onboarding of new customers, the expansion of existing customers, notable rental rate improvements, and operational efficiencies propelled this uplift. TECOM Group's deliberate focus on providing adaptable, state-of-the-art business environments, perfectly attuned to market trends also contributed to the positive valuation outcomes.

Investment Property Valuation

28.0B

22% y-o-y growth

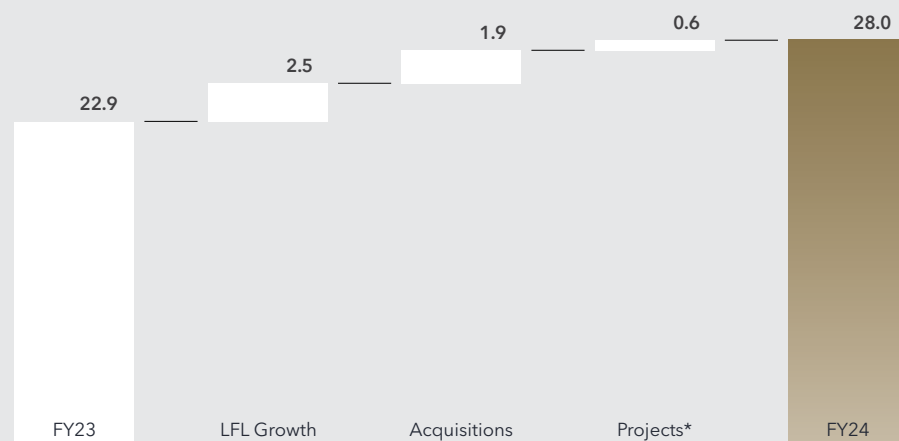
Growth since IPO

44%

Like for Like Growth

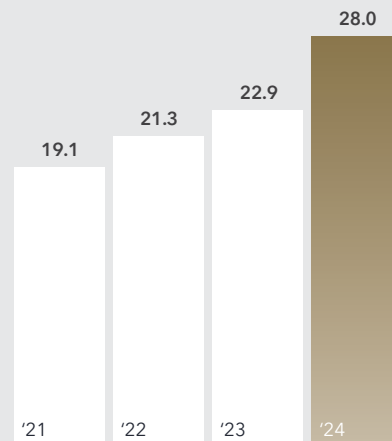
11%

Investment Property Valuation (AED billion)



* Projects under development valuation increase

Investment Property Valuation (AED billion)



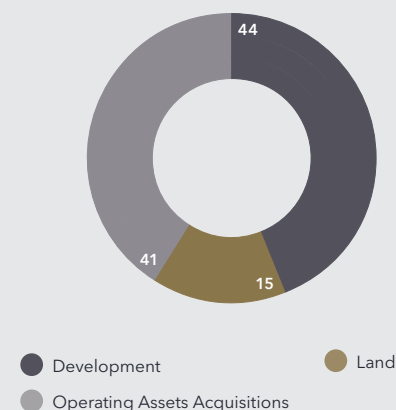
Dubai Science Park

Investments

By the close of 2024, TECOM Group had completed its largest-ever period of expansion in its portfolio of premium commercial and industrial assets with a total investment of AED2.7 billion. These comprise a series of deals that include the purchase of existing grade A office buildings, new developments and land in alignment with the Group's strategic growth.

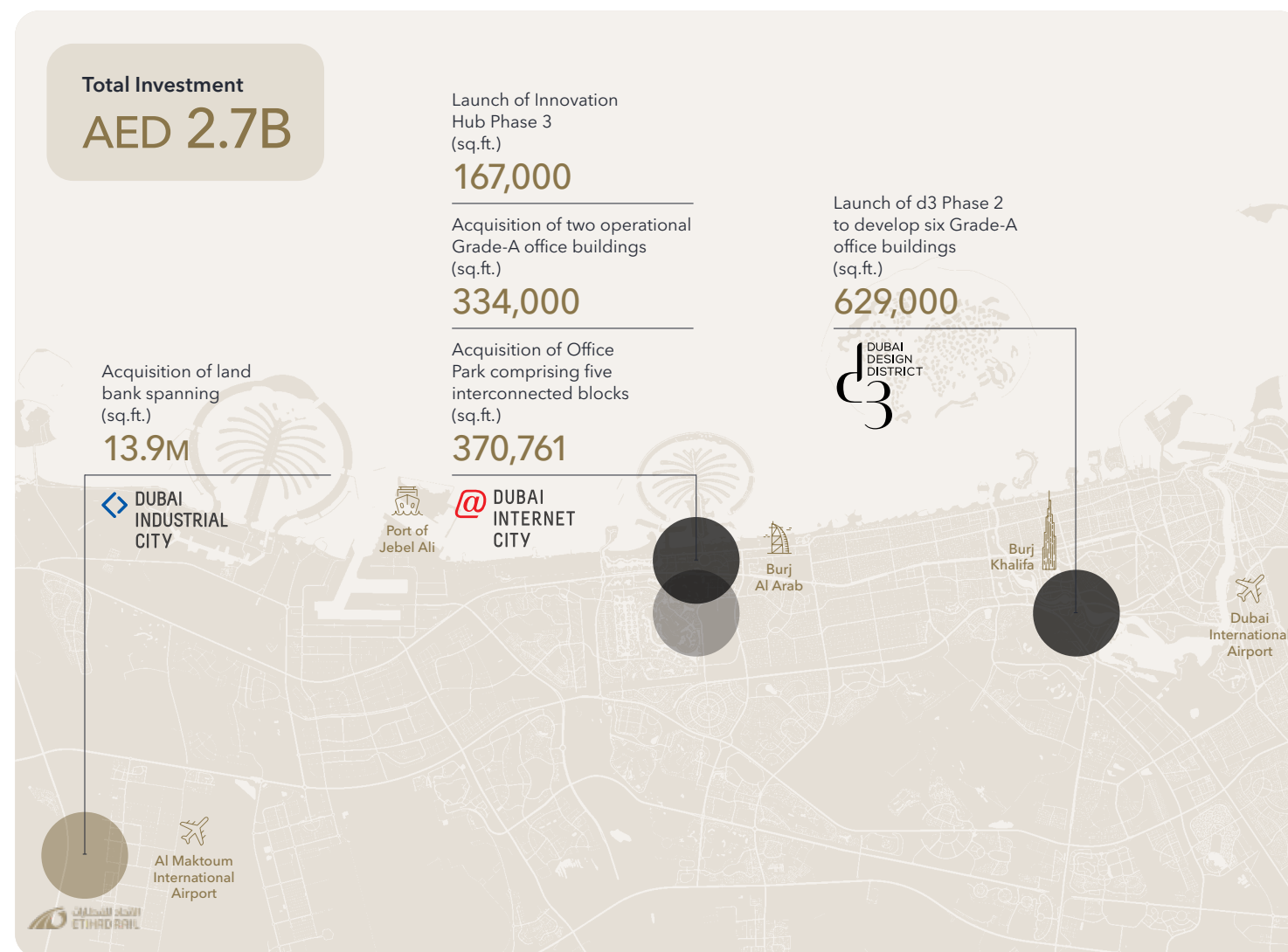
These investments enhance Group's market position with high-quality assets aligned to long-term growth goals. Ongoing projects are progressing as planned, prioritising innovative, sustainable, and flexible spaces to meet tenant needs. This approach underscores TECOM Group's commitment to portfolio diversification and a robust growth pipeline, ensuring sustained success.

Investments by category (%)



Asset Acquisition and Development

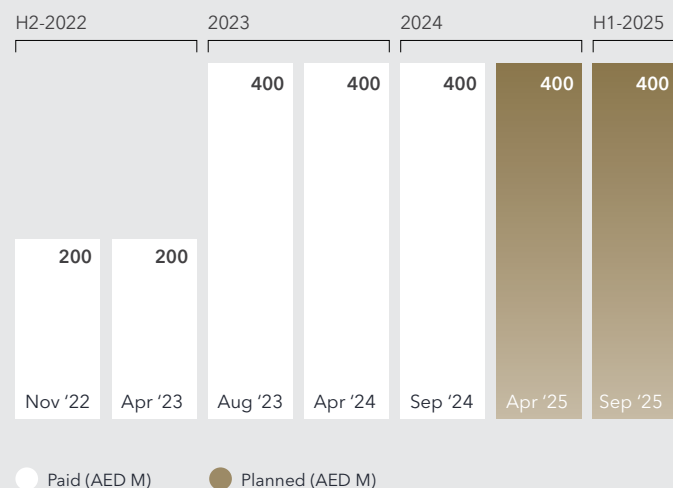
● Development projects ● Land acquisition ● Operational assets acquisition



Dividends

Announced in 2022 as part of the IPO prospectus, the Group committed to semi-annual dividend payments totalling AED 800 million per year. Since listing, this commitment has been consistently upheld, and the Group remains steadfast in its dedication to maintaining annual dividend payouts of AED 800 million in alignment with its established dividend policy, business model, and strategic objectives.

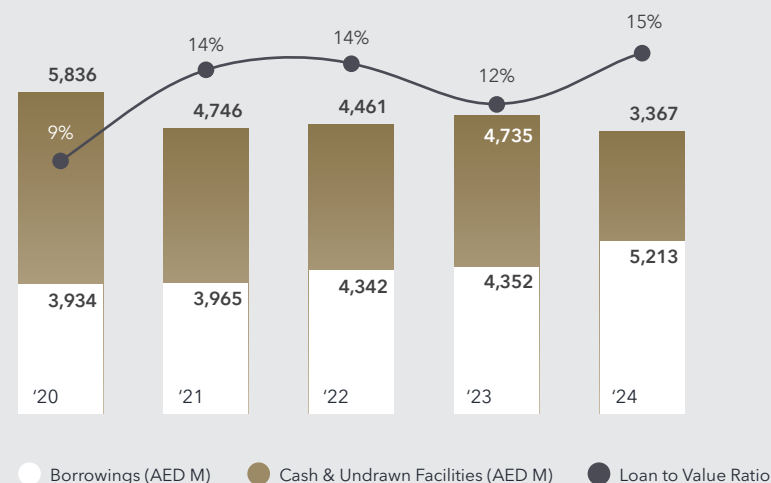
Supported by robust profitability and strong cash flows, the Group boasts a dividend coverage ratio of 176% for 2024, based on recurring free cash flow and planned annual dividends. This solid financial foundation ensures the Group's ability to meet shareholder expectations while maintaining its focus on long-term value creation.



Capital Management and Funding

The Group has excelled in capital management by adopting strategies that optimise its financial framework. This includes maintaining strong leverage ratios, ensuring robust interest coverage, and achieving a notable reduction in finance costs.

Funding for acquisitions and developments announced during the year was effectively managed, balancing debt and equity while adhering to a conservative loan-to-value ratio. Strategic cash management during periods of lower capital expenditures also allowed the Group to generate significant interest income, contributing to an exceptionally low average cost of debt.



Outlook

As we look forward to 2025, TECOM Group is poised to continue its trajectory of success. We are committed to further advancing our business districts as top choices for both current and potential customers.

Aligned with Dubai's long-term economic objectives under the 'D33' agenda, we will continue strengthening Dubai's standing as a global business and investment hub by fostering foreign investment and establishing pivotal partnerships with industry leaders. Furthermore, we expect that the strategic acquisitions and developments that defined 2024 will unlock greater value for shareholders in 2025 and beyond.



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