

TECOM GROUP 9-MONTH NET PROFIT JUMPS 20% WITH REVENUES INCREASING TO AED 1.6 BILLION

- 9-month revenue increased by 7% YoY to AED 1.6 billion, driven by high occupancy levels across the portfolio as the Group continues to witness strong demand from existing and new customers
- 9-month EBITDA rose 14% YoY to AED 1.2 billion and the EBITDA margin expanded to 78%, as the Group continues to realise gains from asset and operational optimisation strategies
- Net profit in Q3 2023 increased by 34% YoY to AED 283 million, demonstrating the Group's ability to take advantage of favourable market conditions to continue delivering profitable growth
- The Group will begin the development of new storage & logistics facilities with a total GLA of 200,000 sq.ft. in Dubai Science Park

Dubai, UAE, 31 October 2023 – 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 the 9-month period of the year ending 30 September 2023. The Group delivered a strong financial and operational performance, reporting a 7% year-on-year (YoY) increase in revenue to AED 1.6 billion and a 20% YoY increase in net profit to AED 768 million in the first nine months of year 2023.

Financial Highlights

AED Millions (Unless otherwise stated)	9 Months		%Change (YoY)	Q3		%Change (YoY)
	2023	2022		2023	2022	
Revenue	1,590	1,480	7%	541	490	10%
EBITDA	1,234	1,087	14%	410	364	13%
EBITDA Margin	78%	73%	4%	76%	74%	1%
Net Profit	768	639	20%	283	212	34%

Operational Highlights

Commercial and Industrial	30 September 2023	30 September 2022	YoY%
Occupancy Level	88.5%	83.5%	5%
Number of Customers	10,800+	9,200+	17%



Abdulla Belhoul, Chief Executive Officer, TECOM Group, said: “Our outstanding financial and operational performance over the nine-month period reflects our ability to take advantage of Dubai’s favourable market conditions as we continue to successfully push ahead with our strategy of optimising our diverse portfolio and sustaining high occupancy rates.”

“Our 10 business districts are almost near full capacity, with our existing customers continuing to renew their leases with us and new customers coming on board.

This is a testament to the strong demand for our quality assets and unique, fully serviced strategic locations underpinned by buoyant business conditions. We are very proud of the growing, diverse and quality customer base we have built and will continue to focus our efforts on being the go-to destination for international and regional businesses. Furthermore, our business model, which includes a balance between long-term and short-term leases, enables us to take advantage of rising prices while providing us with greater revenue stability and visibility.”

Financial Highlights

Nine Months 2023:

- Revenue increased by 7% YoY to AED 1.6 billion, supported by the continued improvement in occupancy levels and the sustained strong customer retention rates across the Group’s portfolio.
 - Occupancy level for commercial and industrial assets reached 88.5% as of 30 September 2023, a notable increase from the 83.5% occupancy rate recorded in the year-ago period. This was predominately driven by growing demand for quality office space and industrial storage & logistics facilities.
 - The Group saw an increase of 17% in the number of new customers, adding more than 1,600 new customers.
 - Customer retention rate stood at 89% by the end of the 9-month period of 2023, reaffirming the Group’s unique offering and high customer satisfaction rates.
- EBITDA increased by 14% YoY to AED 1.2 billion and the EBITDA margin expanded by 4% to reach 78% in 9M 2023, mainly driven by improved revenue quality and enhanced cost efficiencies, in line with Group’s strategy to optimise its core business.
- Net profit grew by 20% YoY to AED 768 million in line with the positive top-line performance and strong growth across all business segments, underpinned by the continued boom that the real estate market in Dubai is witnessing.
- Funds from operations (FFO) stood at AED 1.1 billion, representing an increase of 22% YoY, driven by improved operational efficiencies across all assets.
- The Group maintained a healthy debt profile with a loan to value (LTV) ratio of 14.2% and a 7.1x EBITDA-to-interest ratio, driven by prudent financial management and continued hedging against rising interest rates.

Q3 2023:

- Revenue increased by 10% YoY to AED 541 million and saw a strong sequential growth since the beginning of the year as the Group continues to take advantage of the favourable commercial real estate market conditions in Dubai.

- EBITDA rose by 13% YoY to AED 410 million and the EBITDA margin increased to 76% in Q3 2023, impacted by the positive top-line performance and enhanced operational efficiencies.
- Net profit for the three-month period increased by a remarkable 34% YoY to AED 283 million, underpinned by the strong growth in revenues, lower operational expenses and lower financing costs which was supported by the recent refinancing of the loan facility at lower margins and more favourable terms.

Project Development Highlights

Given the demand surge for Grade A storage & logistics spaces across Dubai, the Group will develop new storage & logistics facilities with a total GLA of 200,000 sq.ft. in Dubai Science Park.

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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 six 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 Group 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 one to five 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 one to five 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, startups 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 HIGHLIGHTS

9 MONTHS 2023

9 MONTHS 2022

AED 1.6
BILLION

REVENUE
▲ **7%**

AED 1.5
BILLION

AED 1.2
BILLION

EBITDA
▲ **14%**

AED 1.1
BILLION

78%

EBITDA MARGIN
▲ **4%**

73%

AED 768
MILLION

NET PROFIT
▲ **20%**

AED 639
MILLION

AED 0.154

EPS (AED)
▲ **20%**

AED 0.128

Q3 2023

Q3 2022

AED 541
MILLION

REVENUE
▲ **10%**

AED 490
MILLION

AED 410
MILLION

EBITDA
▲ **13%**

AED 364
MILLION

76%

EBITDA MARGIN
▲ **1%**

74%

AED 283
MILLION

NET PROFIT
▲ **34%**

AED 212
MILLION

AED 0.057

EPS (AED)
▲ **34%**

AED 0.042