

TECOM GROUP H1 2022 NET PROFIT JUMPS 43.4% TO AED 428 MILLION ON SUSTAINED INCREASE IN OCCUPANCY RATES ACROSS ALL SEGMENTS

- Strong year to date performance underpinned by continued buoyancy in Dubai's economy and improving business sentiment
- H1 2022 revenue increased 15.8% YoY driven by higher occupancy rates across Commercial and Industrial leading segments, further boosted by remarkable performance of Services & Others segment
- Consistent increase in cash from operations and enhanced revenue visibility driven by high customer retention rate, reflects quality of customer base

Dubai, UAE, August 3, 2022 – TECOM Group (DFM: TECOM), (the "Company" or the "Group"), the creator of specialised business districts and vibrant communities, today announced its financial results for the second quarter (Q2) and first half (H1) ending 30 June 2022.

Financial Highlights

AED '000s (Unless otherwise stated)	Q2 2022	Q2 2021	% Change (YoY)	H1 2022	H1 2021	% Change (YoY)
Revenue	504,306	425,611	18.5%	989,417	854,515	15.8%
EBITDA	373,423	297,060	25.7%	722,858	590,396	22.4%
Net Profit	237,271	153,929	54.1%	427,533	298,226	43.4%

- Revenue for the first six months of 2022 increased 15.8% year on year (YoY) to AED 989 million on increase in occupancy rates across Commercial and Industrial properties and strong revenue growth from the business and value-added service segment.
- EBITDA for the first six months of 2022 grew 22.4% YoY to AED 723 million on top line growth and enhanced operational efficiencies across all business segments, which helped the margin improvement.
- H1 2022 net profit jumped 43.4% YoY to AED 428 million due to aforementioned double-digit growth in revenue, enhanced operational efficiencies and also due to lower total financing costs. The Company is sustaining a strong net profit growth momentum, with Q2 net profit increasing 54.1% YoY and 24.7% quarter on quarter (QoQ) to AED 237 million.
- Funds from operations¹ was AED 1.11 billion over the last twelve months (Q3 2021 – Q2 2022) on continued improvement in business conditions and continued high levels of customer retention.
- The net debt to EBITDA ratio has improved to 2.7x, owing to the Company's hedging strategy against rising interest rates.

Abdulla Belhoul, Chief Executive Officer of TECOM Group, said: "Our strong performance in the first half of the year builds on our solid performance in 2021 and underscores the strength of our well-balanced business model and the resilience of our diversified portfolio of quality, strategically located assets and value-added services. At the end of the period, the consolidated occupancy level at our operating assets was 82%, an encouraging increase from the 78% at the end of December 2021, reflecting positive business sentiment of our over 7,800 customers and reinforces our leadership position in Dubai. Our performance also reflects the constructive demand-supply dynamics of the commercial and industrial real estate market."

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



We are optimistic in our ability to sustain a steady increase in our occupancy levels and high customer retention levels for the upcoming period. This will add further stability to our revenue and cash flow for the midterm. Furthermore, our well-defined strategy for growth will enable us to take advantage of a broad spectrum of growth drivers from secular trends pertaining to each of the six vital sectors we cater to. Our scale, resilient financial performance through various market cycles, strategic land bank, experienced team, and current strong leverage position will enable us to swiftly capture those opportunities, further supporting long-term sustainable growth and helping to unlock additional value for our shareholders."

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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 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 the *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.
- **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.
- **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.

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**.

FINANCIAL RESULTS

H1 2022

2022		2021
AED 989.42 MILLION	REVENUE ▲ 15.79%	AED 854.52 MILLION
AED 722.86 MILLION	EBITDA ▲ 22.44%	AED 590.40 MILLION
AED 427.53 MILLION	NET PROFIT ▲ 43.36%	AED 298.23 MILLION
AED 0.09	EPS* ▲ 43.36%	AED 0.06

Q2 2022

2022		2021
AED 504.31 MILLION	REVENUE ▲ 18.49%	AED 425.61 MILLION
AED 373.42 MILLION	EBITDA ▲ 25.71%	AED 297.06 MILLION
AED 237.27 MILLION	NET PROFIT ▲ 54.14%	AED 153.93 MILLION
AED 0.05	EPS* ▲ 54.14%	AED 0.03