INVESTOR PRESENTATION
Q3 2022
FINANCIAL RESULTS

OCTOBER 2022

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AGENDA

TECOM GROUP MANAGEMENT PRESENTING

ABDULLA BELHOUL
CEO OF TECOM GROUP

MICHAEL WUNDERBALDINGER
CFO OF TECOM GROUP

MACROECONOMIC AND REAL ESTATE MARKET HIGHLIGHTS

MACROECONOMIC AND REAL ESTATE MARKET HIGHLIGHTS

Dubai's strong underlying macroeconomic fundamentals

- Dubai's economy is expanding at a very healthy rate, set to be one of the best-performing economies in 2022
- Q3 2022 PMI figures indicate Dubai enjoyed strongest quarter of growth in 3 years
- More broadly, UAE economy forecast to grow 5.4% and 4.2%in 2022 and 2023, respectively (Source: UAE Central Bank)

Demand outpacing supply in Dubai's commercial real estate market

- Buoyant business and consumer sentiment supports occupancy levels
- Rises in occupancy levels and very limited centrally located quality stock available in the market is pushing commercial real estate prices higher
- Office supply pipeline remains limited

Customer needs and sector trends driving demand for certain types of properties

- Most companies are seeing a return to normal operations
- Hybrid working model and demand for more spacious layouts supports demand for larger offices and redesigning spaces
- Demand for warehouse properties is strong, driven by e-commerce boom
- Increase in demand for worker accommodation driven by growth in industrial and construction sector

TECOM GROUP’S VALUE PROPOSITION

A COMPELLING INVESTMENT OPPORTUNITY

Leading player in Dubai's business hub proposition, with over **20 years** of experience

7,800+ long-term, loyal and diversified customer base

Robust and attractive financial profile supporting **dividend payout**

Exposure to **6 strategic sectors** primed for sustainable growth

Unique, diverse, high-quality portfolio of **income-generating assets** strategically located across Dubai

Clear roadmap for growth

Robust governance & ESG frameworks in line with best-in-class standards

Dynamic management team with proven track record and know how in creating and managing industry ecosystems

10 BUSINESS DISTRICTS STRATEGICALLY LOCATED

Dubai's strategic business enabler
and creator of world's class business districts

DELIVERING VALUE THROUGH OUR 4 BUSINESS SEGMENTS

COMMERCIAL LEASING

9.5
Million sqft
GLA (as of 30 Sep 2022)

~1-5y (BTL)
10y (BTS)
Lease terms

INDUSTRIAL LEASING

11.5
Million sqft
GLA (as of 30 Sep 2022)

~1-5y
Lease terms

LAND LEASING

164
Million sqft
GLA (as of 30 Sep 2022)

~30-50y
Lease terms

SERVICES & OTHERS

axs
- Government services
- Registration and licensing
- Corporate services

Incubation services for start-ups

QUARTERS COWORKING SPACES
Flexi offices & co-working space

FREELANCE
Supports freelance talent

GLA: Gross Leasable Area
BTL: Built to Lease
BTS: Built to Suit

CAPTURING GROWTH THROUGH OUR CLEAR AND ACTIONABLE STRATEGY

01.

AMPLE ROOM TO RAMP UP OCCUPANCY

02.

CAPITALISING ON FAVOURABLE MARKET DYNAMICS

03.

HEALTHY PIPELINE OF DE-RISKED BTS PROJECTS

04.

ACTIVATING AND ACCESSING ADDITIONAL LAND BANK

Q3 & 9 MONTHS 2022 FINANCIAL PERFORMANCE HIGHLIGHTS

FINANCIAL HIGHLIGHTS (Q3)

REVENUE
AED 490 MN
vs. 2021 12% ▲

EBITDA
AED 364 MN
vs. 2021 27% ▲

FFO[1]
AED 237 MN
YTD ACHIEVEMENT 103%

EBITDA MARGIN
74%
vs. 2021 8% ▲

NET PROFIT
AED 212 MN
vs. 2021 70% ▲

LIQUIDITY
AED 1,032 MN
FREE CASH[2]
AED 3,200 MN
UNDRAWN FACILITY

- Strong increase in revenue growth driven by new BTS projects
- Continued increase in occupancy rates across all segments
- Exceeded occupancy target for 2022 driven by both new and retained customers
- Expanding EBITDA margins driven by improving revenue quality and lower OpEx due to lower provisions
- Higher net profit due to higher EBITDA and lower finance costs

1. FFO: Cash flow from operations (including net financing costs) before changes in working capital
2. FREE CASH: Excludes Restricted Cash AED 250 MN (FSRA, Visa Deposit, EOSB)

Figures in AED 'Million'

FINANCIAL HIGHLIGHTS (9 MONTHS)

REVENUE
AED 1,480 MN
vs. 2021 15% ▲

EBITDA
AED 1,087 MN
vs. 2021 24% ▲

FFO[1]
AED 864 MN
YTD ACHIEVEMENT 103%

EBITDA MARGIN
73%
vs. 2021 6% ▲

NET PROFIT
AED 639 MN
vs. 2021 50% ▲

LIQUIDITY
AED 1,032 MN
FREE CASH[2]
AED 3,200 MN
UNDRAWN FACILITY

OPERATING PERFORMANCE

83.5%
Consolidated Occupancy
(Excluding Land Leasing)

2.8 Years
Overall blended WALT*
(Weighted of Commercial [BTS & BTL] and Industrial)

***WALT:** *Weighted Average Lease Term*

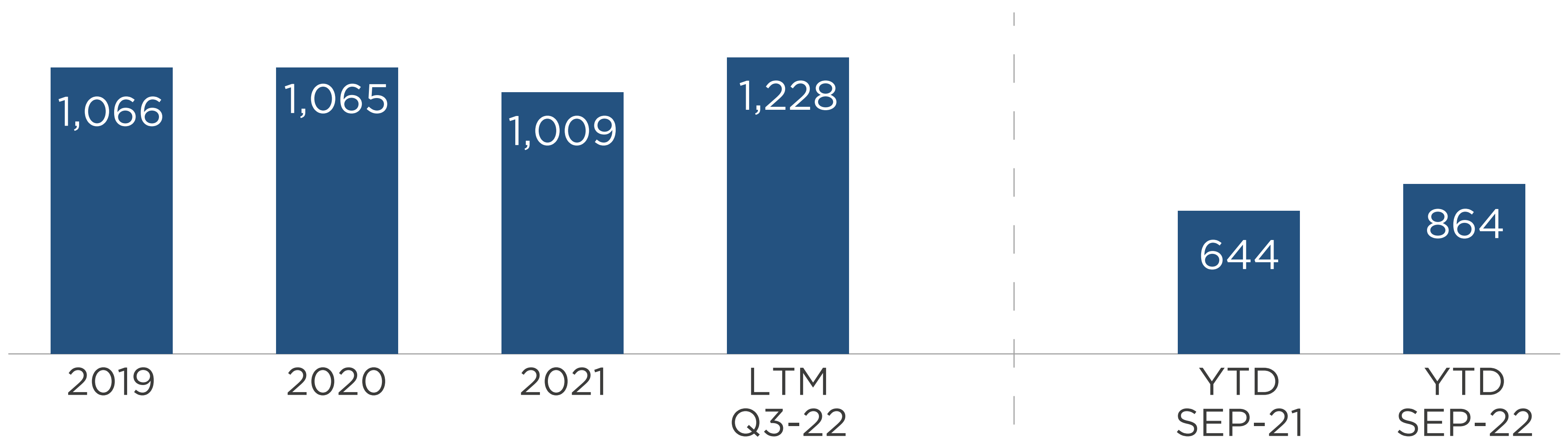
- **AED 3.2Bn** of available liquidity undrawn corporate facility to fund growth
- Average Cost of borrowing for 5 years is 4.42%
- Net debt to LTM EBITDA ratio of **2.2x**
- Loan to Value (LTV) ratio of **16%**

1. FFO: Cash flow from operations (including net financing costs) before changes in working capital
2. FREE CASH: Excludes Restricted Cash AED 250 MN (FSRA, Visa Deposit, EOSB)

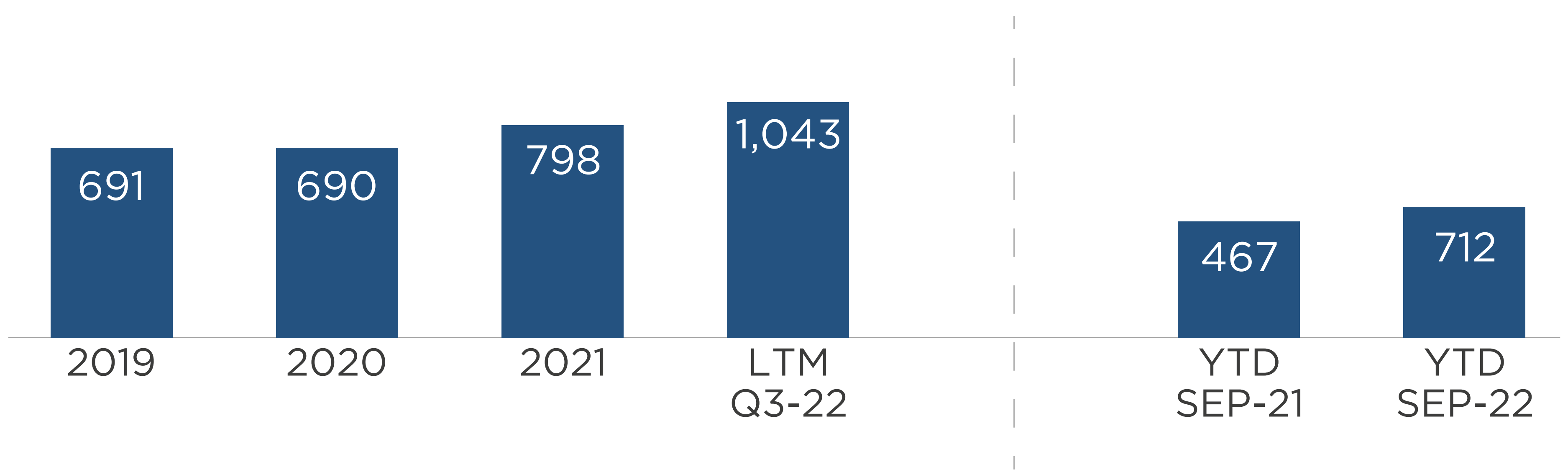
Figures in AED 'Million'

STRONG CASH FLOW GENERATION & INCREASE IN GROWTH CAPEX

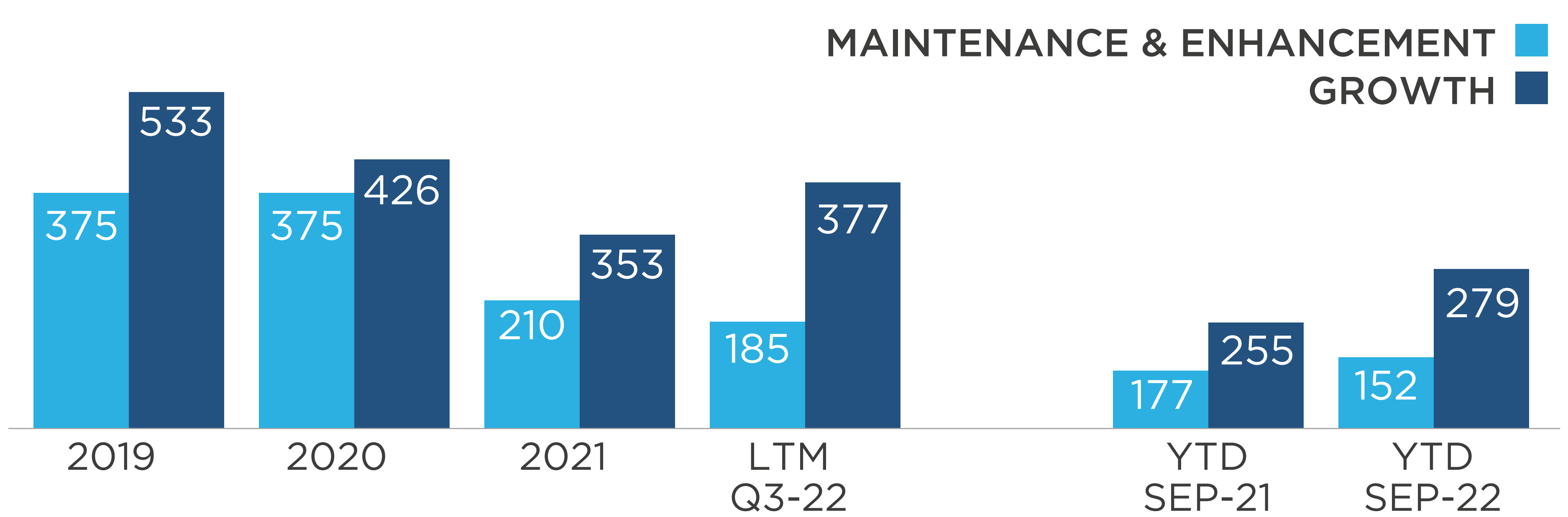
FUNDS FROM OPERATIONS (FFO)[1]



RECURRING FREE CASHFLOW (RFCF)[2]



CAPEX



- Sustained growth in FFO and RCFC, driven by improving business conditions, quality of tenants
- Well-balanced portfolio of assets with both short and long-term contracts supports cash flow predictability
- Increase in growth CAPEX to support growth agenda (BTS projects)

1: Cash flow from operations (including net financing costs) before changes in working capital
2: FFO minus maintenance and enhancement capital expenditure

Figures in AED 'Million'

ROBUST BALANCE SHEET

DESCRIPTION	30 SEPT 2022	31 DEC 2021
PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS	123	143
INVESTMENT PROPERTY	11,914	13,368
DERIVATIVE FINANCIAL INSTRUMENTS	305	73
TRADE, UNBILLED AND FINANCE LEASE RECEIVABLES	776	744
NON-CURRENT ASSETS	**13,118**	**14,327**
TRADE RECEIVABLES	144	202
OTHER RECEIVABLES	71	61
DUE FROM RELATED PARTIES	87	527
CASH AND BANK BALANCES	1,282	1,246
CURRENT ASSETS	**1,583**	**2,037**
TOTAL ASSETS	**14,701**	**16,364**
SHARE CAPITAL	500	0
RESERVES	497	179
RETAINED EARNINGS	5,074	5,434
TOTAL EQUITY	**6,070**	**5,613**
BANK BORROWINGS	4,338	3,663
ADVANCES AND REFUNDABLE DEPOSITS FROM CUSTOMERS	645	671
OTHER LIABILITIES, DERIVATIVE FINANCIAL INSTRUMENTS AND EOSB	899	1,082
PROVISION FOR OTHER LIABILITIES AND CHARGES	881	2,405
NON-CURRENT LIABILITIES	**6,764**	**7,821**
BANK BORROWINGS	0	302
TRADE AND OTHER PAYABLES	363	379
ADVANCES AND REFUNDABLE DEPOSITS FROM CUSTOMERS	783	687
OTHER LIABILITIES & PROVISIONS	423	466
DUE TO RELATED PARTIES	297	1,095
CURRENT LIABILITIES	**1,866**	**2,930**
TOTAL LIABILITIES	**8,631**	**10,751**
TOTAL EQUITY AND LIABILITIES	**14,701**	**16,364**

Figures in AED 'Million'

HEALTHY LEVERAGE POSITION SUPPORTING GROWTH AGENDA

BALANCE SHEET

	AED MN
DEBT	4,338
CASH	1,282
EQUITY	6,070
TOTAL ASSETS	14,701

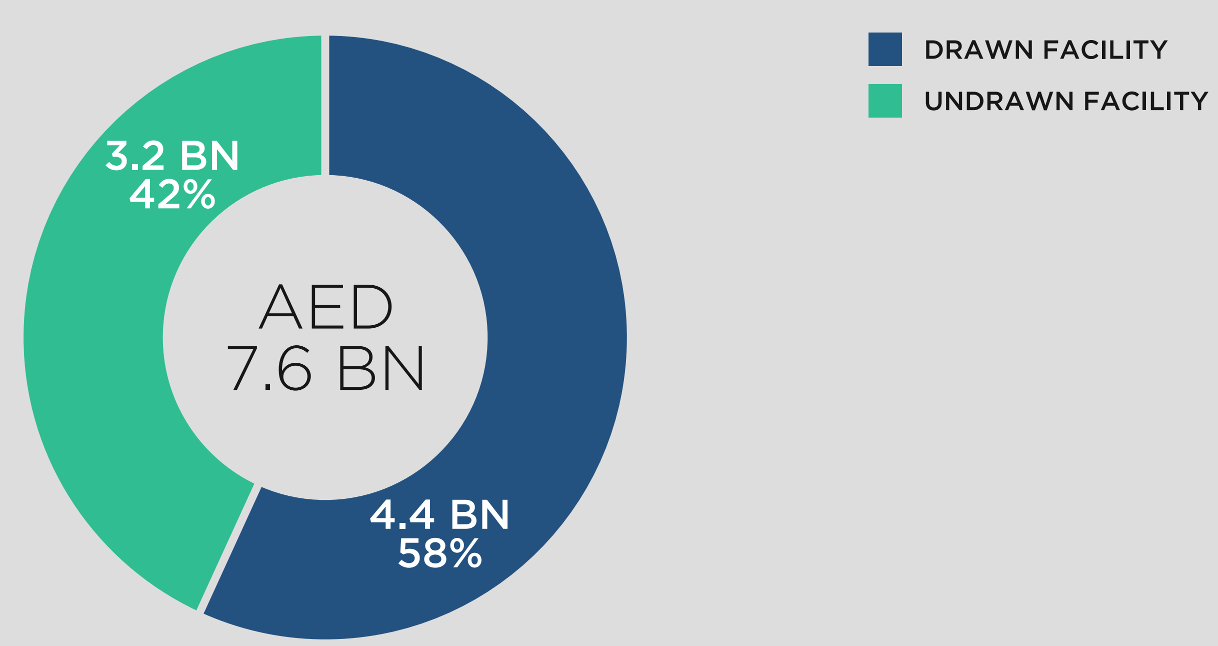
CAPITAL STRUCTURE

	AMOUNT	LTV[1]	LTM EBITDA
AED 7.6BN CORPORATE FACILITY	4,338	22.4%	
TOTAL FINANCIAL DEBT	4,338	22.4%	3.1x
LESS CASH	(1,282)	6.6%	
NET DEBT	3,057	15.7%	2.2x

KEY RATIOS

LOAN TO VALUE (LTV)[1]	16%
DEBT / EQUITY	0.7X
NET DEBT / LTM[2] EBITDA	2.2X
EBITDA / INTEREST	6.2X
ROE	14.6%

DEBT FACILITIES



- Strong balance sheet with investment properties valued at AED 19.4Bn (JLL 31 March 2022)
- Efficient use of assets driving strong returns
- Consolidated and restructured its existing bank facilities through a new facility agreement aggregating to AED 7.6Bn in March 2022, leading to lower financing costs and increased financial flexibility
- Relatively low leverage position

1 LTV - Loan to Value
2 LTM - Last 12 Months

Figures in AED 'Million'

PORTFOLIO VALUATION

OUR PORTFOLIO

19.4BN
VALUATION

165MN
SQ. FT.
LAND AREA

21.1MN
SQ. FT.
LEASABLE AREA

1,128
WAREHOUSES

147
COMMERCIAL BUILDINGS

81
WORKER ACCOMODATION BUILDINGS

FAIR VALUES BY SEGMENT

ASSUMPTION	COMMERCIAL LEASING	LAND LEASING	INDUSTRIAL LEASING
DISCOUNT RATE	9.8%	9.2%	12.3%
EXIT YIELD	7.9%	7.5%	10.2%
NET INITIAL YIELD	7.4%	6.0%	7.9%
VALUE/GLA (AED/SQ. FT.)	1,022	47	165

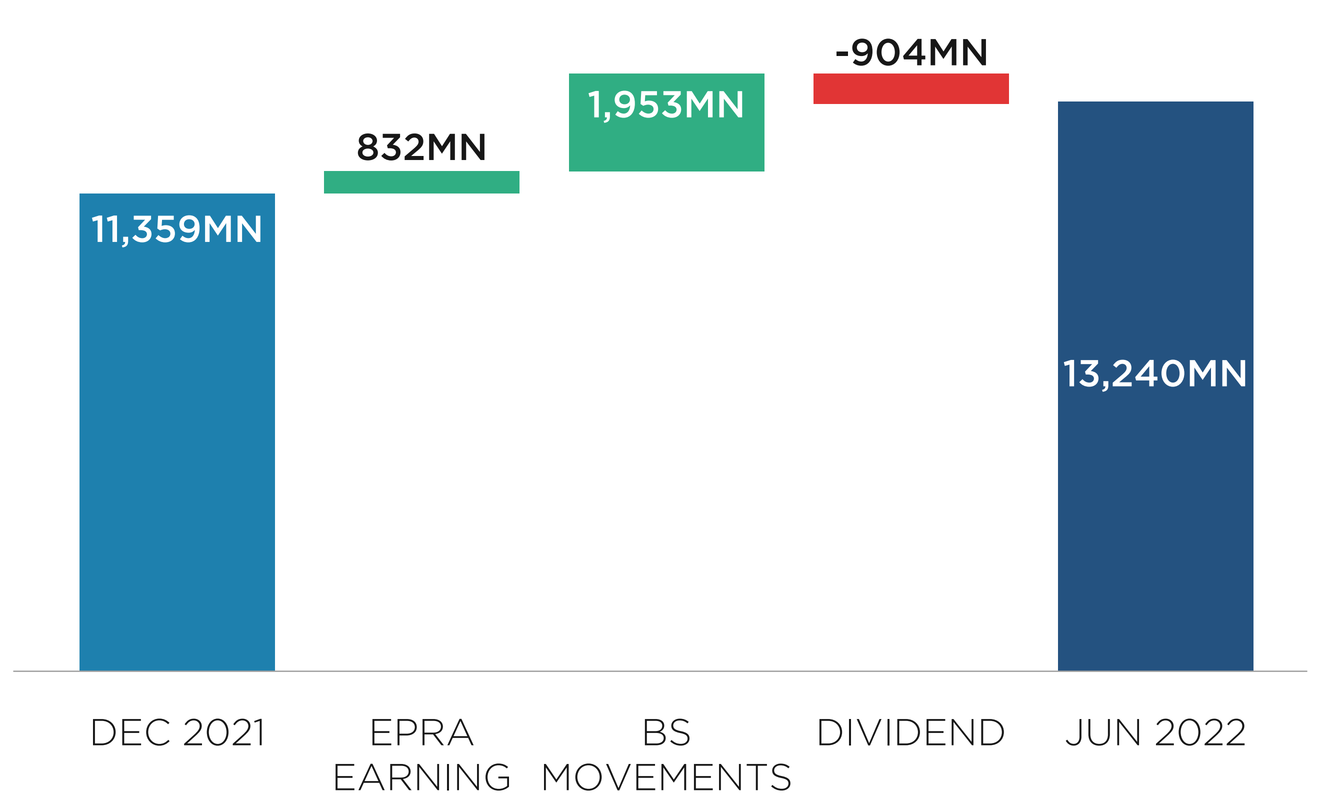
According to JLL, Fair value of TECOM Group PJSC investment properties and land bank stands at AED 19.4 Bn as at **31-Mar-2022**.
*Industrial leasing includes Warehouses and Worker Accomodations

EPRA KPIs

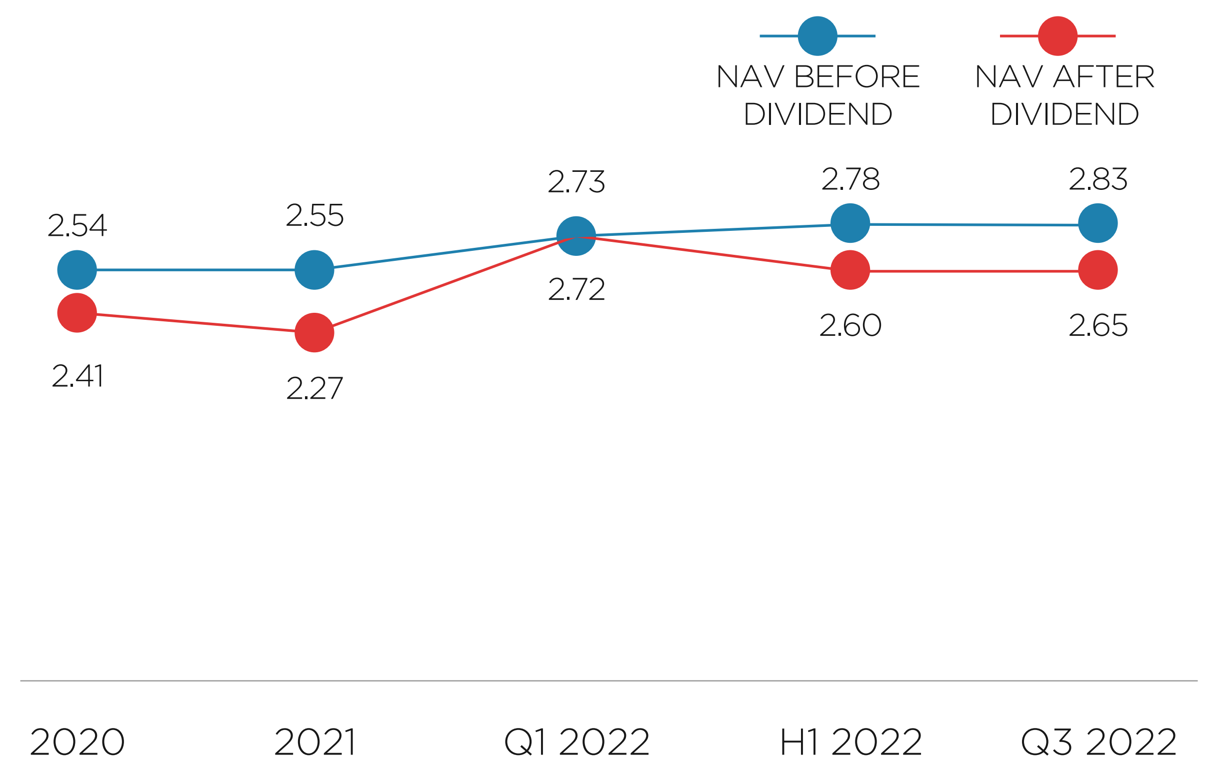
KPI	Q3 2022	H1 2022	Q1 2022	2021	2020	2019
IFRS EARNINGS	639	428	190	569	579	634
EPRA EARNINGS	832	534	225	898	944	984
IFRS NET ASSETS	6,070	5,718	6,264	5,613	6,168	6,131
EPRA NET ASSET VALUE (NAV)	13,240	13,006	13,621	11,359	12,035	12,705
EPRA NIY	7.1%	7.1%	7.1%	6.8%	6.1%	7.0%
EPRA "TOPPED-UP" NIY	7.2%	7.1%	7.2%	7.1%	6.6%	7.3%

PER SHARE ANALYSIS	Q3 2022*	H1 2022*	Q1 2022*	2021	2020	2019
NUMBER OF SHARES	5,000	5,000	5,000	5,000	5,000	5,000
EPRA EARNINGS PER SHARE	0.17	0.11	0.04	0.18	0.19	0.20
EPRA NET ASSET VALUE (NAV) EX DIVIDEND	2.65	2.60	2.72	2.27	2.41	2.54
EPRA NET ASSET VALUE (NAV) BEFORE DIVIDEND	2.83	2.78	2.73	2.55	2.54	NA

EPRA NAV BRIDGE



NAV MOVEMENT



*EPRA Earnings per share for Q1 2022, H1 2022 and Q3 2022 not annualized
**Balance sheet Movements (BS Movements) primarily resulted from reduction in infrastructure provisions reducing the capitalized carrying values while Fair values remained stable. This resulted in Revaluation surplus (FV vs Carrying values)

Figures in AED 'Million'

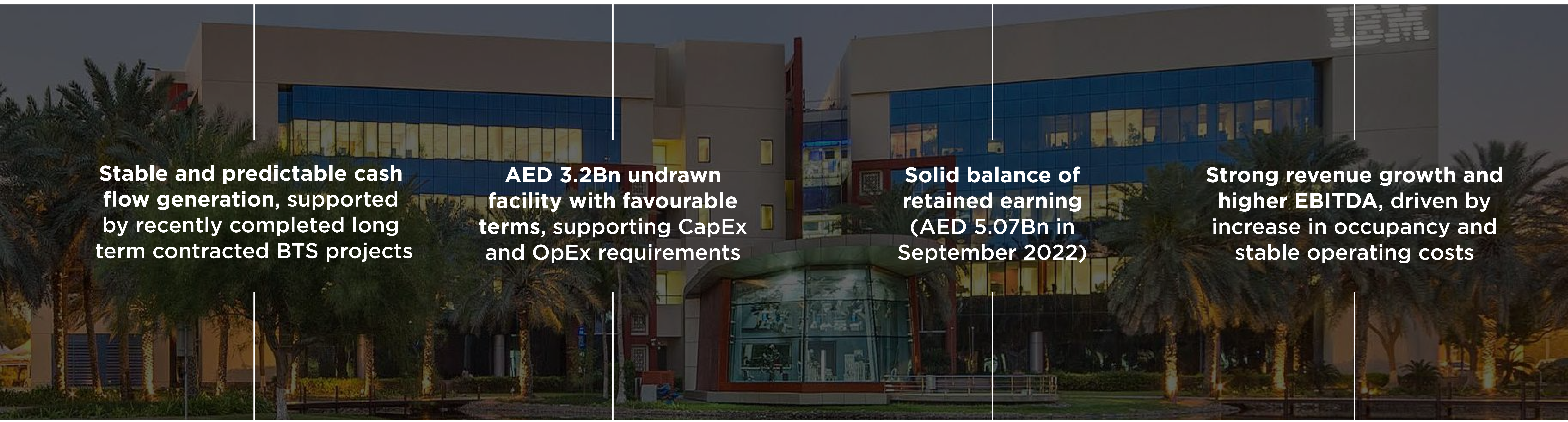
ANALYST COVERAGE REPORT

	Goldman Sachs	Morgan Stanley	UBS
	7TH AUG 2022	8TH AUG 2022	8TH AUG 2022
RATING	BUY	EQUAL-WEIGHT	BUY
ANALYST	HARSH MEHTA Harsh.Mehta@gs.com	NIDA IQBAL Nida.Iqbal.Siddiqi@morganstanley.com	CHARLES BOISSIER Charles.Boissier@ubs.com

DIVIDEND POLICY

- TECOM reaffirms its commitment to pay an annual cash dividend of AED 800Mn for the next 3 years (through to October 2025), subject to BoD recommendation and shareholder approval
- In line with previously announce dividend policy, BoD proposed distributing AED 200Mn to shareholders, as the first part of AED 400Mn for H2 2022 performance
- Going forward, TECOM intends to maintain a progressive dividend policy designed to reward shareholders while maintaining sufficient growth capital

ABILITY TO PAY DIVIDEND SUPPORTED BY:



Stable and predictable cash flow generation, supported by recently completed long term contracted BTS projects

AED 3.2Bn undrawn facility with favourable terms, supporting CapEx and OpEx requirements

Solid balance of retained earning (AED 5.07Bn in September 2022)

Strong revenue growth and higher EBITDA, driven by increase in occupancy and stable operating costs

BUSINESS DISTRICTS PERFORMANCE

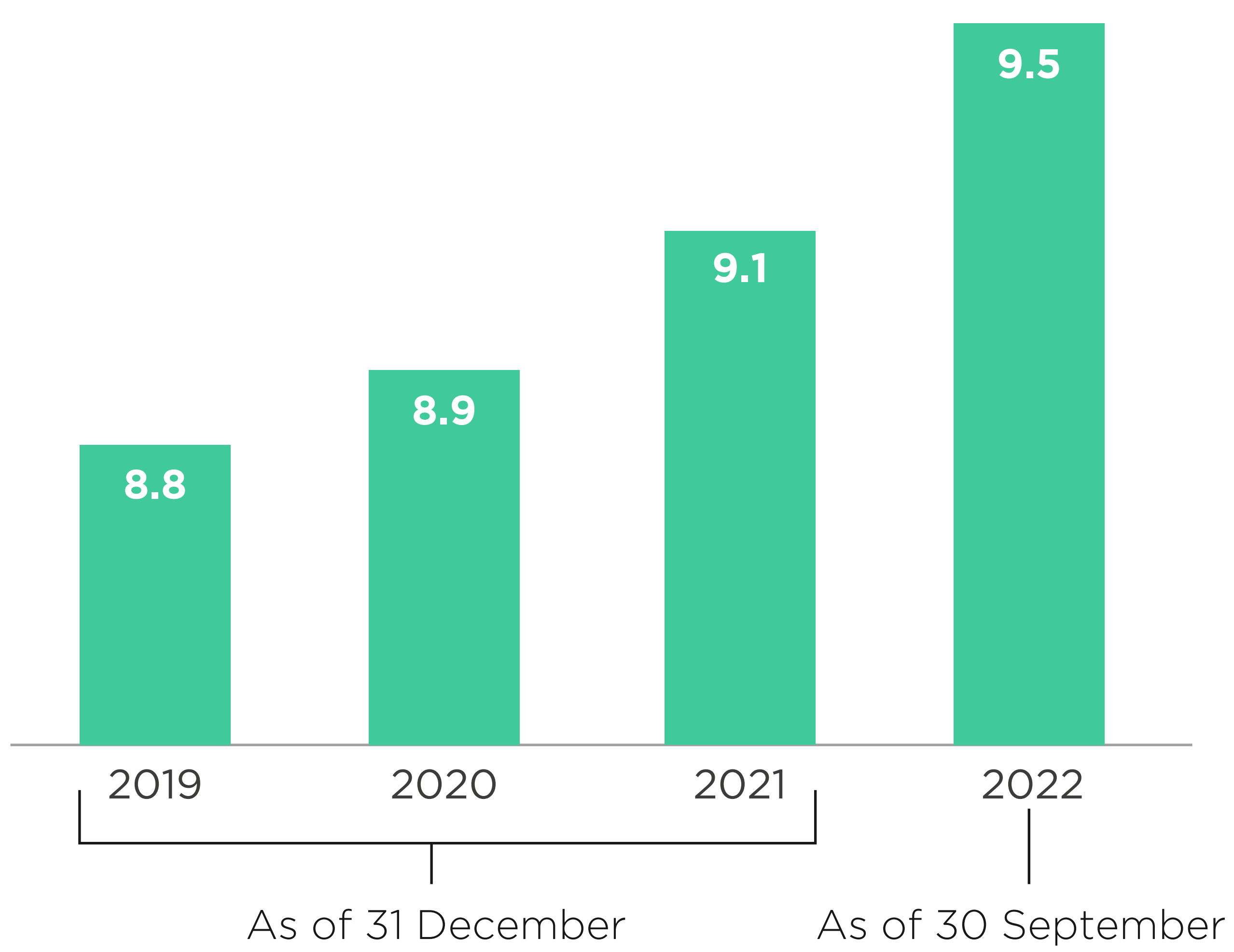
COMMERCIAL SEGMENT

ENCOURAGING PERFORMANCE UNDERPINNED BY CONSTRUCTIVE DEMAND/SUPPLY DYNAMICS IN OFFICE PROPERTIES AND EXPANSIONARY DUBAI ECONOMY

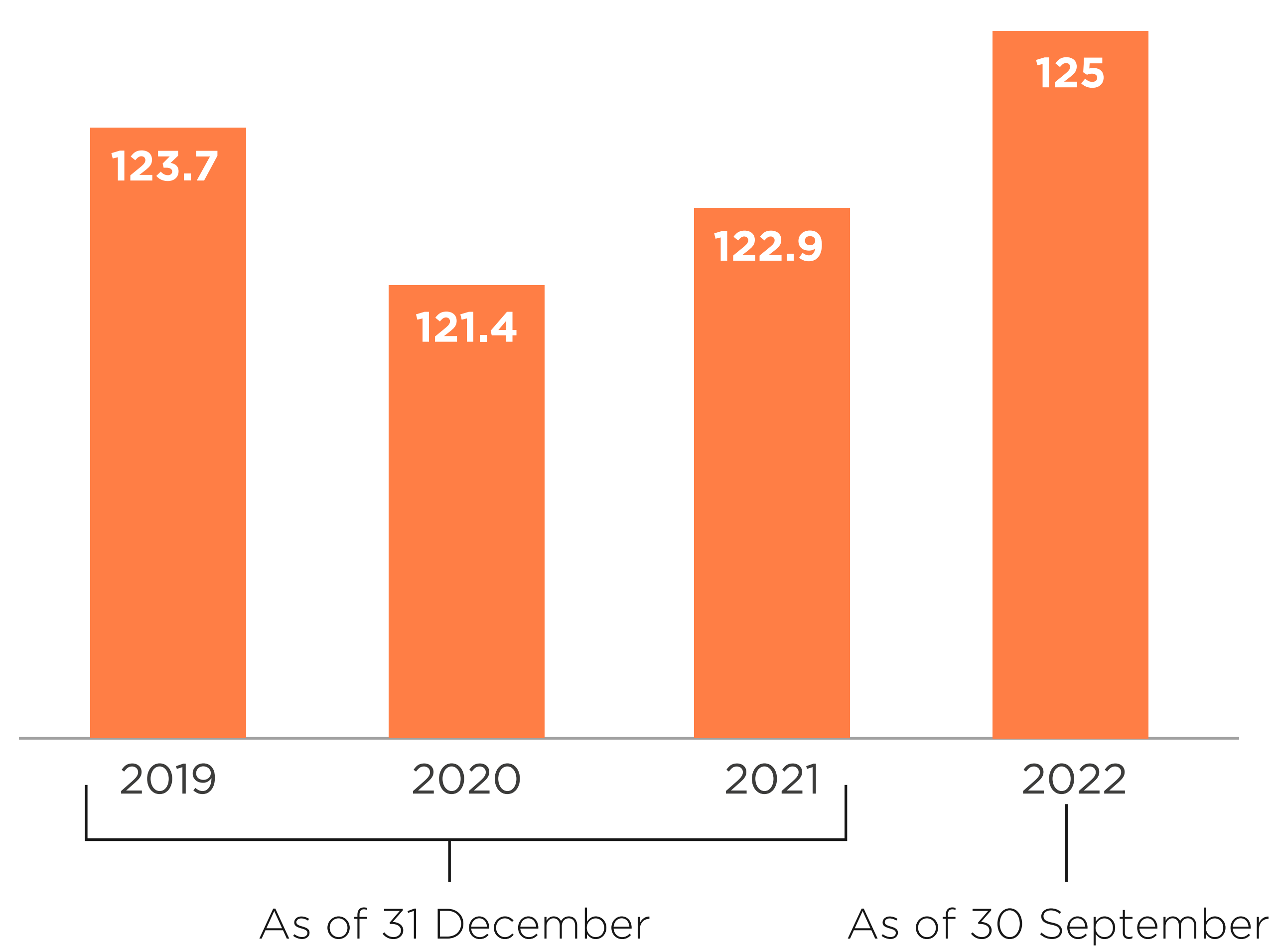
DESCRIPTION	Q3 2022	Q3 2021	% CHANGE YOY	9 MONTHS 2022	9 MONTHS 2021	% CHANGE YOY
REVENUE	258	224	15%	778	671	16%
EBITDA	**154**	**133**	**16%**	**516**	**417**	**24%**
EBIDTA MARGIN	60%	59%	0%	66%	62%	7%

- Revenue growth driven by:
  - New BTS projects
  - New leases adding AED 105Mn to top line
  - Strong and significant increase in office occupancy levels with increase of 6% since Jan 2022
  - Customer retention levels of 91%
- Retail occupancy witnessed steady increase during 9 Months

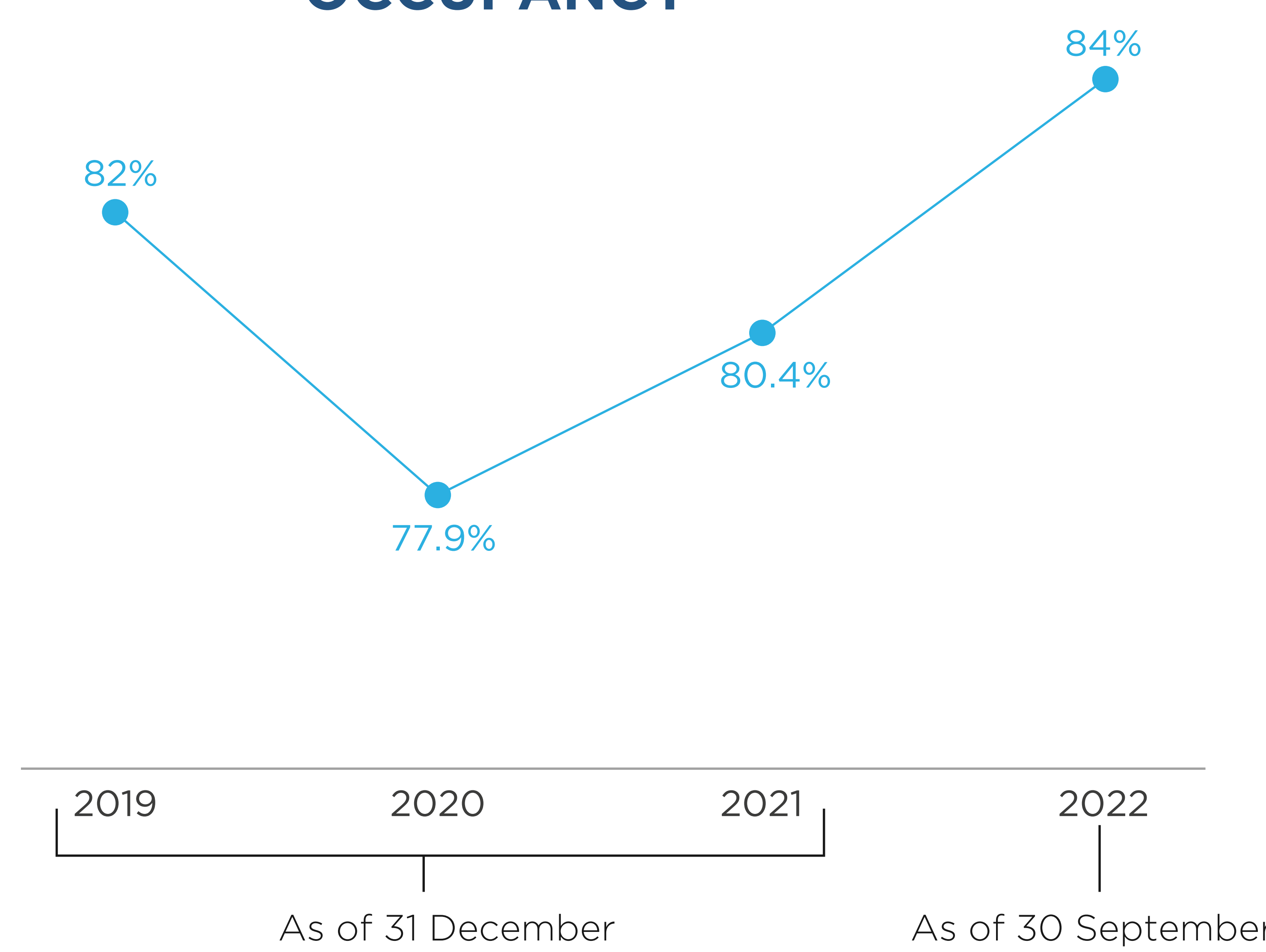
GLA



RENTAL RATE



OCCUPANCY



Figures in AED 'Million'

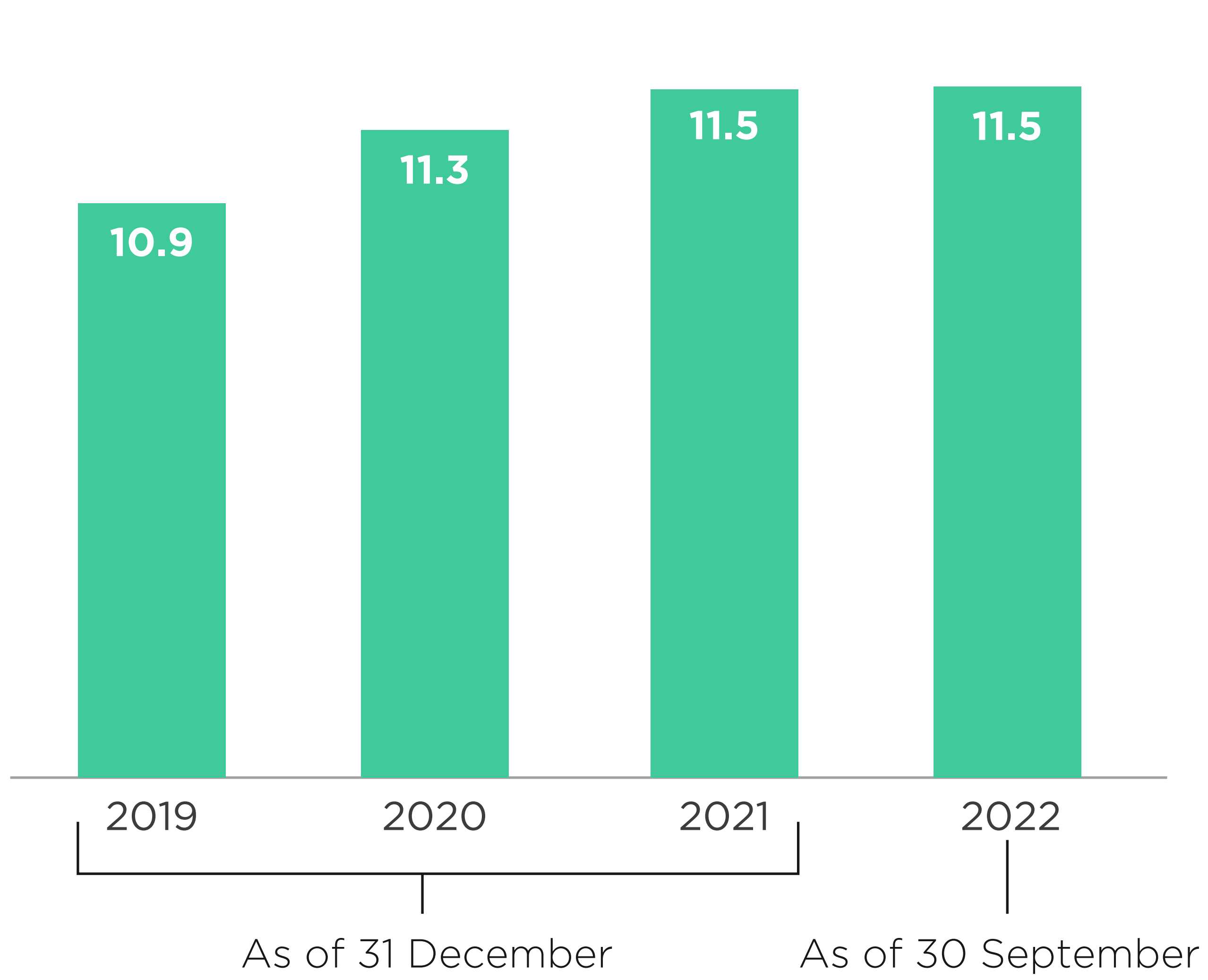
INDUSTRIAL SEGMENT

CONTINUED STRONG GROWTH MOMENTUM AS SEGMENT BENEFITS FROM STRUCTURAL LONG-TERM TAILWINDS IN THE INDUSTRIAL, CONSTRUCTION AND LOGISTICS AND E-COMMERCE SECTOR

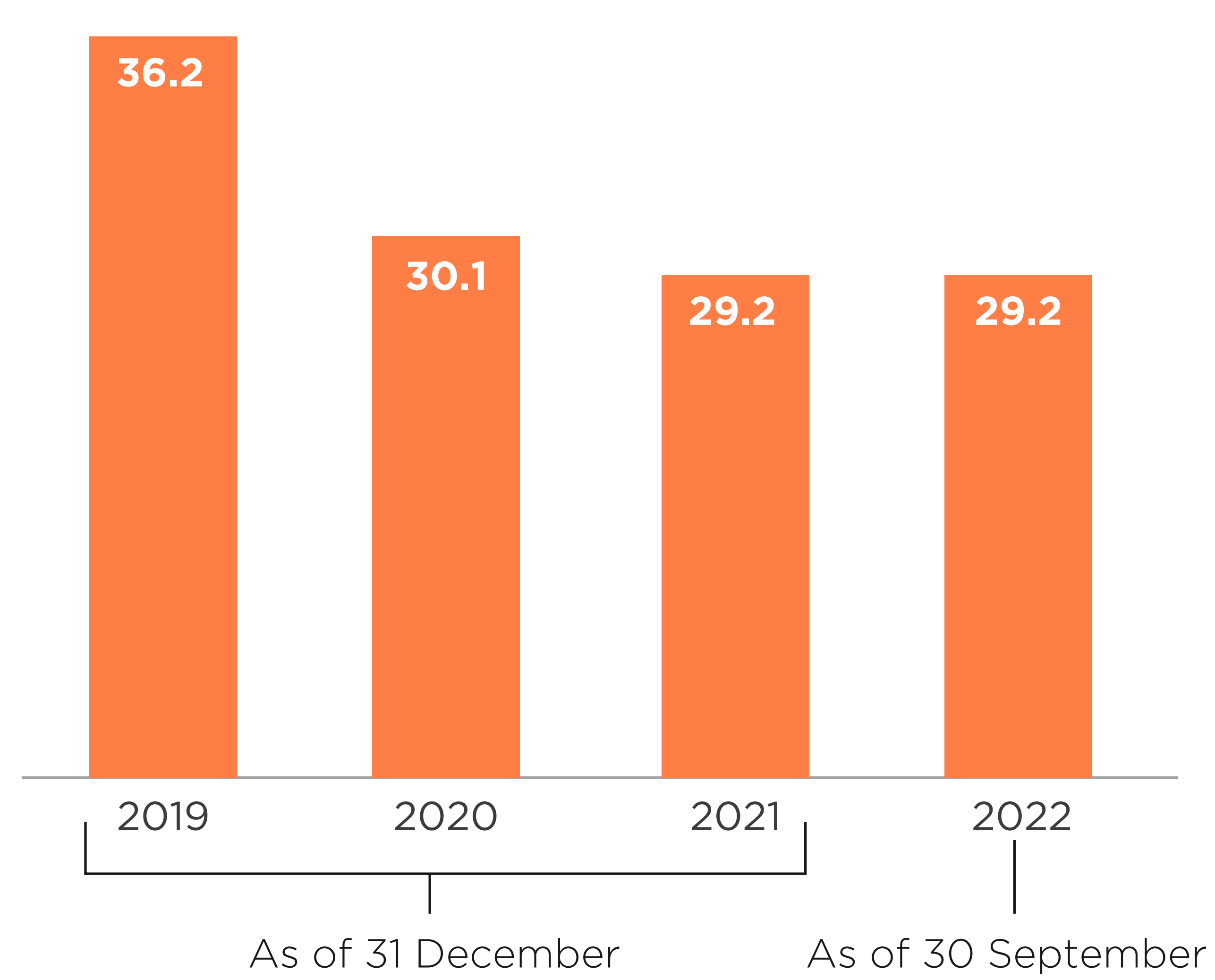
DESCRIPTION	Q3 2022	Q3 2021	% CHANGE YOY	9 MONTHS 2022	9 MONTHS 2021	% CHANGE YOY
REVENUE	70	61	14%	204	175	16%
EBITDA	**56**	**39**	**43%**	**143**	**120**	**19%**
EBIDTA MARGIN	81%	64%	26%	70%	69%	2%

- Revenue growth driven higher occupancy rates across the industrial properties portfolio
- N ew leases adding AED 64Mn to top line
- Strong retention rate of 94%, reflecting the company's customer-centric and unique offering to tenants

GLA



RENTAL RATE



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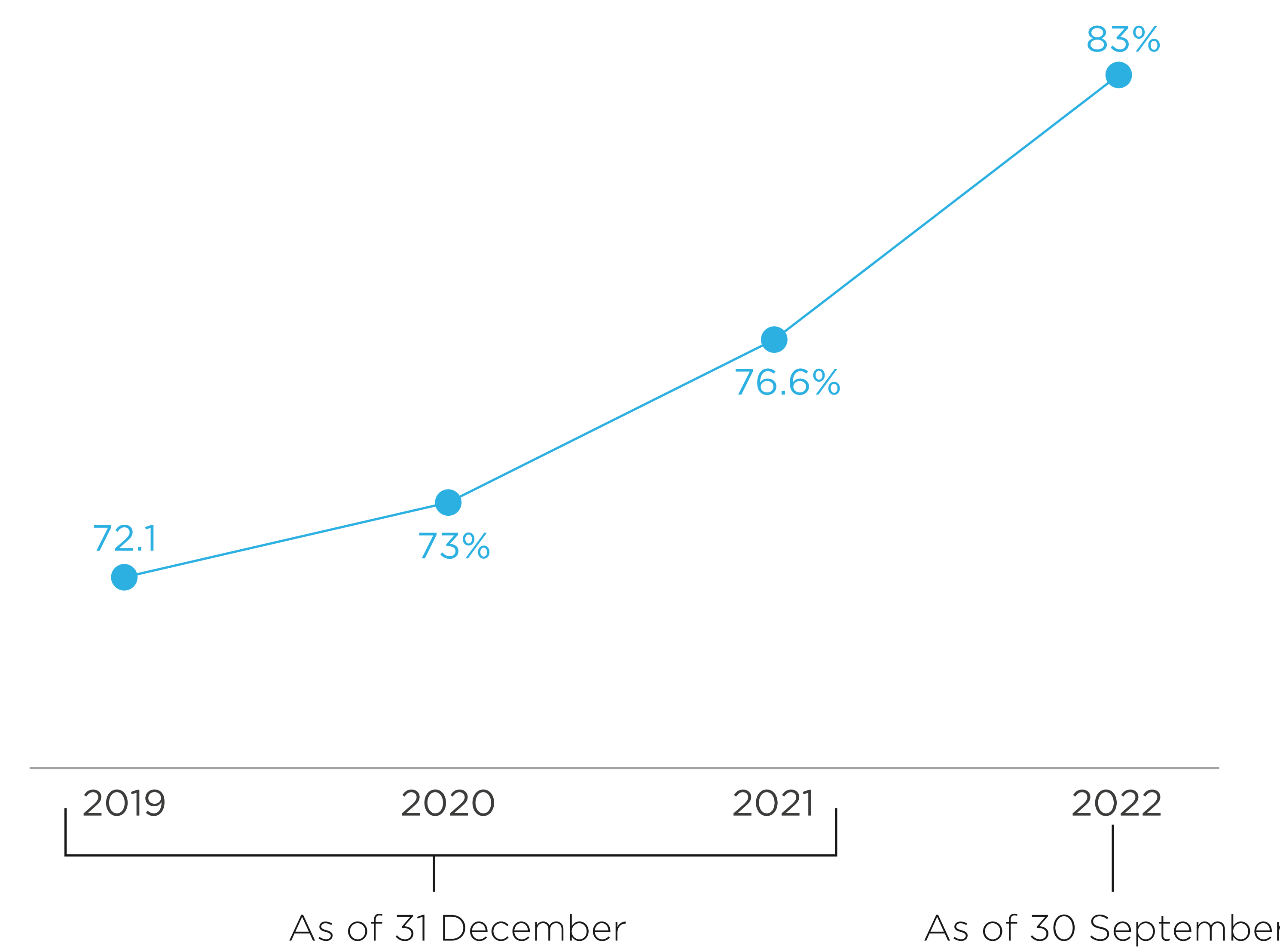


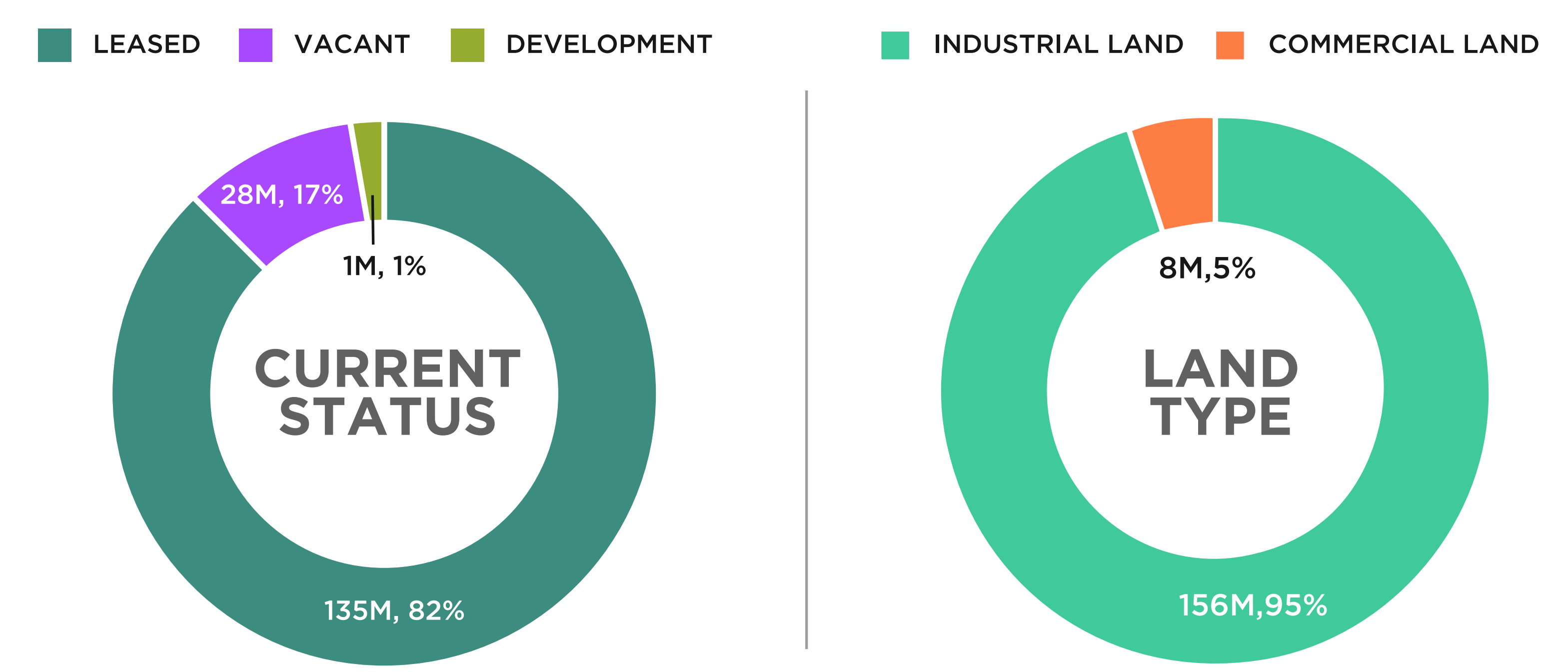
Figures in AED 'Million'

LAND LEASE SEGMENT

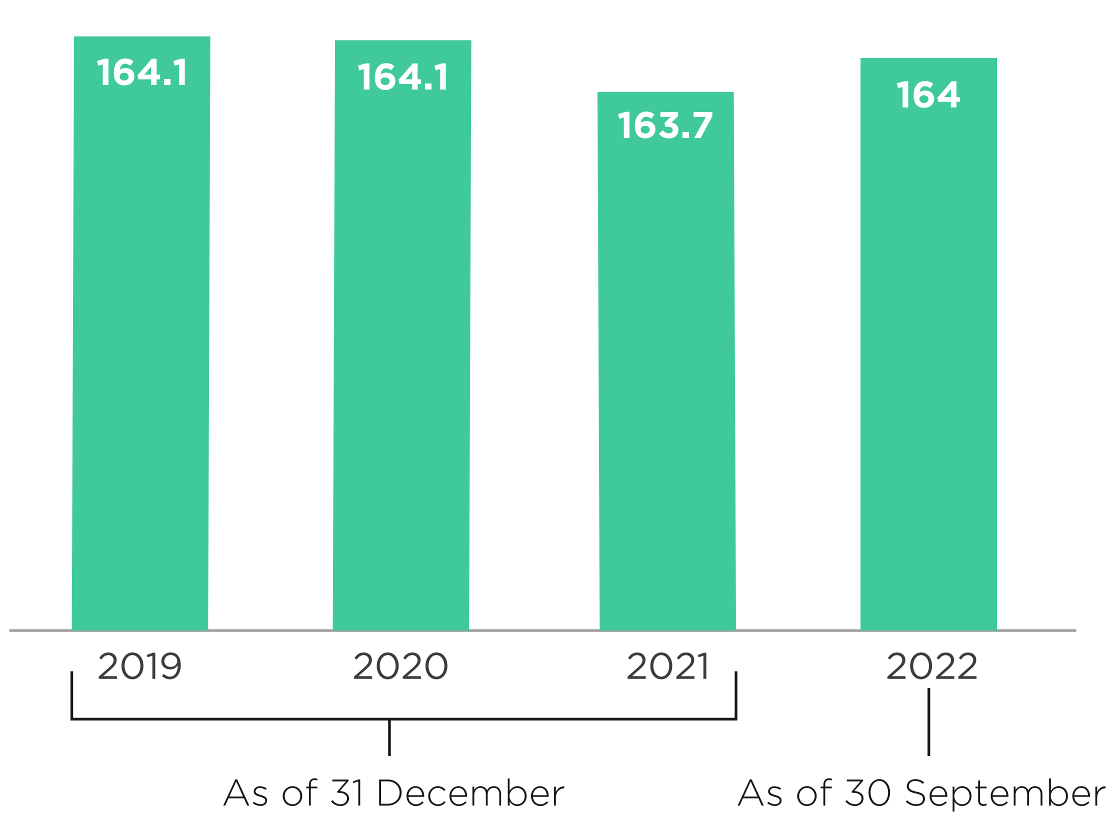
INCREASED REVENUE DRIVEN BY HIGHER LAND LEASE OF DPC AND BACKDATED ACTIVATION OF DIC LAND LEASE HIGHER EBITDA AND IMPROVING EBITDA MARGINS DRIVEN BY LOWER G&A AND LOWER PROVISIONS

DESCRIPTION	Q3 2022	Q3 2021	% CHANGE YOY	9 MONTHS 2022	9 MONTHS 2021	% CHANGE YOY
REVENUE	111	109	2%	331	321	3%
EBITDA	**112**	**91**	**23%**	**303**	**267**	**13%**
EBIDTA MARGIN	101%	84%	20%	92%	83%	10%

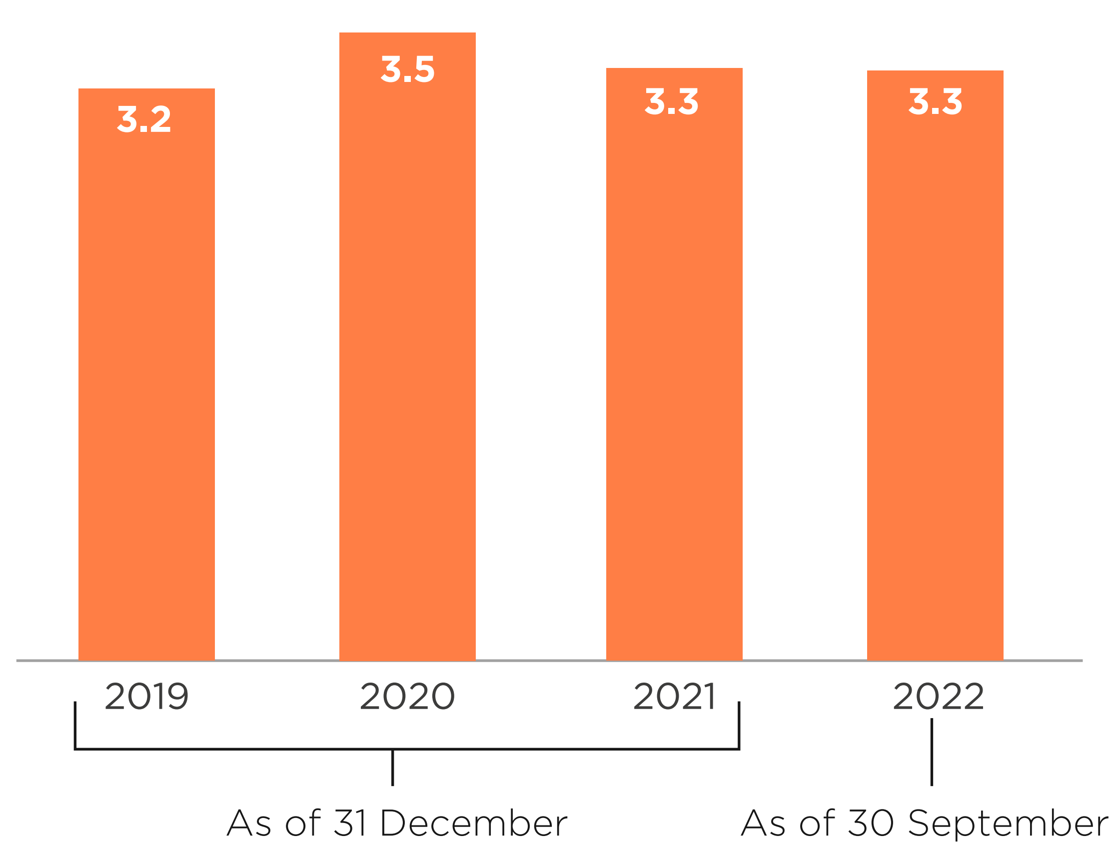
LAND BANK



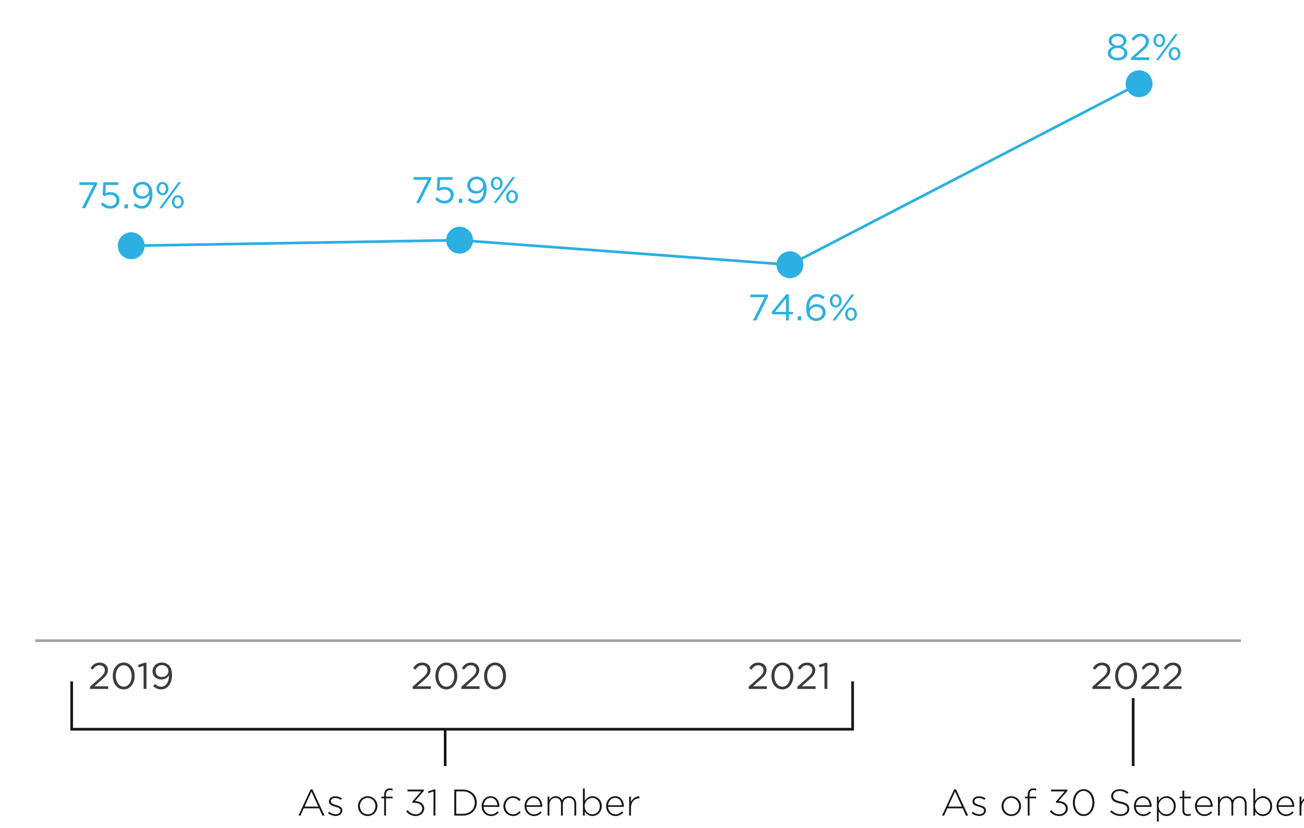
GLA



RENTAL RATE



OCCUPANCY



Figures in AED 'Million'

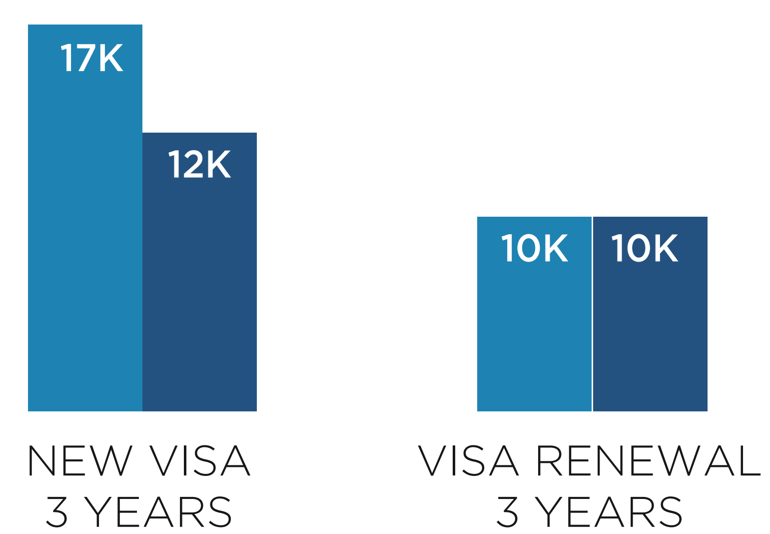
SERVICES & OTHER SEGMENT

GROWING REVENUE STREAM GENERATED FROM COMPLEMENTARY SERVICES OFFERED IN BUSINESS DISTRICTS TO NEW AND EXISTING TENANTS/CUSTOMERS

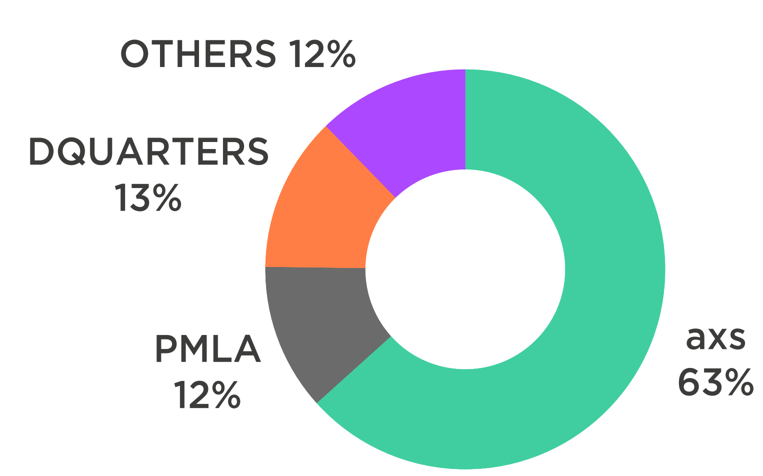
DESCRIPTION	Q3 2022	Q3 2021	% CHANGE YOY	9 MONTHS 2022	9 MONTHS 2021	% CHANGE YOY
REVENUE	51	42	21%	168	124	35%
EBITDA	**42**	**25**	**71%**	**124**	**74**	**68%**
EBIDTA MARGIN	82%	58%	41%	74%	60%	24%

- Strong increase in revenue driven by higher government and registration services (axs) revenue due to increase in services as a result of easing COVID-19 restrictions
- Significant increase in EBITDA and improving EBITDA margins driven by improving top line and lower G&A due to operational efficiency enhancement

NO. OF TRANSACTIONS



REVENUE CONTRIBUTION



Figures in AED 'Million'

Legend: PMLA: Property Management and Lease Agreemant

SUSTAINABILITY AND ESG

ENVIRONMENT & SUSTAINABILITY GOALS

Strategic objectives

- Stabilise core business
- Develop differentiated value proposition
- Build new sources of growth

OUR CORE PILLARS

Governance and Risk

- Ethical business policies & practices
- Robust governance
- Prudent risk management
- Responsible sourcing and procurement

ECONOMY

- Economic performance
- Incubating innovation
- Customer centricity

COMMUNITY

- Investing in local communities

PEOPLE

- Safe & healthy workspaces
- Training & development

ENVIRONMENT

- Energy efficiency
- Water efficiency
- Waste management
- Reducing GHG emissions

National/international mandates

- UAE Centennial 2071
- 2030 Dubai Integrated Energy Strategy
- UAE Net Zero 2050
- UAE Green Growth Strategy 2015-2030
- UN Sustainable Development Goals

ESG UPDATE

ENVIRONMENT

ENERGY

Operation of two new **solar power projects** in Dubai Industrial City and Dubai Production City

TECOM Group total energy sourced from solar power YTD:

9.39 GwH
[vs. 6.2 GwH in 2021]

WASTE MANAGEMENT

e-Waste awareness **raising campaign**

Created Art Installation (in collaboration with Lebanese Upcycling Artist)

Amount of waste collected and used from our communities was **430KG**

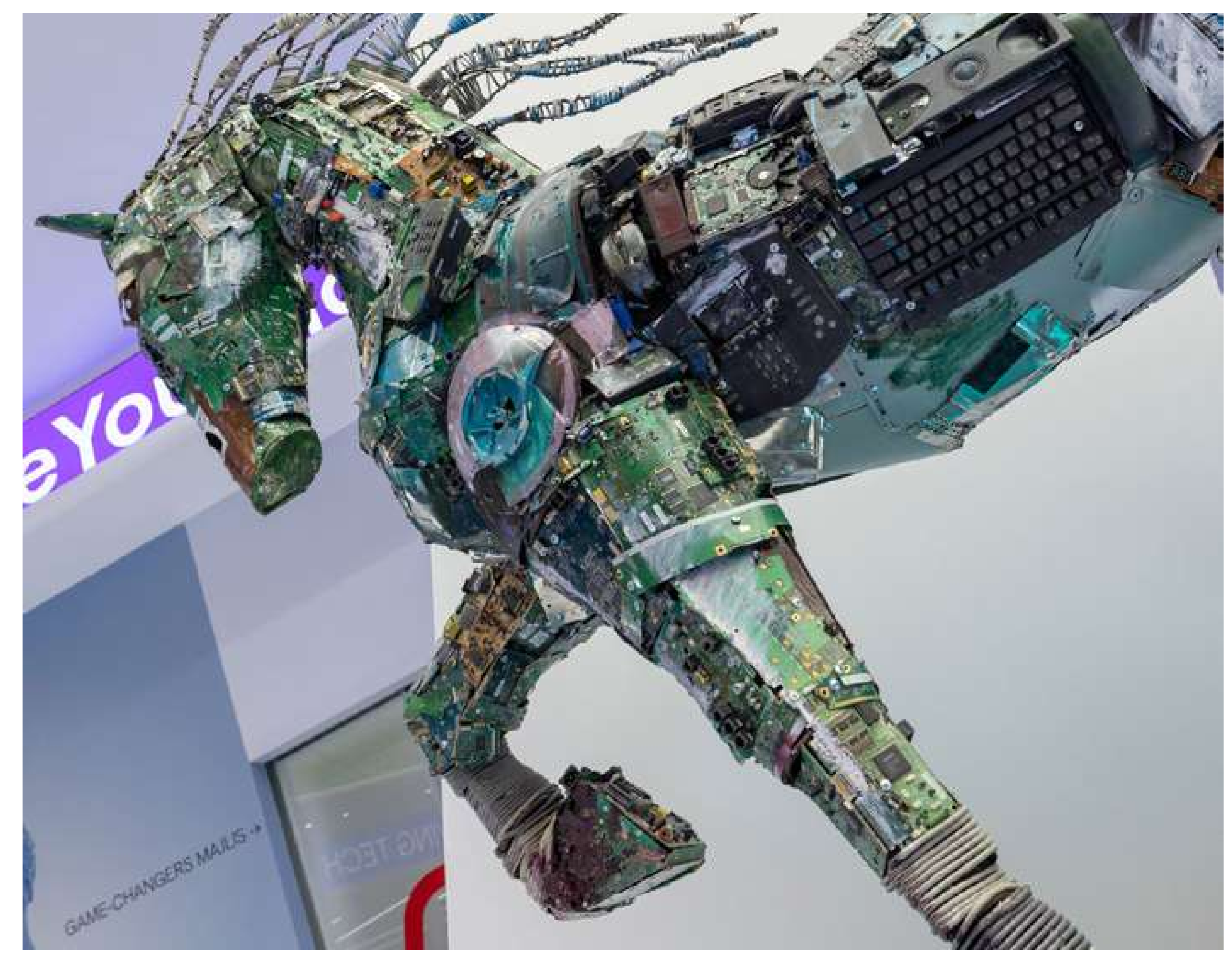
Launched installation (image) at **Gitex Global 2022**

2 more installations (Completion August 2023)

PEOPLE

WORKFORCE

Emiratization rate	Current Emiratization rate	Female headcount
23%	**23%**	**35%**



OUTLOOK


الوجهة الأولى للصناعة
والخدمات اللوجستية
THE LEADING LOGISTICS
AND MANUFACTURING HUB

HIGHLY VISIBLE ORGANIC GROWTH DRIVERS

2022 TARGETS

Occupancy rate (end of period)		Revenue
~85% (Commercial)	**~83%** (Industrial)	**~AED 1.9BN** (~+8% YoY)

Occupancy Rates Growth

Robust recovery in occupancy rates and c.90% retention rates

Rental Rates Growth

Capitalizing on increase in rental rates and rising property prices

Completed Projects

Completed long term contracted BTS projects further strengthen cash flow stability and visibility

Future Projects

Further organic growth upside from committed and future development pipeline

Supplementary Services

Strong upside from complementary services supported by growth in occupancy rates & GLA and post Covid recovery

Land Bank

Activating 28Mn sqft. of available land bank and tapping more land through DHAM agreement, as needed

ORGANIC GROWTH DRIVERS


TECOM GROUP
THANK YOU