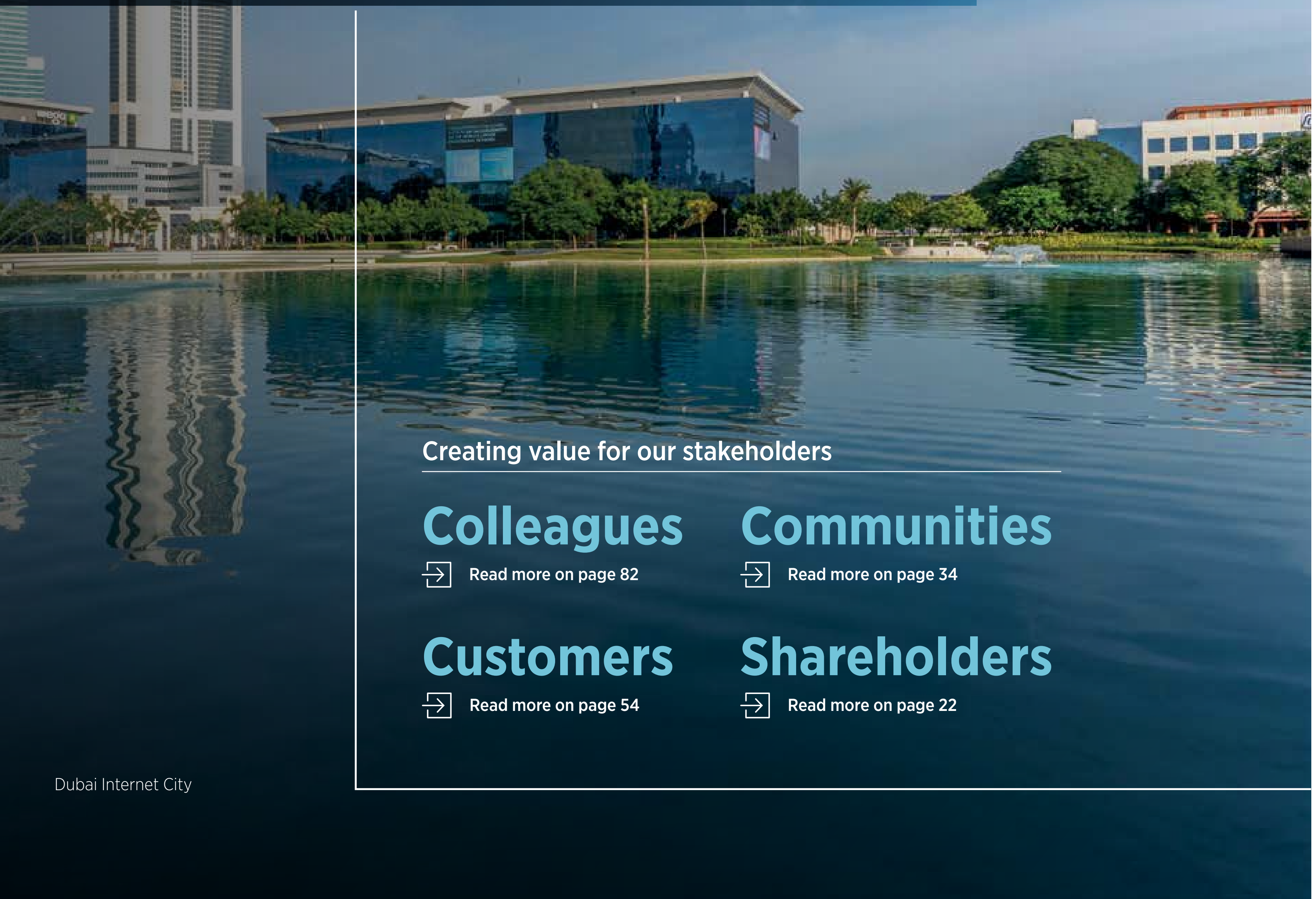
TECOM GROUP

Building thriving ecosystems

Delivering sustainable growth

TECOM Group PJSC | Annual Report 2023

During a year of record performance and memorable milestones, TECOM Group has built on a **quarter century of ground breaking achievements** and delivered on its promises to shareholders and stakeholders, while **creating a new vision** for its next quarter century to power progress for our business, our partners and our society.



Dubai Internet City

Creating value for our stakeholders

Colleagues
Read more on page 82

Communities
Read more on page 34

Customers
Read more on page 54

Shareholders
Read more on page 22

Key facts

AED 23B
Valuation as at 31 December 2023

10
Business Districts

185M
Leasing Space (sqft)

6
Sectors

11,000+
Customers

124,000+
Professionals

Our regulatory announcements, financial and shares information, press releases and periodic reports can be found on our group Website:
tecomgroup.ae

What's inside

2023 HIGHLIGHTS AND YEAR IN REVIEW

Delivering strong financial performance

Financial highlights

Revenue

AED 2,169M

2023	2,169
2022	1,973
2021	1,766

+10%
Growth YOY

EBITDA

AED 1,654M

2023	1,654
2022	1,347
2021	1,171

+23%
Growth YOY

EBITDA Margin

76%

2023	76.2%
2022	68.2%
2021	66.3%

+8%
Higher than 2022

Net Profit

AED 1,078M

2023	1,078
2022	726
2021	569

+49%
Growth YOY

Read more on page 77

EPRA Measure

EPRA Return

AED 0.30

2023	0.30
2022	0.20
2021	0.18

EPRA NIY

6.7%

2023	6.7%
2022	6.6%
2021	6.8%

EPRA NTA per Share

AED 3.43

2023	3.43
2022	3.01
2021	2.27

EPRA Earnings

AED 1,502M

2023	1,502
2022	1,024
2021	898

Read more on page 201

Key operational highlights

89%
Occupancy

AED 1,919M
Passing Annual Rent
+11% higher than 2022

91%
Customer Retention

9.9 Years
WALT including land

As commercial real estate leaders, we innovate sustainable spaces and prioritize tenant satisfaction. This dual focus ensures not only customer retention but also a continuous increase in our occupancy rates.

2023 ESG highlights

30
LEED certified buildings
8 buildings certified in 2023 representing a 36% increase compared to 2022

9.14%
reduction in Electricity intensity from 8.19 KWh / sq ft in 2022 to 7.44 KWh / sq ft in 2023.

380
active start-ups in our incubator in5, a 9.83% increase from 2022

15.27
average training hours per employee, an increase of 61% from 2022

AED 1.47 M
in Corporate Social Responsibility (CSR) spending

Dubai Production City — in5 Media

View our TECOM Group 2023 Financial Results video by clicking play

2023 HIGHLIGHTS AND YEAR IN REVIEW CONTINUED

In our first full year as a publicly listed company, TECOM Group delivered on our promises and exceeded expectations.

We continued to build our world-class communities by attracting partners, capital and talent to Dubai, while setting new operational and financial benchmarks to create value for our stakeholders and position the Group for further growth in the years ahead.

Dubai Design Week

Social engagement and community wellness

WeWalk for Dubai Autism Centre
TECOM Group partnered with WeWalk 2023 to raise over AED 87,310 in support of the Dubai Autism Centre mission to empower children with autism through education and therapeutic interventions.

Celebrating Emirati Women's Day
TECOM Group marked Emirati Women's Day 2023 with an initiative that shed a light on the accomplishments of Emirati women and their enduring contributions in shaping the UAE's reputation as a global hub for innovation and excellence.

Supporting breast cancer awareness
The Group took part in the Pink Caravan Initiative by rolling it out across all of our communities in support of breast cancer awareness.

Dubai Design District

Industry events and awards

Dubai Fashion Week turns heads
The second edition of Dubai Fashion Week was successfully held, with Carolina Herrera as the guest of honor and participation of world renowned global and local brands.

Dubai Design Week highlights design innovation
d3 held the biggest edition of Dubai Design Week, the region's largest creative festival, reflecting Dubai's position as design capital of the Middle East.

Recognition and awards at the Middle East Public Relations Association
The Good Store and Emirati Women's Day were recognized by the 2023 MEPRA Awards, with The Good Store securing six awards, including Best B2B Campaign, Best Retail Campaign, Best ESG Campaign and Best Use of Content

Dubai Industrial City wins at 1st edition of Emirates Labour Market Awards
DIC won Best Workers Accommodation Investments at the UAE's 1st edition of Emirates Labour Market Awards, achieving the highest classification for its category: *Diamond Classification for Distinguished Companies*

2023 HIGHLIGHTS AND YEAR IN REVIEW CONTINUED

Future growth

High demand for Innovation Hub Phase 2
TECOM succeeded in pre-leasing over 90% of Innovation Hub Phase 2 in Dubai Internet City, which broke ground at the end of 2022.

Expansion of D/Quarters footprint
Following the growing demand for flexible workspaces in the region, D/Quarters continued to expand with the launch of a new location in Dubai Science Park.

New storage and logistics facilities in Dubai Science Park
TECOM announced the development of new warehouses with a GLA of over 200,000 sqft in Dubai Science Park to satisfy surging demand for Grade A warehouses across Dubai.

Launch of in5 Science
TECOM launched in5 Science, in collaboration with Dubai Science Park, to facilitate entrepreneurship and investment for science-based start-ups under the Dubai Economic Agenda 'D33' umbrella.

Prestigious business school EM Normandie first ever campus in Middle East
Reinforcing Dubai's growing renown for educational excellence in the region and in line with the Dubai Economic Agenda 'D33', the EM Normandie French Business School inaugurates its first regional campus at Dubai Knowledge Park.

New jewelry academy in d3
L'ÉCOLE, School of Jewelry Arts, has decided to establish a permanent campus in d3, which was the fourth permanent international campus for the world-class academy.

L'Ecole opening

Strategic engagement

Dubai Industrial City strategic partnerships to catalyze UAE manufacturing industry growth
The Group signed three strategic partnerships with the Ministry of Industry and Advanced Technology (MoIAT), the UAE Ministry of Climate Change and Environment (MOCCAE) and Emirates Development Bank (EDB) & Department of Economy and Tourism in Dubai (DET) to stimulate growth in the UAE's manufacturing industry.

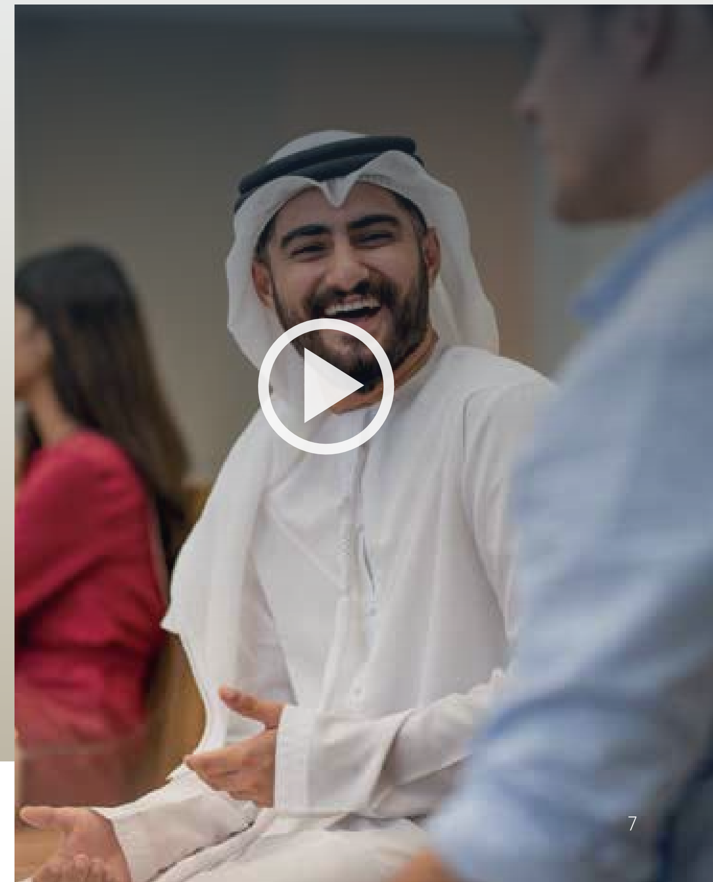
in5 partners with Dubai Chamber for Dubai startup growth
in5 signed a partnership with Dubai Chamber to provide one-stop solutions to startups within and outside the UAE through the new Business in Dubai digital platform.

Expanding the reach of Dubai Internet City
Dubai Internet City signed three MOUs with German Entrepreneurship, Polish Investment & Trade Agency, and NIPA to expand its market reach and enhance the overall ecosystem.

Sit back, relax and relive another remarkable year

Our busy year has been captured on film and is available to watch online at our media gallery on the TECOM Group website. Click the icon below or scan the QR code to enjoy the highlights of another remarkable year.

View our corporate video tecomgroup.ae



AT A GLANCE

WHO WE ARE

We build thriving ecosystems that empower our clients and power the future of Dubai.

Across strategic sectors of Dubai's economy, TECOM brings together the world's leading companies with regional powerhouses and dynamic SMEs, creating connected communities and delivering seamless services to support sustainable success and create lasting value, today and for generations to come.

We operate 10 Business Districts

Strategically located specialised ecosystems across six vibrant industry sectors.

Technology
- DUBAI INTERNET CITY
- DUBAI OUTSOURCE CITY

Education
- DUBAI KNOWLEDGE PARK
- DUBAI INTERNATIONAL ACADEMIC CITY

Media
- DUBAI MEDIA CITY
- DUBAI STUDIO CITY
- DUBAI PRODUCTION CITY

Manufacturing
- DUBAI INDUSTRIAL CITY

Science
- DUBAI SCIENCE PARK

Design
- DUBAI DESIGN DISTRICT d3

WHAT WE DO

Across our 10 vibrant business districts in Dubai, we empower over 11,000 customers and 124,000 professionals to build their dreams and create value for their companies and our society.

Our market-leading commercial, industrial and land leasing portfolio provides a comprehensive range of choice, across asset classes, sectors and communities, while our suite of government and business services unlocks value and accelerates success.

Each of our districts has been designed and developed to create industry-specific and vibrant ecosystems for the technology, media, education, science, design and manufacturing sectors. They provide our customers with dynamic and fit-for-purpose spaces and solutions to operate, collaborate, grow and succeed.

Built-to-lease Occupancy	Built-to-lease Area (sq. ft.)
89%	21M
Land Leasing Area (sq. ft.)	**Land Occupancy**
164M	94%

185m sq ft

Leasing Space

Spread across a range of real estate products and ancillary business services

Commercial Leasing
- Offices
- Retail

Read more on page 58

Industrial Leasing
- Logistics
- Worker accommodation

Read more on page 62

Land Leasing
- Industrial Land
- Commercial Land

Read more on page 64

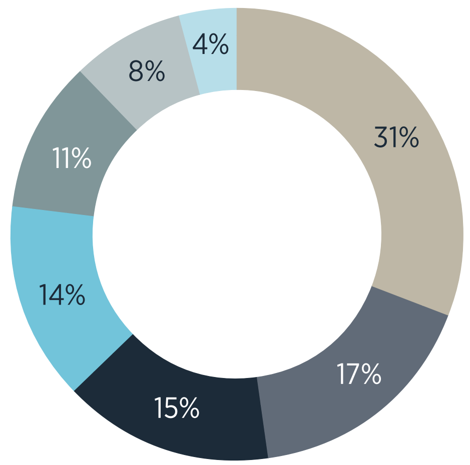
Services
- Business and Government Services (axs)
- Co-working space
- Innovation Centers for start-ups and entrepreneurs
- Freelance services
- Advertising and Venue Management (AVMS)

Read more on page 66

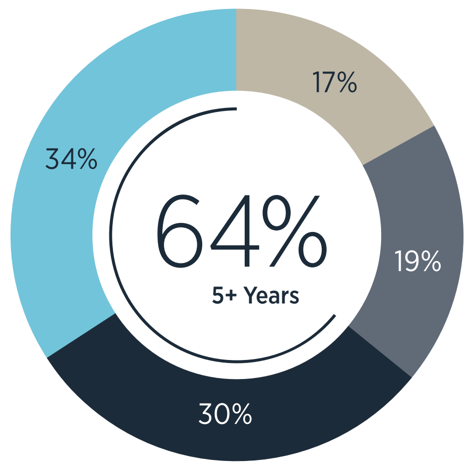
Home to more than 11,000 customers

Large, diverse, industry-leading, international and loyal regional customer base

Portfolio mix by sector - by revenue



Customer Loyalty (in years)



WHERE WE OPERATE

Our portfolio of strategically located and differentiated business districts is an integral part of Dubai's economic diversification and global competitiveness. They provide easy access to key services and transportation routes, enabling our customers to operate and connect within their community, with other communities and across Dubai.

What we offer

Our comprehensive suite of real estate offerings includes offices, logistics, worker accommodation and land leasing.

We provide industry specialized sector-specific facilities, including media production studios, laboratories and higher education campuses.

We also empower our customers and the wider community with critical government and business services, including:

- **axs –** our business and government digital platform to support customers in countless way
- **in5 –** our enabling platform for entrepreneurs and start-ups to grow and succeed
- **D/Quarters –** our future-focused co-working spaces that deliver stimulating work environments
- **GoFreelance –** our business license package for freelance talent to operate independently

147
Commercial Buildings

1,128
Warehouses

81
Worker Accommodations

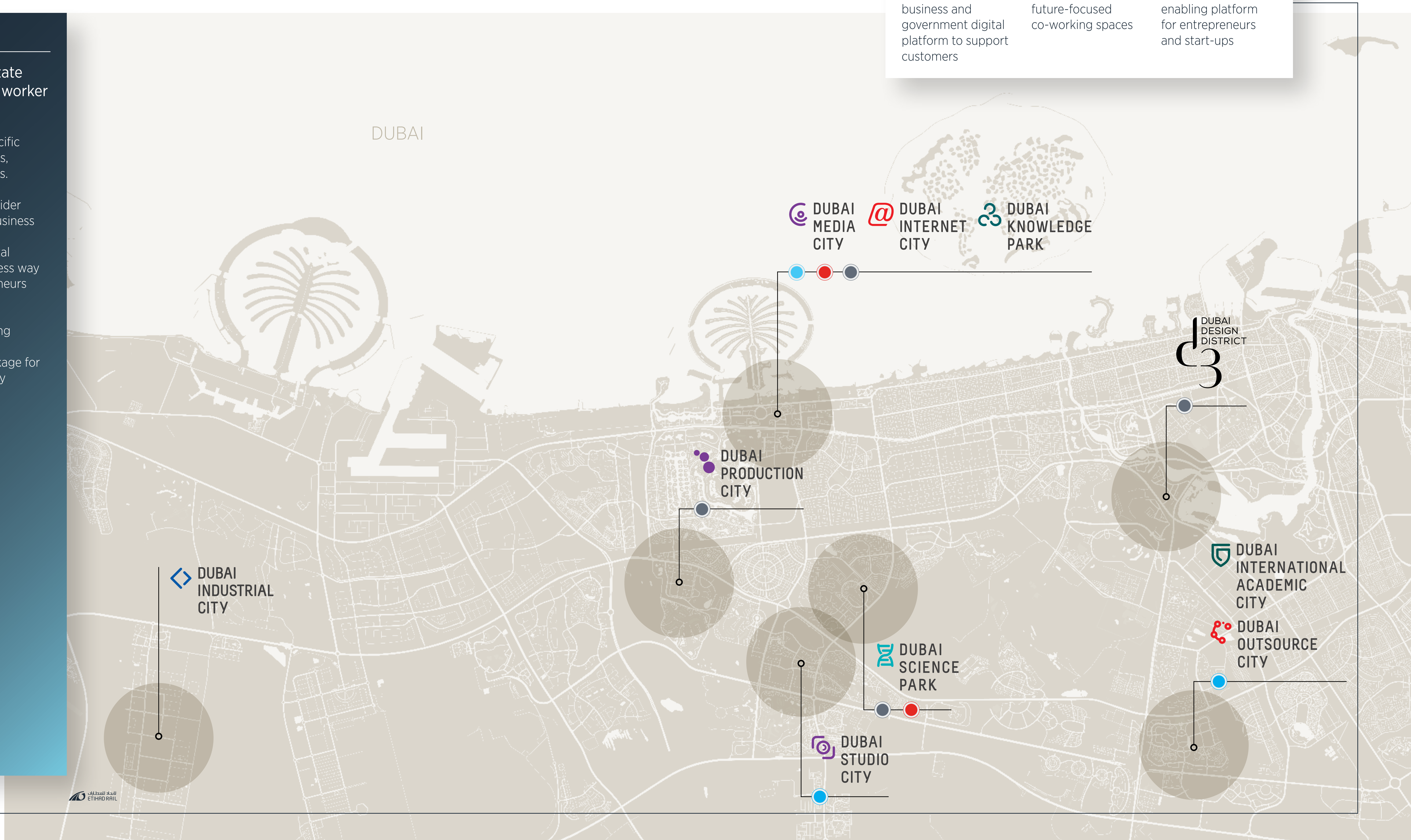
164M
Land Leasing Area (sqft)

Complementary Services

axs business and government digital platform to support customers

D/Quarters future-focused co-working spaces

in5 enabling platform for entrepreneurs and start-ups



OUR CUSTOMERS

Thousands of amazing businesses call TECOM Group home

Our diverse and growing portfolio of business communities host and support more than 11,000 dynamic businesses of all sizes and across all industries, from ambitious start-ups and SMEs to many of the largest Emirati and multi-national organizations that use Dubai as their headquarters for regional or global operations.

LinkedIn
MANCHESTER 1824 The University of Manchester
CHALHOUB GROUP
BOSS HUGO BOSS
stripe
CNN
Chopard
KERING
Teleperformance
UNIVERSITY OF BIRMINGHAM
HUAWEI
STARZPLAY
OLYMPUS
VISA
THOMSON REUTERS
Mercedes-Benz
Microsoft

A key enabler to success is a partner with a shared vision, ambition, and goal. Ten years ago, Unilever partnered with Dubai Industrial City to build a start-of-the-art manufacturing facility that would supply to the world beauty products manufactured in the UAE. **Today, Unilever's Dubai Personal Care (DPC) Factory stands as proud testament to this successful partnership with its 'Made in UAE' labelled products exported to over 35 countries and recognized by the World Economic Forum as an 'Advanced 4th Industrial Lighthouse'. My thanks to the Dubai Industrial City leadership team for their relentless support in helping us build and operate an iconic unit that serves as a source of pride to Unilever and continues to contribute to the UAE's sustainable development.**

Unilever

As global leader in AI CRM, Salesforce investment towards Middle East is more and more important. With the Hyperforce Data Center that allows data residency of customer data, the Opening of the New Office is the most relevant action of our commitment for the Region. Dubai Internet City is clearly the place to be. From there we will be able to expand and grow serving our clients and dealing with our Ecosystem in the best way. With TECOM Group we share vision of the future and we have in place a mutual collaboration to have an impact in local economy.

salesforce

Our new office at Dubai Science Park has provided us with the perfect opportunity to relocate to a new home with state-of-the-art infrastructure and access to key industry players. This will enable us to expand our local footprint in the UAE and demonstrate our support for the government's ambition to drive and accelerate sustainable development in healthcare, aligning with We the UAE 2031 vision.

AstraZeneca

A.P. Moller – Maersk (Maersk), the global integrated logistics company, opened the doors to its first cold store facility in Dubai Industrial City, part of TECOM Group PJSC, in 2023. **At Maersk, our purpose is to integrate global efforts for the greater good, and we saw an opportunity to achieve this goal by leveraging the specialised infrastructure, transport connectivity, and cross-sector collaboration pathways offered by Dubai Industrial City. Having an address within TECOM Group's ecosystem of economic destinations – which serves critical sectors such as manufacturing, science, and technology – is helping us safeguard the integrity of perishables and offer them to end users through uninterrupted cold chain solutions.**

MAERSK

Dubai Design District

Strategic Report

In this section we describe how our strategy works and how we create value, as well as what makes us unique.

Contents

CHAIRMAN'S STATEMENT

Building thriving ecosystems. Delivering sustainable growth. Creating lasting value.

TECOM Group continues to play a pivotal role in driving growth and innovation in knowledge-based strategic sectors, setting new benchmarks in the industry. Our remarkable journey is an extraordinary success story, marked by a strategic vision grounded in sustainable development values.

Malek Al Malek
Chairman
TECOM Group

2023 highlights

Revenue
AED 2,169M
10% Growth

Net Profit
AED 1,078M

Net Profit growth
49%

Dividend for the year 2023
AED 800M

Dividend per share
16 Fils

Dividend Coverage Ratio (DCR)
135%
44% Increase

The United Arab Emirates (UAE) stands as a global business and investment powerhouse, having succeeded in building a nurturing economic, legislative, and social environment. Dubai has further enhanced its attractiveness for investments and business activities driven by a range of factors, foremost among them economic growth, security and stability, and state of art infrastructure. The emirate showcased an outstanding economic performance with a growth rate of 3.3% in the first nine months of 2023. Several economic sectors recorded strong performances, including the commercial real estate sector, which outpaced major global cities, solidifying TECOM Group's leadership in creating specialised business districts. This affirms our pivotal role in propelling Dubai toward a knowledge and innovation-based economy.

In tandem with Dubai's economic agenda (D33), geared toward sustaining growth and elevating Dubai among the world's top three economic cities, TECOM Group possesses robust capabilities and resources that enable it to play a significant role in achieving these ambitious goals. We are poised to significantly contribute by attracting global and regional companies, fostering talent in key sectors, and streamlining business operations within the emirate.

The synergy between our approach, business model, D33, and the Dubai Creative Economy Strategy is no coincidence. It's a strategic decision aimed at fortifying the emirate's future readiness, grounded in innovation, technology, knowledge, creativity and sustainability.

Since our successful listing on the Dubai Financial Market, we've maintained a firm focus on leveraging on sustainable economic growth in UAE. Our ability to transform challenges and fluctuations in the global economy into opportunities is a testament to our high readiness levels, adaptability and swift responses. The Group's robust strategic planning aligns seamlessly with the enduring strength of the Dubai's economy.

A diverse range of innovative solutions and services
TECOM Group, with a legacy spanning over two decades, continues to deliver cutting-edge solutions and services. Specialising in the development and management of integrated business complexes, we cater to the pivotal needs of vital and knowledge-based strategic sectors. Our commitment extends to fostering collaboration across diverse economic sectors, solidifying our role as a strategic driver in the business landscape.

Our business districts serve as integrated work environments, providing essential resources for success and growth. Purposefully designed to nurture innovation, creativity and collaboration, these environments have allowed the Group to attract a wide and diverse range of prominent global companies and top talents from various sectors.

Operating within TECOM Group, our strategy is laser-focused on each vital sector within our business complexes. This targeted approach allows us to tailor solutions and services to the unique requirements of knowledge-based strategic sectors. By providing specialised, competitive work environments supported by advanced infrastructure, we contribute to the growth and prosperity of each sector.

> **"By leveraging our synergistic relationship with the city's evolution, we have created a unique ecosystem where businesses, big and small, can find a fertile ground for growth."**

At the core of our exceptional services and solutions lies a deep commitment to sustainability and corporate social responsibility principles. Beyond developing business complexes, our mission extends to creating sustainable environments that foster long-term growth. This holistic approach sets TECOM Group apart, positioning us as the preferred destination for global and regional companies. We offer unparalleled opportunities for success, tapping into the rapid growth of markets in the region and beyond.

Achieving optimal returns for our shareholders
In 2023, TECOM Group delivered exceptional financial results, surpassing set goals and exceeding expectations. Achieving a remarkable 49% year-on-year increase in net profits, we broke the AED 1 billion threshold for the first time in our history. These outcomes underscore our adept financial management strategy, demonstrating resilience in dynamic economic landscapes.

The Group's strong financial performance is credited to key business clusters, notably Dubai Design District (d3) and Dubai Industrial City. Thoughtful strategic initiatives and operational efficiency played pivotal roles, substantially boosting revenues across commercial and industrial assets, lands, services and other business activities.

TECOM Group remains committed to dividend distribution, as outlined during the initial public offering. With a semi-annual distribution totalling up to AED 800 million, this commitment was fulfilled in 2023, showcasing our dedication to delivering optimal and sustainable results for shareholders.

Towards a more sustainable future
We are dedicated to strengthening our portfolio and fostering growth through the establishment of a comprehensive initiative for the development and acquisition of new projects, as we actively seek out investment opportunities.

In charting our path forward, we are dedicated to shaping the future of workspaces. Our primary goal is to solidify our leading position and elevate Dubai's appeal as the premier global hub for business and investments. We also aim to embed social and environmental responsibility at the core of our operations, increasing energy efficiency and fostering community engagement. Our objective is to establish a culture of sustainability across all business districts under the Group.

On behalf of the Board of Directors, I extend sincere thanks to the governments of UAE and Dubai for their pivotal role in solidifying the country's and the emirate's global standing, in implementation of the wise directives of visionary leadership. I also express my heartfelt thanks to the executive management team for their exceptional leadership, driving the Group's growth and achievements. I also extend heartfelt appreciation to our dedicated employees for their continuous commitment to realising the vision and strategic goals of the Group, and to our valued shareholders for their precious trust in us.

Malek Al Malek
Chairman,
TECOM Group

CEO'S STATEMENT

Accelerating achievements. Creating sustainable value. Investing for the future.

For more than two decades, TECOM Group has been a leader in developing and managing specialised business districts, driving vital sectors to contribute significantly to the UAE's and Dubai's knowledge-based economy and sustainable economic growth. Our proven business model centres on creating interconnected business environments, empowering global and regional companies to succeed and thrive. This year, we've elevated our success by introducing innovative solutions, positioning the Group for new horizons and delivering optimal value to stakeholders.

Abdulla Belhoul
Chief Executive Officer
TECOM Group

2023 highlights

EBITDA
AED 1,654M
23% Growth

FFO
AED 1,447M
21% Growth

Valuation
AED 22,935M
8% Growth

Occupancy (Commercial and Industrial)
89%
3% Increase

Energy generated from Solar Power
12.35 GWH
11% Growth

In 2023, TECOM Group marked a series of noteworthy accomplishments, witnessing substantial growth in revenues and net profits. The valuation of our investment asset portfolio increased by 7.7% annually and an impressive 18.2% since the initial public offering. This underscores our exceptional performance across various fronts, with most business districts in central locations experiencing high occupancy rates. Meanwhile, other business districts continue to maintain their outstanding growth trajectory.

TECOM Group is dedicated to providing an attractive, flexible and ever-evolving work environment. Our commitment fosters client growth, success and the realisation of their ambitions. This dedication has attracted leading global and regional companies, establishing valuable strategic partnerships. Notably, our consistently high customer retention rates underscore client satisfaction with our interconnected business ecosystems. We empower customers to surpass their aspirations.

TECOM Group has charted a clear and specific path to robust growth through a focused plan built on three key pillars. These pillars, centring on project development and strategic acquisitions, aim to elevate asset value and deliver enhanced returns to shareholders. Our commitment is to exceed customer expectations, ensuring sustained strong performance.

In regard to innovation, TECOM Group has demonstrated significant progress this year. We proudly foster the growth of startups as well as small- and medium-sized enterprises through cutting-edge research and development facilities across our business districts. Positioned as the foremost incubator for innovation centres in Dubai, we offer both existing and prospective customers a comprehensive suite of solutions and services, empowering them to innovate, expand and thrive.

Outstanding financial performance
In 2023, our robust growth surged through the strategic application of our unparalleled business model and the Group's formidable market presence. Notably, our revenues soared by 10% annually, reaching an unprecedented AED 2.2 billion, attaining record highs. Meanwhile, EBITDA stood at AED 1.7 billion, showcasing a remarkable 23% surge from the preceding year. This rise is attributed to augmented revenues, heightened operational efficiency, and robust demand in the land leasing sector, fortifying our financial performance.

Our effective capital management strategy and proactive refinancing of credit facilities on more favourable terms have yielded substantial and immediate interest expense savings over the next five years.

Enhancing and diversifying the business portfolio
In 2023, our operational strength ensured a robust 89% occupancy rate across our commercial and industrial assets, while the occupancy rate for our land assets rose to 94%. Market trends underscored our success, particularly in commercial assets where discerning customers favoured distinctive office spaces in strategic Dubai locations. Notably, high-quality storage units and logistics services, alongside the innovative D/Quarters co-working spaces, experienced heightened demand.

Our commitment to cultivating strategic relationships bore fruit, propelling a substantial 15% growth in our customer base, now exceeding 11,000 customers. Within our commercial asset portfolio, we welcomed leading global entities such as AstraZeneca, Conde Nast, Giorgio Armani, Hisense and Trip com, augmenting the expansion plans of numerous existing customers.

The surge in demand for research and development facilities and innovation centres showcased our appeal, with Dubai Science Park labs and the first phase of the Innovation Hub in Dubai Internet City nearly at full capacity. Dubai Design District (d3) retained its status as the preferred destination for major companies and events in design, fashion and creative domains. Simultaneously, the industrial asset portfolio flourished, diversifying into crucial sectors like manufacturing, food and beverages, and pharmaceuticals. This strategic move enhances the economy's flexibility and sustainability in the UAE.

Sustainability at TECOM Group
In 2023, sustainability commanded the spotlight in the UAE, and TECOM Group unequivocally affirmed its dedication to a sustainable future. We are unwavering in our embrace of an environmental, social and governance (ESG) performance framework as the cornerstone of our growth strategy.

Actively engaging in a myriad of initiatives throughout the year, we cement our social impact. This includes a strategic partnership with the UAE Red Crescent to unveil the pioneering 'The Good Store' initiative – a remarkable virtual and physical donation experience.

On the environmental frontier, we accelerated clean energy generation with an emphasis on solar power. Our portfolio witnessed an expansion in LEED-certified buildings, championing energy efficiency and environmental design. Furthermore, 235 tons of waste were recycled across our business districts, with ambitious targets set for 2024.

Our commitment to exploring ESG-aligned investment opportunities remains unwavering, aligning with the UAE's vision for attaining net zero emissions by 2050.

Accelerating toward our goals
As we forge into 2024, TECOM Group is resolved in its mission: to advance and fortify our business districts as the top choice for both current and potential customers. Our commitment is firm, creating an inspiring workspace for collaboration and innovation. We'll intensify efforts to uphold high occupancy rates, enhance asset portfolio efficiency, implement strategic development and significantly contribute to national economic growth. Moreover, we'll strengthen Dubai's global standing as a business and investment hub, fostering foreign investment and establishing pivotal partnerships with industry leaders.

We are poised to implement major initiatives in 2024, foreseeing fruitful results in the coming days. I express my pride and deep gratitude to our dedicated employees for their tireless efforts and exceptional contributions to executing our strategy. I extend sincere thanks to our customers who have reinforced our role as the preferred partner for ambitious companies seeking new opportunities for expansion and growth. I also extend gratitude to our Board of Directors for their guidance and diligent oversight, and to our valued shareholders who placed their trust in our vision, resulting in record-breaking achievements in the past year. I am confident in the Group's ability to achieve outstanding results in 2024, continuing the journey of successes and exceptional accomplishments.

Abdulla Khalifa Belhoul
Chief Executive Officer,
TECOM Group

REASONS TO INVEST

Reasons to invest

A unique investment proposition positioned for accelerating growth

1
Dubai's leading ecosystem creator

- 10 strategically located business districts comprising diverse asset classes
- Integrated, multi-service portfolio that delivers significant synergies across our communities
- Full-service offering that has proven to be a top choice for global and regional blue-chip companies

2
Loyal and diversified customer base

- Home to over 11,000 companies and over 124,000 professionals
- 64% of income is supported by customers who have been with TECOM Group for more than five years, while 34% is supported by customers who have been with us for more than a decade
- Customer-centric approach that creates value for organizations

3
Sustainable financial performance

- Strong asset-based portfolio worth AED 22.9 billion
- Consistent and recurring revenue that has grown at a CAGR of 7% over the last three years
- Healthy profitability and cashflows underlying commitment to dividend payout of AED 800 million per year over the next two years

4
Strategic roadmap for accelerating growth

- Capitalize on strength of core business by improving existing occupancy and rental rates
- Pursue our growth strategy for Built-To-Suit and Multi-tenant developments
- Strategic acquisition of quality assets across Dubai to build new sources of growth

5
Outstanding talent and experience at every level

- Experienced and diverse Board of Directors with the right mix of skills, knowledge, and networks
- Dynamic leadership team with an average tenure with TECOM Group of 12 years in key positions
- Growing team of 275 dedicated and empowered employees

6
Best practice approach to corporate governance and ESG

- Comprehensive corporate governance and risk management approach to safeguard our stakeholders
- Robust ESG framework at the core of the Group's operating model
- Continuous improvement across our four core pillars – Economy, Community, People and Environment

TECOM Group brings together the growth story of Dubai with a dynamic and trusted organization that has delivered continuous growth and value creation for over two decades. With Dubai's largest commercial real estate portfolio, fully integrated and diversified across strategic high-growth sectors, we build thriving ecosystems that support the sustainable success of the world's best companies and talent, while creating lasting value for our stakeholders and shareholders in particular.

Organic Growth Drivers

Occupancy Rates
Occupancy rates growth driven by strong demand across business districts and further headroom to achieve occupancy ramp-up

Rental Rates
Growth in Dubai office rental rates, as the economy recovered from COVID-19

Built-to-suit Projects
Delivery of high-quality built-to-suit properties tailored to customised specifications, setting a strong ability to deliver future BTS projects

Growth Projects
Future organic growth upside from committed and future developments and access to a large land bank available for developments

Complementary Services
Complementary services driven by growth in occupancy rates and GLA

CREATING VALUE FOR OUR INVESTORS

We reinforce business relationships and create advocacy with our shareholders

Our Shareholders

Our shareholders play a pivotal and influential role, going beyond mere financial interests to encompass a profound commitment to the overall strategic progress and financial performance of the Group. We are committed to maximising shareholder value through superior financial results, distribution of committed dividends and adoption of best corporate governance models, creating a transparent and collaborative foundation for sustainable growth.

TSR	Valuation Growth
28%	7.7%

OUR BUSINESS MODEL

How our business model drives sustainable progress

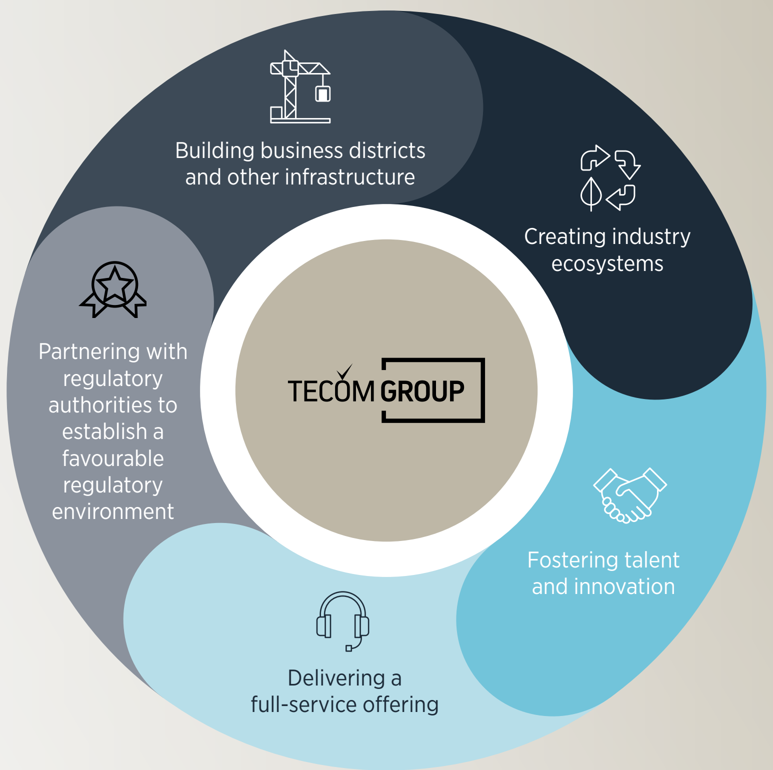
OUR RESOURCES AND STRENGTHS → OUR VALUE CHAIN → OUR VALUE CREATION

Read more on page 28

OUR RESOURCES AND STRENGTHS

- Strategically exposed to essential, high-growth sectors
- High value assets, placed across strategic, well-connected locations
- Pre-eminent 20+ year track record of success and leading innovation
- Established, large-scale footprint in Dubai with superior customer loyalty
- Custom-made and tailored solutions via leasing and development know-how
- Integrated, full-service offering catering to multiple price points

OUR VALUE CHAIN



OUR VALUE CREATION

Shareholders
We deliver a robust and resilient financial performance on the back of a high-quality asset portfolio of commercial and industrial assets, land and value-added services. There are multiple growth avenues and embedded growth potential within the portfolio and the industries we target.

Customers
We offer our customers a high-quality asset base with integrated infrastructure, full-service offerings, a large range of thought-leadership and industry-focused events for businesses to conduct their operations, enabling them to grow and expand in Dubai and the wider region.

Partners
We build long-term relationships and trust with our partners so we can provide better services to our customer base.

We have a close dialogue with the Government working on multiple national initiatives.

Community
Our value proposition has a positive impact on the local community as we play an instrumental role in Dubai's economic diversification, competitiveness and global positioning by developing the emirate's business ecosystem, fostering innovation, entrepreneurship and talent development.

Employees
In fostering an environment that values diversity and inclusion, we believe that by empowering our employees to thrive within a supportive culture, we are not just building careers; we are cultivating a rich tapestry of perspectives and unique talents.

DRIVEN BY OUR STRATEGY

Pillars

1. Optimise Core Business & Performance
2. Develop Differentiated Value Proposition
3. Build New Sources of Growth

Enablers

- People & Organizations
- ESG Sustainability
- Technology & Innovation

Read more on page 36

VALUE CREATED FOR OUR STAKEHOLDERS

EPS	EPRA NTA	ROE
49% Growth	14% Growth	17.5%

Number of Community Events	Customer satisfaction	High Performing Employee Retention
7	87.4%	96.8%

"At TECOM Group, our value proposition goes beyond the conventional. Over the last 25 years, we have built a diversified portfolio of business districts, each catering to strategic sector needs. This unique approach has positioned us as a differentiated player in the market, offering unparalleled opportunities for business growth and innovation.

CASE STUDY

Dubai Design District

As demand continues to grow for d3's unique fashion, design and creative community, we look to expand our offering in the near future.

Having launched in 2013, the Dubai Design District has established itself over the past 10 years as a prominent hub for design and creativity, spanning 11 buildings offering an array of products.

It has become home for more than 1,000 customers including international and regional design industry leaders.

Home to over 1,000 creative industry leaders — d3 has become home for more than 1,000 customers including international and regional design industry leaders, along with up-and-coming brands and designers. Some of our notable clients include the likes of LVMH, Kering, Prada, D&G, Adidas, Chalhoub Group, and Christian Dior.

Thriving eco-system — The ecosystem at its core comprises Fashion and Luxury companies, representing over half of d3's customer base, whilst Architecture and Interior design firms and Government entities also choose d3 for its premium office spaces.

Nurturing next-gen talent — The Dubai Institute of Design and innovation (DIDI) together with in5 not only nurtures the next generation of designers and successful startups but continues to live up to TECOM's overarching vision. Furthermore, the recent addition of Paris-based L'ECOLE School of Jewelry Arts, supported by Van Cleef & Arpels continues to position d3 as a holistic eco-system fostering the development of the fashion and design industries.

Leading industry events — Notable events include Dubai Fashion Week, Sole DXB, and Dubai Design Week, offering d3 customers regular and impactful high-quality programming.

The next phase of growth — With d3 at virtually full occupancy and demand continuing to rise, the next exciting phase in d3's strategic growth will aim to satisfy existing customers already looking to expand as well as serve a growing waiting list of top-tier global clients. Furthermore, the upcoming surrounding residential development coming up in tandem, will naturally add to d3's appeal for customers to join this evolving fashion and design community, while also promoting a balanced working and living concept.

Dubai Design District

Customers	Occupancy
1,000+	97%

Buildings

11

Area sqft

1.6M+

FROM CONCEPT TO ECOSYSTEM

1. Idea Inception & Market Opportunity
2. Infrastructure Development
3. Concept Design
4. Site Activation
5. Industry & Talent Development
6. Empowering Entrepreneurs
7. d3 Expansion
8. Residential Component
9. Well Integrated Master Plan

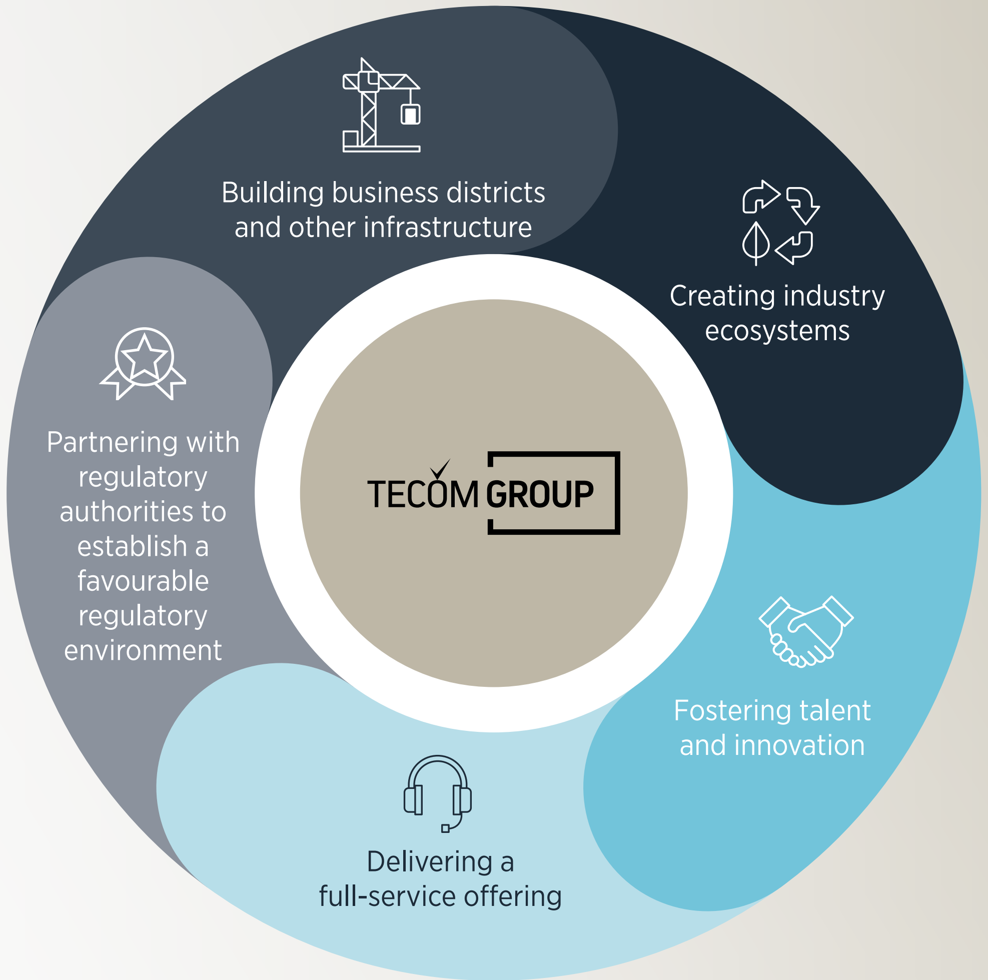
OUR BUSINESS MODEL CONTINUED

Creating the environment for business to thrive

As a market-leading ecosystem developer and operator, TECOM Group creates and manages vibrant business communities that foster collaboration, innovation, and growth across diverse sectors.

Our value chain

We provide real estate, infrastructure, and business services catering to all types of customers, from start-ups to Fortune 500 companies. Through innovation and exceptional customer experience, we are constantly leading and adapting to the dynamic business environment of the UAE.



Creating industry ecosystems

TECOM creates industry-focused ecosystems to promote a synergistic environment where companies, talent, academia and research institutions, and supporting organisations work together to foster growth, innovation, and competitiveness within a specific industry. This collaborative model leads to higher success rates for businesses within these ecosystems, which has been demonstrated by TECOM since the establishment of Dubai Internet City in 1999.

For more than two decades, our ecosystems have attracted leading global corporations, entrepreneurs, and specialised talent, contributing to the UAE's economic diversification, competitiveness, and global positioning.

To deliver a competitive and attractive environment for businesses and entrepreneurs to thrive and to facilitate engagement between the districts' community members, we offer additional services such as start-up incubation and venue management. We also offer corporate and government services, including licensing and visas, through our integrated digital platform.

Our sector-focused business districts, supported by long-term strategic customers, have developed and advanced key sectors such as technology, media, education, manufacturing, science, and design. The districts have also provided a robust governance framework and infrastructure which enable us to capitalise on Dubai's unique positioning, favourable macroeconomic tailwinds, and supportive real estate fundamentals.

Dubai Internet City

Benefits of Cluster-Focused Ecosystems

Industry and Supply Chain Efficiencies
Proximity to suppliers and related industries can lead to a more efficient and streamlined supply chain, which can reduce costs and improve logistics.

Knowledge Sharing
Proximity fosters collaboration and knowledge sharing among companies in the same industry, which can lead to innovation and the exchange of best practices.

Talent Pool
Industry-focused ecosystems attract a concentrated pool of skilled professionals and specialised talent. This concentration of expertise makes it easier for companies to find and recruit the specific skills they need, and also retains the expertise within the ecosystem as talent moves between businesses.

Innovation and Research
Proximity to academia, corporate innovation centres, and research and development facilities enable collaboration between businesses and institutions. This synergy can lead to innovation, technology transfer and the commercialisation of research findings.

Brand and Reputation
Being part of a renowned industry cluster can enhance a company's brand and reputation. Customers and partners may associate their business with the expertise and innovation of the cluster.

Increase in Freelancers

850+

Increase in Professionals

18,500+

18% growth YoY

OUR BUSINESS MODEL CONTINUED

Fostering talent and innovation

At TECOM Group, we foster talent and innovation within our ecosystems by creating an environment that encourages the development of skills, promotes collaboration and enables innovation.

This is crucial for the sustained growth and competitiveness of businesses within the ecosystem.

Key elements in fostering talent and innovation include:

Education and Skill Development

We provide education and training programmes to develop a skilled workforce, and ensuring educational institutions tailor curricula to the needs of the industry ecosystem. TECOM Group has over 30 academic and training institutions across its business parks, educating over 29,000 students who will become part of the future workforce.

Dubai Internet City — in5 Tech

Research and Development Collaboration

We facilitate collaboration between businesses and research institutions. This involves joint research projects, technology transfer initiatives and the sharing of expertise to drive innovation. TECOM Group is home to over 15 R&D innovation centres and institutions.

Incubators and Accelerators

In 2013, TECOM Group established in5 to provide a supportive environment for start-ups and entrepreneurs. in5 offers key benefits including a robust business set-up framework, training and mentorship, networking, investment opportunities, prototyping labs, studios and creative workspaces.

Our in5 centres currently incubate over 380 start-ups across the technology, media, design and science industries. The facilities are equipped with industry-specific assets. in5 Design, for example, features a design room, fashion lab, and makers lab with 3D printers, while in5 Media hosts a green room, editing suites, video recording studio, and production studios.

Networking Events and Conferences

We organise and participate in industry-specific networking events, conference, and workshops. These gatherings provide opportunities for professionals to connect, share ideas, and stay updated on the latest trends and technologies.

By integrating these elements, our ecosystems create dynamic and supportive environments that attract talent and foster innovation, while sustaining a culture of continuous improvement and adaptation to changing market dynamics.

Planned investment in Science Sector
AED 75M

Start-ups incubated in 2023
150+

New Universities at TECOM in 2023
2

Innovation centers
15+

Dubai Knowledge Park — axs service center

Delivering a full-service offering

TECOM Group is a one stop shop which covers all business needs, from licensing to accommodating real estate and infrastructure requirements.

axs is TECOM Group's leading business and government smart services platform, providing our community access to a seamless digital platform as well as customer care centres. axs provides comprehensive services under one umbrella to tenants, customers, companies, employees and other individuals within our business districts.

Services provided through axs include more than 200 corporate services, such as registration and licensing, as well as government services related to facilitating visas such as medical (Dubai Health Authority) and Emirates ID Services, customs and postal services. These services are paid for on a service-by-service basis and are currently being provided to more than 153,000 professionals, entrepreneurs, students, and dependents.

Corporate services
200+

Population served
153,000+

Business Services Customer Satisfaction
89%

OUR BUSINESS MODEL CONTINUED

Partnering with regulatory authorities to establish a favourable regulatory environment

Creating a favourable regulatory environment for an industry ecosystem involves collaborative efforts between TECOM Group, industry stakeholders and regulatory authorities.

Establishing effective partnerships can lead to regulations that balance the needs of businesses with public interest.

TECOM Group regularly engages with regulatory authorities and industry associations to provide input on existing and proposed policies and regulations, and actively participates in regulatory processes, including consultations, workshops, and other platforms. Furthermore, TECOM Group strategically partners with various regulatory authorities for the benefit of the businesses within its ecosystems.

Through axs, our dedicated services platform, we also benefit from a close relationship with the Dubai Development Authority and various government councils, which serve our customers and business partners across various immigration, insurance and other regulatory services.

Building a collaborative and constructive relationship between an industry ecosystem and regulatory authorities is essential for TECOM Group to create a regulatory environment that promotes innovation, sustainability, and economic growth.

Active Strategic Partnerships

10+

Building business districts

Our business districts feature purpose-built facilities and industry-specific infrastructure, delivering a competitive mix of commercial and industrial space suited for businesses of any scale. Our assets include:

Commercial Assets

We offer office and retail spaces for businesses of any size, start-ups, and entrepreneurs, either through leasing our existing properties or building customised ones according to their needs. Our commercial leasing assets include built to lease and built to suit properties, which differ in the number and type of tenants they accommodate.

Commercial Leasing

Total GLA:
9.5 million sqft

Retail Space:
553,000 sqft

Industrial Assets

Industrial Leasing offers warehouses, showrooms, manufacturing spaces and facilities, and workers' accommodation for businesses involved in production and industrial activities. The majority of our industrial assets are based in Dubai Industrial City, with further assets located in Dubai Science Park and Dubai Production City.

Industrial Leasing

Total GLA:
11.5 million sqft

BTL Products Offered

20+

Innovation and Research and Development Spaces

TECOM Group is home to the largest number of innovation centres in the UAE. We establish incubation spaces, such as in5 Science, in5 Tech, in5 Media and in5 Design, to provide services to start-ups and early-stage companies. We also offer specialised laboratory spaces for companies involved in research and development (R&D) and scientific fields.

Land Bank

TECOM Group leases plots of land of various sizes for commercial and industrial use, and we have access to one of the largest land banks in the UAE. This unoccupied land within our business districts already has or is expected to develop necessary infrastructure.

Land Leasing

Total GLA:
163.7 million sqft


Innovation Hub

SUPPORTING THE SUCCESS OF OUR SOCIETY

We empower Dubai's progress by looking after our people and building thriving communities

Our Community & Society

As a leading socially responsible corporate citizen, we recognise the central and vital role we play in our communities and for our society at large. We are proud to uphold this trust by adhering to our social and ethical responsibilities, maintaining a cohesive and collaborative coexistence with the people, organisations and natural environment across our operational footprint. We have built these commitments into our strategies and work hard to live up to these standards each day.

Waste Recycled
235 Tonnes

Emiratisation
1/4

Dubai Internet City

OUR STRATEGY

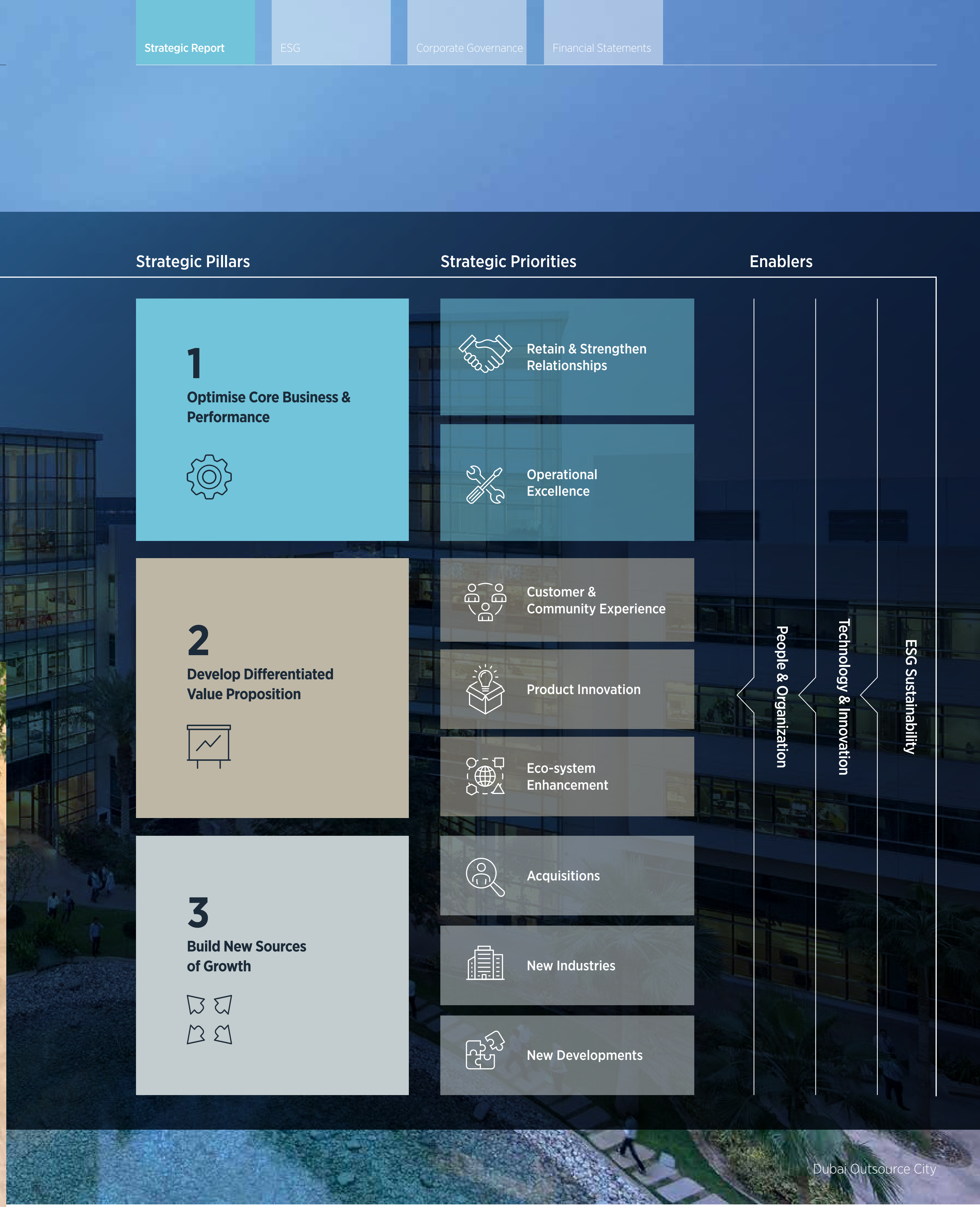
TECOM Group's five-year strategy continued to deliver results during a year of outstanding financial performance, innovation and growth

Anchored in our vision to be a world-renowned curator of innovative ecosystems, we have maintained focus on three core pillars: optimizing our core business performance, developing a differentiated value proposition, and building new sources of growth.

These strategic pillars, coupled with our commitment to operational excellence and customer-centric approach, have guided our actions and decisions, ensuring that we continue to create value for our people, customers and stakeholders.

As we look to the future, our strategy remains adaptable and forward-thinking, poised to meet the ever-evolving needs of the market and our community.

Dubai Knowledge Park



Vision

To be a world-renowned curator of innovative ecosystems

Strategic Pillars	Strategic Priorities
1 Optimise Core Business & Performance	Retain & Strengthen Relationships
	Operational Excellence
2 Develop Differentiated Value Proposition	Customer & Community Experience
	Product Innovation
	Eco-system Enhancement
3 Build New Sources of Growth	Acquisitions
	New Industries
	New Developments

Enablers

- People & Organization
- Technology & Innovation
- ESG Sustainability

Dubai Outsource City

OUR STRATEGY CONTINUED

1 Optimise Core Business & Performance

Objectives

- Retain and strengthen relationships with customers
- Focus on prudent cost, cashflow and capital management
- Deliver ongoing commercial built-to-suit (BTS) and infrastructure programme
- Review and refine pricing to align with market conditions

2023 Accomplishments

- **89%** occupancy achieved
- Land occupancy at **94%**
- Achieved a high retention rate of **91%**
- Delivered **23%** EBITDA growth
- Updated pricing across selected communities

Occupancy achieved	EBITDA growth	High retention rate achieved
89%	23%	91%

2024 and beyond

- Identify customer priorities and retention initiatives on an on-going basis
- Review and refine pricing across products and services as per market conditions
- Continue to expand the use of business intelligence tools to unlock value
- Maintain focus on operational excellence

Dubai Industrial City

Optimise Core Business & Performance Pillar

Strengthening customer relationships

In line with our commitment to put customers at the heart of what we do, we are continuously innovating and exploring ways to strengthen relationships with our customers. This relentless focus continued to bolster our core business and performance in 2023, which saw retention rates rise to over 91% as a result of our dedication to creating value through three key principles:

Delivering exceptional customer service

- We have an unparalleled offering in the market, with 400+ assets over 10 locations and a 91% digitised services platform.
- We provide our customers with a full suite of services and maintain close relationships throughout their customer journey to ensure we deliver what we promise.
- We regularly engage and communicate, both formally and informally, to identify and alleviate pain points and ultimately enhance customer service.
- Our customer satisfaction score of c.87% is higher than industry benchmarks.

Building better communities

- We create and foster vibrant and dynamic ecosystems that bring all stakeholders together.
- We believe that the whole is greater than the sum of its parts and each customer should share in the benefits that come from the community.
- We have a busy events calendar throughout the year, with hundreds of events across our communities.

Enabling customer success and innovation

- TECOM Group is the region's largest hub of innovation, home to 15+ innovation centres within Dubai Internet City, 30 customers using laboratory spaces and 10+ conducting R&D in Dubai Science Park, and 380 start-ups at in5.
- With a diverse portfolio and decades of experience, we partner with our customers to help them focus on delivering their business objectives.
- We are constantly improving by seeking to better understand and deliver against our customers' evolving needs.
- With a workforce of 124,000+ employees and a student base of 29,000+, there's no shortage of talent and knowledge across our ecosystems.

Relevant Strategic Pillars

1 **Optimise Core Business & Performance**

Locations	Innovation centres
10	15+
Assets	**Start-ups**
400+	380

OUR STRATEGY CONTINUED

2 Develop Differentiated Value Proposition

Objectives

- Deliver a compelling value proposition
- Deliver best-in-class customer experiences
- Identify improvements for selected commercial assets
- Maximise synergies across TECOM Group ecosystem

2023 Accomplishments

- Increased year-on-year number of customers and workforce by **15%** and **18%** respectively
- Delivered leading industry events within our communities, such as Dubai Fashion Week, Dubai Design Week, Dubai Lynx, Advance Health and WeWalk
- Launched in5 Science in Dubai Science Park to grow the Science community and start-up base

Increased year-on-year number of customers
15%

Increased year-on-year number of workforce
18%

2024 and beyond

- Continuously improve customer journeys throughout our ecosystems
- Integrate business development and customer management processes for a seamless customer experience
- Continue to address underperforming assets

Dubai Industrial City

Develop Differentiated Value Proposition Pillar

Providing a unique proposition to our customers

TECOM Group is the only ecosystem developer and operator that covers multiple industries across multiple locations in Dubai, with a wide range of attractive real estate products and value-added services.

Many businesses require more than just an office – they also need warehousing, lab spaces or manufacturing facilities. We are able to cater to these demands, while also helping our customers be present across multiple locations to unlock potential logistical benefits.

We provide our customers with the opportunity to conveniently and efficiently scale their businesses across our ecosystems, benefiting from our diverse portfolio of products and locations.

TECOM Group Customers	Industries	Office	Laboratory	Industrial & Warehouses	Outsourcing Facilities
Himalaya SINCE 1930	Pharma	●	●	●	○
Newbridge Pharmaceuticals	Pharma	●	●	○	○
Clariant	Chemicals	●	●	○	○
Wellness United	Cosmetics	●	○	●	○
Teleperformance	ICT	●	○	○	●
Phoenix Contact	ICT	●	○	●	○

Relevant Strategic Pillars

2 Develop differentiated value proposition

OUR STRATEGY CONTINUED

3 Build New Sources of Growth

Objectives

- Drive new opportunities in high-growth industry segments
- Develop new product offerings in emerging office asset classes
- Expand and challenge existing commercial business models
- Support the development of Dubai's economy and strategic sectors

2023 Accomplishments

- Broke ground on **Innovation Hub Phase** 2 at Dubai Internet City
- Expanded **D/Quarters** co-working space to Dubai Science Park, now in addition to Dubai Internet City and Dubai Media City
- Signed **strategic partnerships** with public and private sector entities to benefit our customers, including:
  - **Dubai Industrial City** and **MoIAT, MOCCAE, EDB** and **DET** to stimulate growth in the UAE's manufacturing industry
  - **in5** and **Dubai Chamber** to provide one-stop-shop solutions for startups through the 'Business in Dubai' digital platform
  - **Dubai Internet City** signed multiple MoUs with various international entities to strengthen the startup and technology ecosystem

2024 and beyond

- Identify novel, differentiated products to be launched within our ecosystems and adapt existing products for current and expected market demand
- Continue to support the development of Dubai's economy through various strategic initiatives

Build New Sources of Growth Pillar

Expanding our footprint with Innovation Hub Phase 2

As Dubai continues its stunning rise as a global business hub and businesses look to attract their workforce back to the office, large regional firms and multi-nationals have realised that providing best-in-class office space with attractive amenities is a key driver to competing for and retaining the best talent. In 2023, this has resulted in a significant increase in demand for high-quality, single owned Grade A assets in Dubai.

Across our market-leading portfolio of thriving ecosystems, we are ideally positioned to capitalise on growing market demand from large and discerning customers. We have developed a pipeline of projects, new products and asset enhancements to drive further growth across our commercial segments.

Innovation Hub is one of our latest world-class commercial offerings, which will add a total of 1.3 million sqft of commercial office space over four phases. It is designed to diversify our customer portfolio by focusing on technology, education and new media businesses. Completed in 2018, Innovation Hub Phase 1 in Dubai Internet City is operational and at full capacity, housing technology players such as Google, Hewlett-Packard and Gartner.

Construction of Innovation Hub Phase 2 is currently underway, as one of the few commercial projects bringing new Grade A supply to the market in Dubai. It is currently over 90% pre-let to globally and regionally leading technology companies and is expected to reach capacity shortly after launch.

Relevant Strategic Pillars

3 **Build new sources of growth**

Grade	Pre-let
A	+90%
LEED Certified	**Target Launch**
Gold	2024
Leasing space	
355k sqft	

OUR MARKET

UAE Macroeconomic Overview

The UAE is experiencing an economic surge, with higher oil prices, strong capital and investment inflows, and growing domestic activities boosting the country's growth outlook. Gross domestic product (GDP) is forecast to increase by 2.3% in 2023, building on an exceptional 2022 in which the economy grew by 7.0% due to spiking oil production and the effect of COVID-19 stimulus measures.

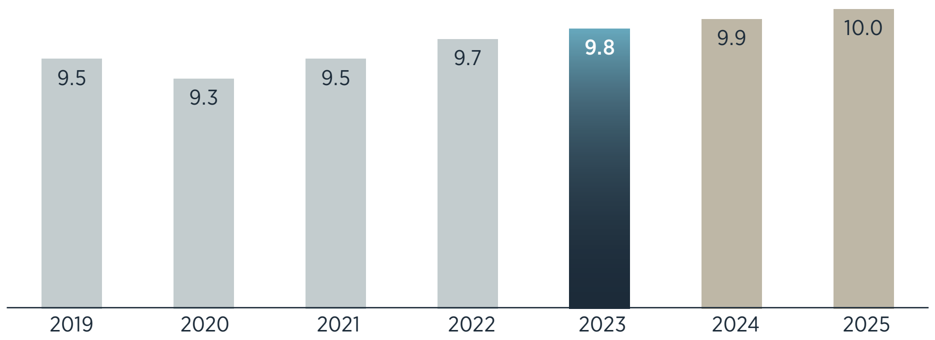
Due to favourable government initiatives and political stability, the UAE has become a preferred destination for professionals seeking a sustainable environment. Recent government policies include a liberalised visa framework allowing 10-year residency permits, 100% foreign ownership of onshore companies in multiple sectors, and forward-looking digital regulations ranging from e-commerce to cryptocurrencies.

The UAE's prospects are also supported by its safe-harbour status; start-ups, entrepreneurs and investors are flocking to the country following economic stagnation and instability in other neighbouring regions.

With the UAE's population forecasted to reach 10 million within the next two years, the nation's population and employment grew by 0.8% and 2.5%, respectively, in 2023. This surge in population and employment is expected to lead to a rise in need for infrastructure and thereby the broader real estate sector.

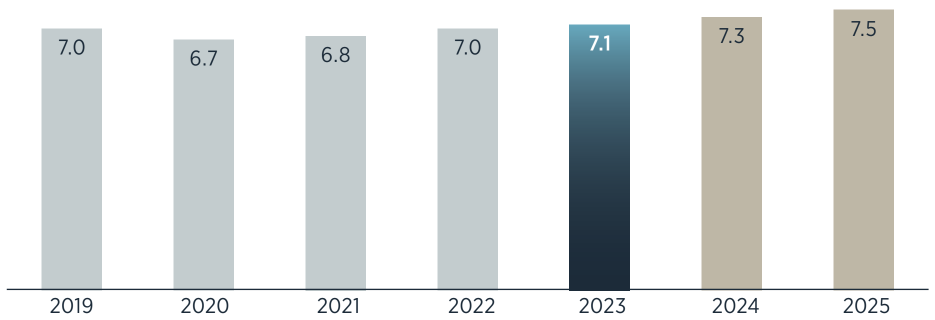
Key Macro-economic Indicators (Historical & Forecasted)

Population (in Millions)



Source: Oxford Economics (OE)

Employment (in Millions)



Source: Oxford Economics (OE)

Dubai Science Park-Built to Suit Assets

Dubai Macroeconomic Overview

Dubai's strong performance in 2023 was a major contributor to the UAE's positive macroeconomic outlook for the year. Dubai's GDP is forecasted to expand by about 4.6% in 2023, with rising annual inflation of approximately 4.9%, while employment is estimated to grow by 2.5% during the same period. High oil prices are expected to sustain positive investor sentiment in the region, while international tourism continues to be a major driver for Dubai's economic growth.

Gross Domestic Product in AED
458.1B

Consumer Price Index
4.9%

Employment
3.0M
Employees

Population
3.6M
Residents

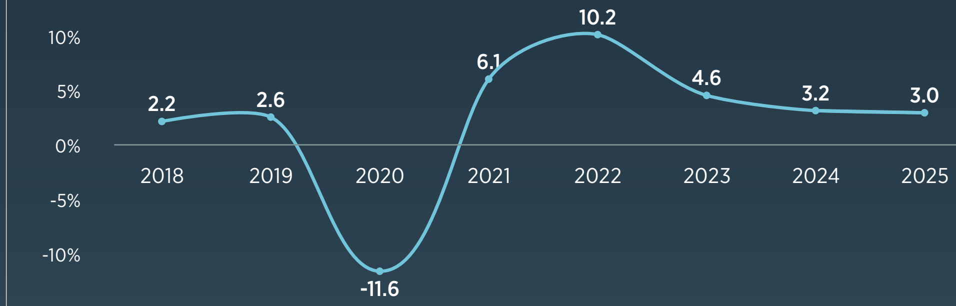
Source: Oxford Economics (OE), Dubai Statistics Centre

Data for FY 2023

Gross Domestic Product (GDP)

Dubai's tourism- and consumer-based economy means that Dubai experienced both a stronger slowdown and a stronger recovery compared to other emirates during and post the pandemic. Data from Oxford Economics revealed that in 2022, Dubai's GDP grew by 10.2%. Over this period, substantial growth of 14.1% was registered by the Consumer Services sector, the largest contributor to Dubai's GDP. Over the upcoming years, further increases are likely to be registered, however, at a slower pace, where Dubai's GDP is forecasted to grow by 4.6% in 2023 and 3.2% in 2024.

Gross Domestic Product (Real)



Source: Oxford Economics (OE), International Monetary Fund (IMF)

Consumer Price Index

Dubai has entered an inflationary phase following the deflationary cycle that it had experienced from 2019 to 2021. As of Q3 2023, Dubai Statistics Centre (DSC) estimated inflation of 4.9%, an increase of 8.1% in furnishing and household equipment costs, along with a 7.6% increase in house and utilities fees. Currently, Dubai's long-term inflation is estimated at 1.1%.

Consumer Price Index

Source: Dubai Statistics Centre

OUR MARKET CONTINUED

Population

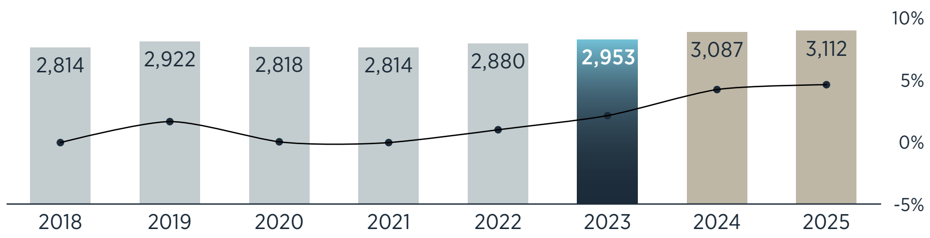
Dubai's population is estimated to have grown by 2.8% in 2023, which has been supported by government initiatives and Dubai's attractiveness as a place to live and do business. As per Dubai's 2040 Urban Master Plan, the emirate aims to reach a population figure of 7.8 million. This plan is expected to further boost the construction activity in the emirate.

As part of the strategy, the government will ensure that 55% of the population resides less than 800 metres from a major public transit hub. The 2040 Urban Master Plan also aims to increase green spaces, spaces for educational and medical institutions, and land set aside for commercial and industrial operations. Furthermore, it is estimated that a large parcel of the city's territory will be set aside for nature reserves.

Employment

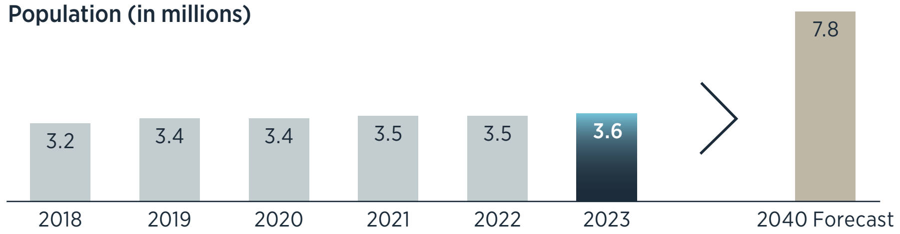
In 2023, based on data published by Oxford Economics, it is estimated that employment levels in Dubai increased by 2.5%. Over this period, the Consumer Services and Industry sectors, accounting for 35% and 29% of total employment, recorded increases of 2.9% and 2.3%, respectively. Despite the recent introduction of corporate tax, the outlook for staffing levels remains positive whereby employment is expected to grow by 2.8% and 2.5% in 2024 and 2025, respectively.

Employment (in '000)



Source: Oxford Economics (OE)

Population (in millions)



Source: Dubai Statistics Centre (DSC)

A greener future for Dubai and the UAE

The UAE hosted the 28th edition of the United Nations' Climate Change Conference, commonly known as COP28, an event of global importance. By hosting this event in Dubai, the UAE strengthened its position as an advocate for climate action and highlighted its continuous efforts in collaborating with world leaders to combat climate change and strive towards a greener economy.

On a global scale, the UAE has the 14th highest concentration of green-rated buildings. At a city level, London leads the pack with almost 3,000 green buildings (all BREEAM-rated), closely followed by New York and Singapore. With 563 green buildings, Dubai is the only city from the region in the world's top 25 cities for the highest number of environmentally accredited buildings, which includes both local and international accreditations.

Dubai's future urban development has been irrevocably tied to sustainability, with the government legislating for a greener future through a raft of policies and initiatives, ranging from the construction of the world largest single-site solar power plant - now in operation and responsible for 15% of the emirate's energy needs (75% of power generation in the city is expected to come from renewables by 2050) – to the decision to have 35% of all buildings delivered using 3D printing by 2030. Furthermore, the government's green commitments have also seen the recent declaration that 60% of the emirate's 4,100 square kilometre land area will be dedicated to nature reserves.

Sources: Knight Frank and JLL research

Regional green building concentrations


UAE
Global rank: 14
Green buildings: 869


Qatar
Global rank: 32
Green buildings: 140


KSA
Global rank: 54
Green buildings: 38


Kuwait
Global rank: 69
Green buildings: 12


Oman
Global rank: 70
Green buildings: 12

Source: Knight Frank

Commercial Market Overview

The outlook for the commercial market in Dubai remains bright due to high demand and limited availability of quality office space. The market trend of occupiers gravitating towards new Grade A developments has continued to intensify this year. Domestic and international occupiers are actively seeking efficiently managed, ESG accredited, and well-maintained offices. The lack of Grade A developments has led to tenants encountering increasingly stringent lease terms, leaving limited room for negotiations. Secondary office stock, however, is still facing challenges, with ease rates in older buildings still trailing pre-COVID levels.

The UAE's prospects are also supported by its safe-harbour status; start-ups, entrepreneurs and investors are flocking to the country following economic stagnation and instability in other neighbouring regions.

Key Market Drivers

Market Drivers	Sector Implications
GDP and Employment	GDP is expected to grow by 3.2% in 2024 whereas employment is expected to grow by 2.8% during the same period.
Workplace Trends	The widespread prevalence of prolonged work-from-home options observed in cities across North America and Europe is not widely noticed in Dubai. However, the growing popularity of co-working spaces and other short-term leasing options might have an impact on the demand for traditional offices in the long run.
Government Initiatives	New visa offerings such as the Golden visa, Green visa, Freelance visa and Jobseeker visa are supporting the workforce and positioning Dubai among the most desirable cities for businesses and investors.

With the UAE's population forecasted to reach 10 million within the next two years, the nation's population and employment grew by 0.8% and 2.5%, respectively, in 2023. This surge in population and employment is expected to lead to a rise in need for infrastructure and thereby the broader real estate sector.

Dubai Industrial City

OUR MARKET CONTINUED

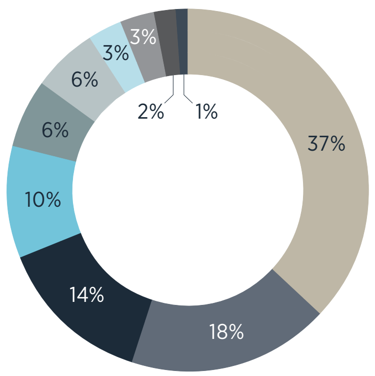
Market Performance

Office Supply

The laser-focus on the city's dwindling Grade A supply is a critical factor in helping to sustain and grow prime office lease rates. In response to the heightened demand and occupancy levels in the emirate, developers plan to add approximately 3 million sqft of office space to Dubai's stock in the next three years.

Noteworthy developments include TECOM's Innovation Hub Phase 2, One Za'abeel Tower, Uptown Tower, Gate Avenue Link Bridge, 6 Falak, and Al Wasl Tower. As announced, the expansion project of the Dubai International Financial Centre includes the development of 13 million square feet of leasable area, out of which almost half of the space will be dedicated for offices.

Share of new office requirements by sector – H1 2023



- Business services
- Manufacturing & industry
- Confidential
- Logistics
- Technology
- Retail & leisure
- Banking & finance
- Health service
- Public sector
- Retail estate development

Source: Knight Frank

Dubai Industrial City

Office Demand

Despite the current challenge posed by the lack of Grade A office stock, new requirements continue to grow. In fact, as per Knight Frank research, total new office demand climbed to 580,000 sqft in the first half of 2023, representing an increase of 23% on H1 2022.

As shown in the pie-chart, excluding confidential requirements, the business services (37%) and manufacturing & industry sectors (18%) are together responsible for more than 318,000 sqft of new demand.

In terms of location-specific demand, Business Bay (103,000 sqft), Dubai Investment Park (99,000 sqft), and Dubai Internet City (76,000 sqft) are at the league table. The growing demand is also reflected in occupancy levels, which reached 85% in the first six months of this year, up from 82% in the same period last year. Certain Grade A buildings are close to, or at 100% occupancy.

Office Rental Performance

The office lease rates in Dubai within most of the prime sub-districts have demonstrated strong performance. Tenants who had negotiated favourable lease terms during the pandemic are now reaching the end of their lease terms and are facing rental escalations during renewals. DIFC remains the city's most expensive location to rent offices, driven by ICD Brookfield Place, where rents are well above the wider DIFC. TECOM's business districts have also shown strong growth in both occupancy and lease rates, with Dubai Design District representing a 5% increase in the average lease rate as compared to last year.

What this means for TECOM Group

Our average rents across business districts continue to increase as demand for quality office space rises amid the limited availability of stock. Rising construction costs and supply chain issues are impacting project delivery timelines, which means office stock will likely remain in relatively limited supply, further driving up existing occupancy levels across our business districts.

We plan to capitalise on the high demand for Grade A space and ESG compliance through new developments and by enhancing our existing assets. Furthermore, rising interest rates have impacted business cash flows as we see increasing requests for consolidation of space, and we are making larger office spaces available to existing and prospective tenants. In addition, some of our existing and future customers may increasingly prefer Built-to-Suit (BTS) products as their stringent and customised requirements for office space intensifies.

The demand for co-working space and short-term leases have also experienced an upward trend in recent years. We have taken a pro-active approach and identified the growing need for flexible workspace solutions by expanding our D/Quarters footprint with the launch of a new location in Dubai Science Park, with plans for multiple new locations in the coming years.

Source: Knight Frank research

Industrial Market Overview

The industrial market in Dubai is a thriving sector that plays a key role in the emirate's economy, accounting for around 60% of GDP. Demand for industrial and logistics space during the first half of 2023 was the strongest on record across Dubai. The sector has witnessed continued growth since 2020. Initially, the demand was driven by companies moving their operations from another emirate to Dubai, followed by the near-shoring trend adopted by many companies.

A strong push by the government to establish the country as a key hub for exports and re-exports has led to increased occupancy levels across most of the warehousing hubs in the city. Demand was led by the manufacturing sector, especially from textile and building material suppliers. The emirate has also benefitted from the 'China Plus One' strategy (diversifying to one or more countries other than China) and the close economic ties between China and the UAE. An increasing number of Chinese manufacturing sector companies are leasing space to manufacture in the UAE and export to countries across the GCC and Africa.

Along with companies from the manufacturing sector, demand was driven by third-party logistics players. A notable example is J&T Express from Indonesia – it has significantly ramped up its operations across Dubai and currently leases approximately 161,000 sqft of space across Dubai Industrial City (DI), Dubai Airport Freezone (DAFZA), and Dubai South, with plans to further increase its warehousing space to 430,000 sqft by 2026.

The e-commerce sector was another key driver of demand during the current review period of H1 of 2023. There is an evolving model of e-commerce companies establishing a hub-and-spoke approach to their delivery channel. It is a very popular concept in mature markets, and we are starting to witness this trend across Dubai as well.

Market Performance

The demand for occupier logistics and fulfilment centres has grown substantially post COVID-19, across all the major industrial hubs of the UAE. Industrial lease rates for most locations across the UAE have shown an increasing trend. Al Quoz remains a popular location due to its close proximity to major consumption centres of Dubai and Sharjah. Whereas JAFZA being an established free zone in the market since 1983, commands the interest from international and domestic players alike.

The outlook for the industrial sector lease rates is expected to stay positive with an increasing focus on grade A segment, custom made fulfilment centres and Built-to-Suit (BTS) projects.

What this means for TECOM Group

DI stands in an optimal position to capitalise on the expanding industrial market and the heightened demand for warehouses. DI has strategic plans to further exploit its exclusive location advantages, particularly with the upcoming Etihad Rail 1 station in the industrial zone.

Moreover, in 2023, DI entered into strategic partnerships with the Ministry of Industry and Advanced Technology, MOCCAE, Emirates Development Bank and Dubai Economy & Trade. These collaborations aim to stimulate growth in the UAE's manufacturing industry and fortify the country's standing as a sustainable and appealing global industrial hub.

DI is committed to maintaining high occupancy levels in its current warehouses and bolstering revenue by aligning pricing with market trends. Additionally, DI is actively pursuing opportunities arising from underserved growth sectors. These sectors are predominantly influenced by the escalating prevalence of e-commerce activities and the growing demand for specialised warehousing and inventory space.

Sources: Knight Frank and Savills research

Key Market Drivers

Market Drivers	Sector Implications
Connectivity	Dubai's central location makes it the epicentre of trade flows. The government has substantially invested through well-developed ports and airports.
Government Policies	Dubai's industrial sector have benefited from several favourable government policies. 'Operation 300Bn' is a project that launched by the UAE's Ministry of Industry and Advanced Technology (MoIAT) that aims to stimulate the national economy and raise the manufacturing sector's contribution to the UAE's GDP from AED 133 billion in 2020 to AED 300 billion in 2031. In addition, the Comprehensive Economic Partnership Agreement (CEPA) was signed between the UAE and India, with expansion plans set to include Israel, Indonesia, Turkey, and Colombia, contributing to a positive outlook for Dubai's industrial occupier market.
Major Development – Etihad Rail	The development of Etihad Rail, a rail network of 1,200 km to connect seaports, major transportation hubs, distribution centres, free zone areas, major warehousing areas, and freight terminals is also playing a crucial role in accelerating the growth of the logistics sector in the UAE.

OUR MARKET CONTINUED

Worker Accommodation Market Overview

There is a range of different forms of worker accommodation available in Dubai. However, the conventional segment consists of accommodation for workers within the construction and industrial sectors. The primary target audience for this segment includes workers in the construction and industrial sectors who have a low-income profile.

The demand for worker accommodation in Dubai mainly stems from increased employment in the industrial sector, transport, logistics, storage facilities, and, to a lesser extent, the agricultural sector.

Despite a projected gradual decrease in demand for industrial employment from 31% in 2021 to 28% in 2035, the impact on current worker accommodation demand is expected to be minimal.

The transport and logistics sector is projected to experience a steady 1.07% Compound Annual Growth Rate (CAGR), contributing to the rising demand for this segment.

While agriculture employment in Dubai makes a minor contribution to the worker accommodation demand, other sectors such as real estate construction industries are anticipated to play a more significant role in meeting the future accommodation needs

Target Employment Sector

- Under Construction Site
- Manufacturing Industries
- Warehouse Facilities
- Maritime Related Activities

Dubai Industrial City

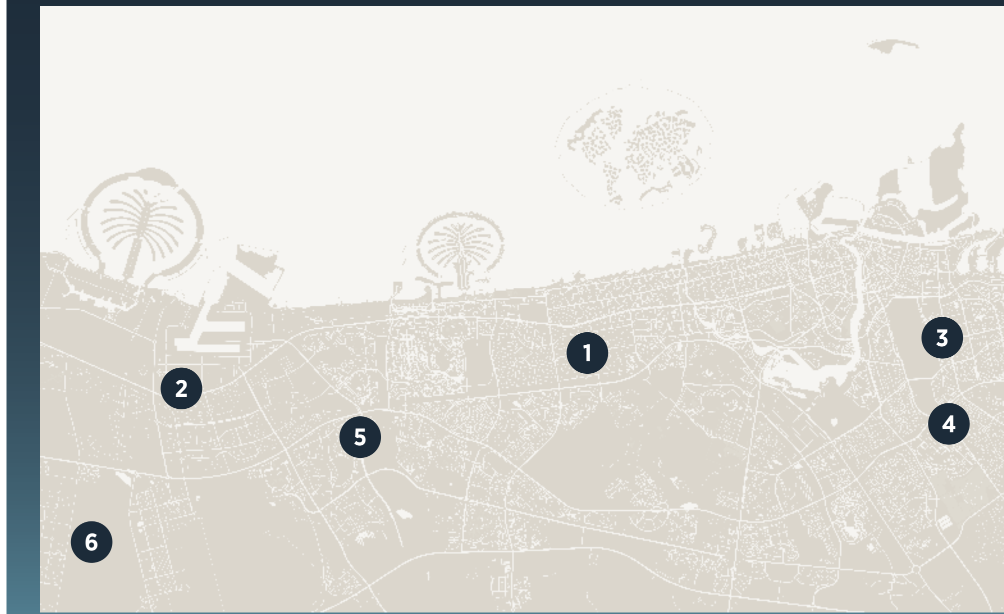
Market Performance

As of 2022, Knight Frank research estimated the bed supply at 1.2 million beds with an estimated occupancy of 75%. If the projected employment and population figures are met, Knight Frank research estimates occupancy to rise to 82% by 2030.

However, according to MEED, there are presently 18 projects either under construction or in the design stage. These projects are expected to be completed between 2024 and 2027 which might impact the actual occupancy rates in this segment.

The below map represents the prominent labour camp areas in Dubai along with the average rent per bed. As per Knight Frank research, these areas account for 94% of the total transactions in this segment from 2021 to Q3 2023. The significant variations in rental charges for labour rooms in different areas can be attributed to several factors that command premiums such as quality and age of development, the number of individuals sharing a room, room size, available amenities and facilities within the accommodations, accessibility to roads, and more.

Popular worker accommodation locations in Dubai



1. Al Quoz
2. Jebel Ali
3. Muhaisnah
4. Al Khawaneej
5. Dubai Investment Park
6. Dubai Industrial City

Source: Knight Frank Research

Key Market Drivers

Market Drivers	Sector Implications
Construction/Real Estate	The ongoing and ever-increasing construction activity in Dubai is a key driver for job growth in the labour force that subsequently translates into additional worker accommodation requirements.
Maritime & Logistics	As per Knight Frank research, the logistics sector is expected to increase to AED 11.87 billion by 2026 with its growth rate set to accelerate at a CAGR of 6.84% throughout the forecast period. Additionally, the trade volume has displayed a consistent compound annual growth rate of 4.5% since 2014 with the maritime sector notably contributing to this growth.
Retail – Food	The UAE has about a third share of the total GCC wide retailing. The majority of the workers within this sector fall within the blue collar and grey collar workforce. Despite Saudi Arabia and the UAE being responsible for 85% of GCC food production, the region heavily depends on food imports, albeit with a recent decrease in volume. Despite over 80% urbanisation across the GCC, the surge of last mile delivery services, including Talabat and Uber Eats, increased labour demand, although the advancement of technology and autonomous drones might have an impact.

Dubai Industrial City — Worker Accommodation

What this means for TECOM Group

Dubai's continuous economic growth and expansion across various industries serve as a catalyst for an increased need for a skilled workforce, leading to a consistent demand for accommodations. We have worker accommodation assets in DI and will look to further capitalise on the growth within this segment.

Our diverse base of customers across industry segments, such as construction, manufacturing and logistics, provide our worker accommodations with multiple growth streams. In addition, we expect significant demand for our assets in DI following the development of Etihad Rail in the vicinity.

As a high-quality asset developer and operator, we review evolving customer needs and market trends, along with regulations to continuously assess and improve our workers accommodation product. Ensuring we provide the right amenities along with high quality assets will help us maintain our competitive advantage.

OUR MARKET CONTINUED

Land Lease Market Overview

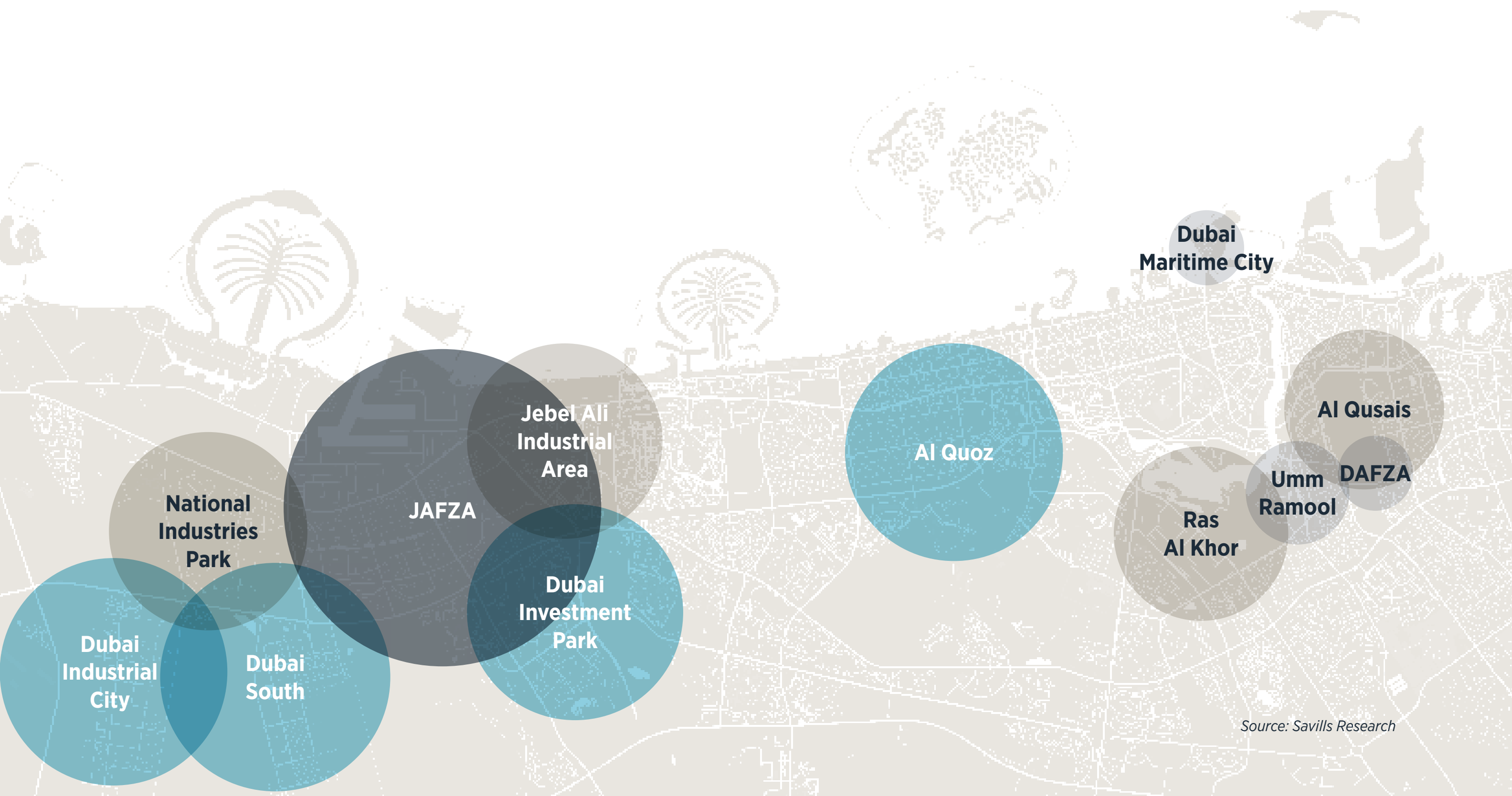
Growing economic activity and favourable government initiatives specifically in the industrial, logistics, warehousing and sustainability sectors have resulted in an increased demand within the land lease segments. The lack of available high-quality stock in these segments remains the most prevalent challenge for occupiers. This has resulted in occupiers securing long-term land lease contracts and building their own facilities as per their customised requirement. The surge in demand has resulted in a shortage of available land (particularly industrial land) in attractive, prime locations.

Concentration of Land in Key Industrial Areas in Dubai

Historically, investors have sought to lease land within central industrial locations in Dubai. However, the depleting land inventory in these locations and the growth of industrial parks in secondary locations have led to investors showing increasing preference in such non-central zones.

The map below shows the industrial land leasing communities across UAE with JAFZA, Dubai Industrial City and Dubai South being the most popular among the customers.

Land Lease Density in Dubai



Source: Savills Research

Dubai Industrial City

Dubai Industrial City

Market Performance

Industrial land is typically available for lease terms ranging from 1 year to 45 years with most of the contracts secured over longer lease terms. The grace period and rent-free period varies between the industrial zones subject to the size of the land plot and development period.

The outlook for the land lease segment remains buoyant as master-developers are looking to capitalise on the shortage of available land with higher lease rates and more stringent contracts.

What this means for TECOM Group

DI has a significant competitive advantage with its large land bank and breadth of plot sizes. DI will continue to capitalise on this, particularly as industrial land supply becomes more limited across the city. Land lease rates in central locations have skyrocketed as options become increasingly scarce. Customers have started shifting towards non-central locations with better lease terms and plot options, which DI continues to benefit from, particularly given its competitive rates.

Furthermore, supportive government initiatives for industrial segments, such as Operation 300 Billion, and DI's strategic partnerships with government entities and other stakeholders continue to facilitate increased demand for DI land leases, and it is well positioned to benefit following the opening of Etihad Rail 1 station.

POWERED BY GROWING AND SATISFIED CUSTOMERS

We are the #1 business destination for our existing and prospective customers

Our Customers

We do much more than provide spaces for our customers to work. Our modern, integrated ecosystems are vibrant homes and dynamic communities for businesses of all sizes, encompassing leasing space development, co-working spaces, an incubation platform, and our wide-ranging complementary services. We are responsive to our customers' needs to ensure exceptional experiences that enhance our reputation and drive business growth by supporting customer expansions and attracting new customers.

New Customers	Renewal Success Rate
1,400+	91%

Dubai Science Park

BUSINESS OVERVIEW

Capturing growth across our four business segments

OUR BUSINESS SEGMENTS

Commercial
52%
Typical Lease term 1 - 5 Years
- Retail
- Office

Industrial
14%
Typical Lease term 1 - 5 Years
- Warehouses
- Worker Accommodation

Land
Typical Lease term 30 - 50 Years
23%
- Land Leasing

Services & Others
11%
- axs
- Others

64% of customers are with TECOM Group for five or more years.

This steadfast customer loyalty serves not only as a testament to our brand's integrity but also as a driving force behind our sustained success in a competitive market.

Robust financial performance of TECOM is attributable to its diverse segments. Positive outcomes reflect our commitment to diversification and strategic management of business segments, positioning the company for sustained financial success in the years ahead.

	Commercial	Industrial	Land	Services & Others
Revenue	1,124M	304M	502M	240M
EBITDA	772M	220M	481M	180M
YOY Revenue Growth	7%	11%	15%	11%
Occupancy	89%	89%	94%	Corporate & Government Services 200+

Dubai Internet City

BUSINESS OVERVIEW CONTINUED

Commercial Leasing

"Commercial Leasing has been the driving force behind the success and sustained growth of TECOM over the past two decades. As the owner of the largest commercial real estate portfolio in Dubai, our success is both a generator and product of the Emirate's transformation into a knowledge and innovation-based economy. We continue to drive innovation and exceptional customer experience to attract leading organisations from around the world, who invest in, and create value for, key sectors in Dubai and the UAE.

Ammar Al Malik
Executive Vice-President
Commercial Leasing

OVERVIEW COMMERCIAL LEASING

Gross Leasable Area (million sqft)

2023	9.5
2022	9.5
2021	9.1

Occupancy (%)

2023	89.0
2022	85.4
2021	80.4

Retention (%)

2023	92.7
2022	91.7
2021	90.8

In 2023, Commercial Leasing delivered an exceptional performance due to bolstered demand for high-quality office and co-working space coupled with a short supply in the market. While the commercial sector around the world has been facing challenges amidst increasing preference for flexible workspace, Dubai has capitalised and positioned itself as a global hub for new and growing businesses. The UAE's robust and diverse economy, along with the Government's expansive value propositions for a diverse range of enterprises, have driven the occupancy levels to all time highs.

TECOM's 10 commercial districts continued to be the preferred choice for Fortune 500 and other multinational companies aiming to tap into opportunities in the UAE and wider region. Customers demonstrated increasingly stringent requirements, which led them to explore built-to-suit opportunities to fit their needs amid limited local supply. Grade A offices in our business districts experienced average occupancy levels above 90% during the year.

In 2023, we welcomed more than 1,000 new customers to our commercial facilities. These included leading global companies such as AstraZeneca, Conde Nast, Giorgio Armani, Hisense, and Trip com, as well as educational institutions such as Harrisburg University and L'École School of Jewellery Arts. We also supported numerous expansions of existing customers, including CNN, Salesforce, LVMH, Sony Music, Puma, Farfetch, Middlesex University, Yum Brands, and Eppendorf.

Commercial Leasing experienced a notable uptick in demand for our research and development facilities and innovation centres, reflecting an increased focus on innovation for our clients. Our laboratory building at Dubai Science Park reached 99% occupancy in 2023. Jotun, one of the largest global manufacturers of paints and coating products, also commenced operations at its new research facilities in Dubai Science Park, following the examples of Himalaya Wellness and Firminech last year. With a proactive response to these market trends, we launched in5 Science at Dubai Science Park to further attract start-ups and entrepreneurs seeking to scale their businesses in the science industry.

Outstanding Financial Performance
Commercial Leasing boasted stellar financial performance in 2023, accounting for 52% of the Group's revenue. The segment earned revenue of AED 1,124 million, a 7% increase compared to AED 1,047 million the previous year.

Growth was driven by increased occupancy levels across the portfolio, as well as improvements in rental rates across the central business districts. An addition of 858,000 square feet of new leases at higher rental rates during the year also added to the top line.

EBITDA for 2023 was AED 772 million, a 18% improvement compared to the previous year. EBITDA margins for Commercial Leasing were 69%, compared to 63% in 2022. Improvements stemmed from higher top-line growth coupled with cost optimisation initiatives across our operations.

Occupancy also increased in 2023 across the TECOM commercial properties to 89%, an improvement of 4% compared to the previous year. Retention stood at 93%, with the average lease lasting between one and five years.

In response to growing and projected demand, Commercial Leasing is exploring various options for increasing its leasable area through acquisition or new developments.

1. Dubai Internet City
2. Dubai Media City
3. Dubai Knowledge Park
4. Dubai Design District
5. Dubai Science Park
6. Dubai Studio City
7. Dubai Production City
8. Dubai International Academic City
9. Dubai Outsource City
10. Dubai Industrial City

Gross Leasable Area (sqft)
9.5M

WALT
2.8 years

Commercial Buildings
147

Annual Passing Rent (AED)
1,119M

Occupancy Rate
89%

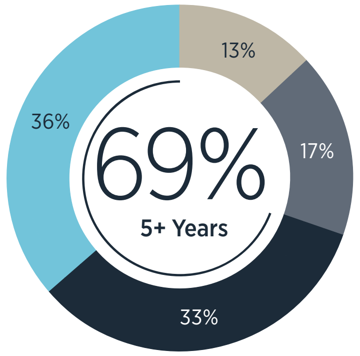
Estimated Rental Value (AED)
1,171M

Valuation (AED)
12.2B
9.2% growth

Our Location

BUSINESS OVERVIEW CONTINUED

Customer Loyalty (in years)



<2 years
5-10 years
2-5 years
>10 years

Strategic Focus
TECOM's success with Commercial Leasing is based on our ability to provide a full ecosystem to support the growth of the world's leading companies, while further developing our infrastructure and services to meet their expanding business needs. Our approach is aligned with the strategic growth of Dubai, including structural and regulatory changes that have made it a top global city. Customer engagement is central to our strategy, as we continuously enhance our service offerings and lead the way through innovation and digital transformation.

Our commitment to building robust ecosystems involves connecting our partners and their people. This year, we widened our partnerships by signing several memorandums of understanding (MoUs) with leading trade and educational organisations. These included MoUs between Dubai Internet City and German Entrepreneurship GmbH and the Polish Investment and Trade Agency, as well as between Dubai Design District (d3) and the Italian Interior Designers Association.

Commercial Leasing held many of the region's most important events throughout the year, including Dubai Fashion Week and Dubai Design Week. We also hosted the Cartier's 'Into the Wild' event at d3 to celebrate the global jewellery company's history. Further, we participated in important events such as GITEX, Arab Health, and Gulf Food, as part of our outreach to connect with potential and existing customers and stay ahead of industry trends.

Key Commercial Leasing Milestones

Across our 10 commercial districts, 2023 was a year of outstanding achievements and memorable milestones

Dubai Internet City
- Construction of Innovation Hub Phase 2 continued on schedule, with the AED 442 million project
- Strategic partnership with German Entrepreneurship GmbH to strengthen the start-up and entrepreneurship ecosystem
- MoU with the Polish Investment and Trade Agency to provide Polish companies with insights and data on the Dubai market
- MoU with NIPA to enhance collaboration and facilitate the use of Korean technology

Dubai Media City
- Global Media Congress strategic partnership

Dubai Knowledge Park
- Launch of Harrisburg University and Plekhanov Russian University of Economics
- Celebrated 20th Anniversary, breaking a Guinness World Record for the world's largest Rubik's Cube.

Dubai Design District (d3)
- Van Cleef & Arpels announces launch of L'ECOLE School of Jewellery Arts
- MoU with the Italian Interior Designers Association AIPI
- Successful launch of the second edition of Dubai Fashion Week
- Cartier hosts its 'Into the Wild' campaign at d3
- Biggest Dubai Design Week to date

in5
- Formalised partnership with Dubai Chamber of Commerce to create Business in Dubai, a one-stop digital platform for start-ups outside the UAE
- in5 start-ups raise more than AED 3 billion in investment capital

Dubai Science Park
- Biopharmaceutical giant AstraZeneca announces plans to construct 27,680 square feet of sustainable office space
- Virax Biolabs Group announces establishment of regional headquarters
- TECOM launches its second D/Quarters co-working solutions location, following last year's successful launch in Dubai Internet City
- Launch of in5 Science to incubate science-focused start-ups

Commercial Leasing Events

ESG remained a top priority for Commercial Leasing, as it is for our customers who represent the world's leading and Fortune 500 companies. Our customers increasingly demand green buildings, with many of them pursuing mandates to achieve net-zero carbon emissions by 2030. TECOM is ahead of this trend by ensuring new buildings receive LEED certification and existing buildings are upgraded to become LEED certified. In 2023, a total of 8 buildings across our commercial properties were upgraded to receive LEED certification.

Dubai Internet City
- GITEX 2023
- Dubai Lynx

d3
- Dubai Calligraphy Biennale
- Dubai Fashion Week
- Dubai Design Week
- Architecture Exhibition
- Break the Block
- Students Hackathon
- Sole DXB 2023
- FIFA Beach Soccer World Cup

in5
- NorthStar Exhibition at Dubai Harbour
- COP 28

Dubai Science Park
- Arab Health

Future Outlook
In the year ahead, Commercial Leasing will continue to build upon our ecosystems, developing new offerings where there is strong demand and take advantage of growth opportunities. We aim to maximise occupancy by targeting growing industry segments and building, upgrading, and maintaining our high-quality spaces. We will focus on customer retention efforts and continue to enhance customer experience by offering market-leading amenities and engaging in continuous innovation and digitalisation.

TECOM will also focus on inorganic growth through new developments and asset acquisitions. We continue to invest in constructing new facilities and properties tailored to our strategic goals. As in previous years, we will expand our operations rapidly by acquiring existing assets such as operational facilities or land for leasing purposes.

Commercial Leasing looks forward to exciting growth opportunities coming to fruition in 2024. Construction on Innovation Hub Phase 2 at Dubai Internet City's Commercial Offices is progressing on track. The facility will help us to meet market demand by providing more than 355,000 square feet of gross leasable area, including two high-end office buildings, four boutique offices, retail spaces, and more than 800 parking spaces.

In our market-leading portfolio of thriving ecosystems, we are strategically positioned to capitalize on growing market demand from large and discerning customers. With a robust pipeline of projects and asset enhancements, we aim to drive further growth across our commercial segments.

BUSINESS OVERVIEW CONTINUED

Industrial Leasing & Land Leasing

"

TECOM Group's remarkable growth over the past decades is built on our customer-centric approach that promotes the success of our partners and the progress of the larger business community. In Industrial Leasing, we support the world's leading companies by providing a full ecosystem of office space, logistics, land leasing, and worker accommodation. Through our comprehensive range of offerings, we provide our customers with a selection and experience that is unmatched in the market. We contribute to Dubai's growth, benefiting from its success and playing a key role in attracting business and investments across all sectors, positioning Dubai as a global industrial hub for today and the future.

Saud Abu Alshawareb
Executive Vice-President
Industrial Leasing

OVERVIEW INDUSTRIAL LEASING

Gross Leasable Area (million sqft)

2023	11.5
2022	11.5
2021	11.5

Occupancy (%)

2023	88.7
2022	86.5
2021	76.6

Retention (%)

2023	88.3
2022	92.8
2021	97.9

TECOM's Industrial Leasing portfolio soared this year as we met a surge in demand for logistics and worker accommodation. This is a testament to our exceptional infrastructure and continued focus on customer service excellence. Our wide-ranging leasing options across Dubai Industrial City, Dubai Science Park, and Dubai Production City continued to be the prime choice for leading multinationals seeking to expand their operations in the region and beyond. Dubai Industrial City alone, which accounts for 88% of our industrial assets, attracted more than AED 1.3 billion in investments from local and global manufacturing companies this year.

In 2023, the Industrial Leasing segment accounted for 14% of TECOM Group's revenue. Our commitment to customer support and retention led to more than 700 lease renewals across our industrial properties. Over the course of the year, the number of operational factories within our land leasing portfolio increased from 300 at the end of 2022 to 306 at the end of 2023. We closed the year with more than 170 business partners for Industrial Leasing, compared to 120 the previous year.

This exceptional performance made Industrial Leasing a strong contributor to TECOM's sustained growth in 2023, with the segment achieving revenues of AED 304 million. This was a 11% improvement compared to AED 274 million the previous year. Warehousing performed exceptionally well, with 11% revenue expansion year on year.

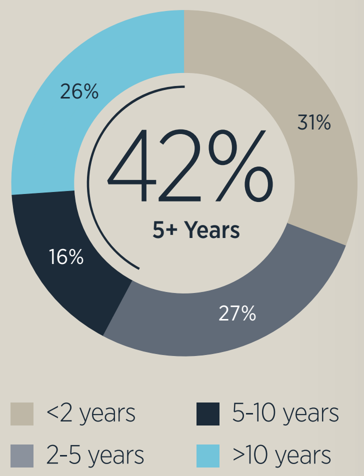
TECOM contributed to Dubai's growing reputation on the world stage as a strategic destination for manufacturing and industrial activities. Revenues stemmed from a diverse mix of industries, such as manufacturing, construction, chemical production, food and beverage packaging, and pharmaceuticals. This portfolio remained balanced across industries, demonstrating and contributing to the resilience and sustainability of the UAE economy.

EBITDA for 2023 was AED 220 million, a 30% improvement compared to 2022. This staggering EBITDA performance is attributable to consistent growth in the industrial market, high occupancies, strong retention rates, rent escalations and efficient cost management. Industrial EBITDA margins were 72% in 2023, compared to 62% the previous year.

Overall occupancy increased from 86% at the end of 2022 to 89% at the end of 2023. Warehousing achieved an occupancy rate of 94% While our worker accommodations occupancy stood at 92% excluding inactive inventory. Further, overall customer retention rate for Industrial Leasing was 88%.

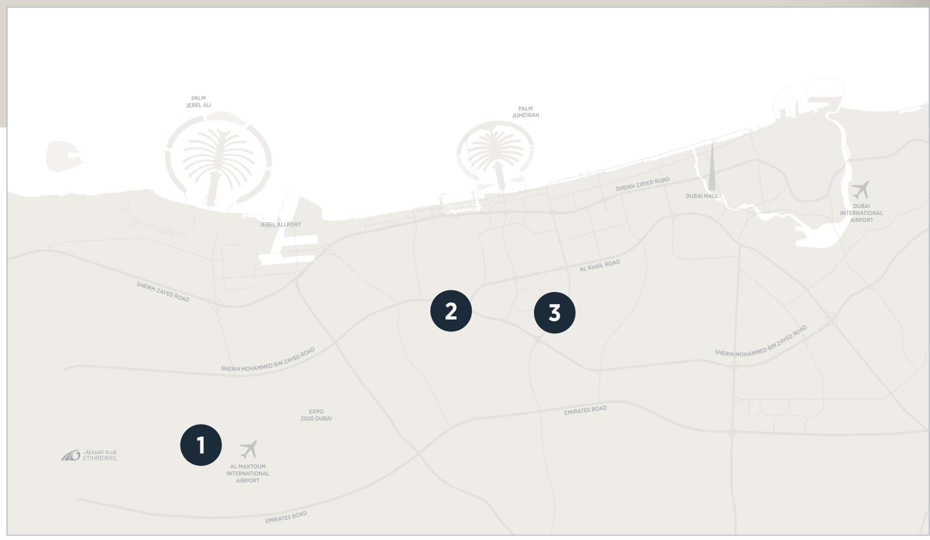
Throughout the year, we made a conscious effort to increase our average lease rates. Although our retention rates decreased compared to last year, we were able to counteract this drop by leasing these spaces at higher lease rates, while also improving our occupancy.

Customer Loyalty (in years)



Our Locations

1. Dubai Industrial City
2. Dubai Production City
3. Dubai Science Park



Strategic Focus
In 2023, our strategic focus remained centred around contributing to the success of our business partners in tangent with the growth and prosperity of Dubai. Industrial Leasing provided exceptional support to our customers through prompt and professional service, coupled with high-quality facilities and market-leading innovation. We engaged proactively with our existing and potential customers by organising industry-related events and arranging one-on-one meetings with key clients. Our strong customer satisfaction rate of 88% further reiterates our conscious efforts of creating a customer-centric environment.

This year, we capitalised on opportunities in the market, tapping into demand from existing warehouse tenants seeking expansions, as well as new tenants from high-potential sectors. Notably, construction on Dubai Science Park's Phase 2 is underway, in response to growth in pharmaceutical and device manufacturing. Encompassing 200,000 square feet of new warehouses, the project broke ground in 2023. With existing warehouses operating at full occupancy and a surge in demand for Grade A warehouses across Dubai, we expect the development to be significantly pre-let.

Our relationship with the UAE Government grew even stronger in 2023 as we worked hand in hand to strengthen and diversify the country's industrial sector. This was demonstrated by the continued progress we achieved in partnership with Etihad Rail to plan the new railway station at Dubai Industrial City.

Gross Leasable Area (sqft)
11.5M

Warehouses
1,128

Worker Accommodation Buildings
81

Annual Passing rent (AED)
319M

Occupancy
89%

Estimated Rental Value (AED)
412M

Valuation (AED)
2.9B
21% growth

BUSINESS OVERVIEW CONTINUED

This year, we also formalised three government partnership agreements as part of our Make Brilliance campaign to elevate Dubai's Industrial hub status globally. We partnered with the UAE Ministry of Industry and Advanced Technology and Emirates Development Bank for Make it in the Emirates, which provides AED 1 billion in financing. We also worked with the UAE Ministry of Climate Change and the Environment (MOCCAE) through our commitment to Net Zero by 2050, as well as by sharing our success stories of decarbonisation in the industrial sector. Further, we aligned with the MOCCAE's 2050 Vision.

In line with Dubai Industrial City's continuous efforts to contribute to sustainable growth in the UAE, we joined in partnership with the Dubai Department of Economy and Tourism to implement the D33 Agenda. As a key player in the industrial sector, we are committed to working with the Government to meet its goal of applying innovative approaches to double the GDP by 2033.

We also participated in COP28 this year – see case study on p.119 for more information.

Key Industrial Milestones

Across our industrial footprint, we continued to progress our strategy and build on our track record of achievement during 2023.

Dubai Industrial City

- Opening of the THRYVE facility, the first plant-based meat factory in the Middle East
- Silver Line Gate Group, a leading supplier of milk powder, announces plans for its AED 200-million manufacturing facility
- Khayyat Investments breaks ground on its 650,000 square-foot facility, its largest to date

COP 28

- Construction begins on Substation 5 to add 200 megawatts to the existing capacity
- TECOM wins the Leading Manufacturing and logistics HUB award within the Logistics and transport 2023 Awards.

Dubai Science Park

- Phase 2 construction begins, adding 200,000 square feet of warehouses


Dubai Industrial City

OVERVIEW LAND LEASING

Gross Leasable Area (million sqft)

2023	163.7
2022	163.7
2021	163.7

Occupancy (%)

2023	94.0
2022	81.0
2021	74.6

Land Leasing

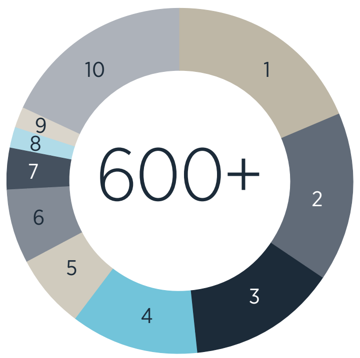
Land Leasing is an important source of income for TECOM, providing flexibility to the Group and prospective investors. It allows TECOM to generate revenues with lower amounts of investment and operational costs, while prospective investors incur no costs of upfront land acquisition. It also enables us to reduce our overall risk exposure, as most of the leases are tied through long-term contracts, giving TECOM more stability even through unforeseen events.

A significant amount of new leasing and exceptional receivables management contributed to the segment's successful year in 2023, both in terms of revenue and EBITDA. TECOM's Land Leasing segment contributed 23% of the Group's revenue this year, earning AED 502 million. This was a 15% improvement on the segment's 2022 revenues of AED 436 million. EBITDA for Land Leasing in 2023 was AED 481 million, compared to AED 367 million in 2022, a significant 31% increase. Land Leasing EBITDA margins were 96%, compared to 84% the previous year.

The segment served more than 600 active land lease customers across nine of its districts. Total land leased amounted to 155 million square feet at the end of 2023. This was a 21 million-square-foot increase compared to 2022, more than the previous year's expansion of 10 million square feet. Occupancy stood at 94% at the end of 2023, compared to 81% the previous year.

Growth was largely due to a shortage of industrial land in the market and efficient utilisation of the opportunity by TECOM, with companies centralising their locations and securing larger plots.

Diversified Land Lease Portfolio



1.	Base Metal	19%
2.	Machinery	16%
3.	Food & Beverage	14%
4.	Mineral	12%
5.	Chemical	7%
6.	Logistics and Transport	7%
7.	Automotive	4%
8.	Research and Development	2%
9.	Fabrication and Production	2%
10.	Other	18%

Future Outlook

In 2024, TECOM Group will continue to capitalise on the strong market demand for our Industrial and Land Leasing properties and activities. This will involve staying ahead of market trends and responding to high-growth industry segments by ensuring our ecosystem has the necessary offerings.

We will also expand our offerings to include a diverse land bank with plots of varying sizes, to accommodate various industrial requirements. Our strategy includes actively targeting built-to-suit clients who require customized, specialist facilities. Further, we will explore additional partnerships with government and private stakeholders to generate more value to our customers.

In the upcoming year, our primary focus will revolve around ensuring the utmost satisfaction of our valued customers. We are dedicated to forging strong partnerships and working closely with them to support their growth and ambitions. Moreover, we are committed to elevating the overall customer experience and bolstering customer retention rates.

Looking ahead, our Industrial and Land Leasing facilities and properties are set to expand to meet the growing demands and aspirations of our customer base. By the year 2024-2025, a total of 380-400 factories are expected to be operational. More than 19 million square feet of land across our districts will move to the construction phase in 2024. This is an opportunity for us to support and add value to our customers, demonstrated by our track record of leading and supporting efficient and streamlined construction.

We are also steadily expanding our land bank in response to our exceptionally high occupancy rates coupled with increasing market preference for TECOM properties over our competitors'. In year-end 2024, we have plans to acquire additional plots in Dubai Industrial City. This acquisition reflects TECOM's proactive approach to capitalising on the growing industrial warehousing segment. It adds to the rapidly depleting inventory of land, with 95% of the plots in Dubai Industrial City already occupied through long-term contracts This strategic growth will further expand our relevance as a leading industrial and logistics hub in the UAE and globally.

Gross Leasable Area (sqft)
164M

Number of Plots
789

Annual Passing Rent (AED)
481M

Occupancy Rate
94%

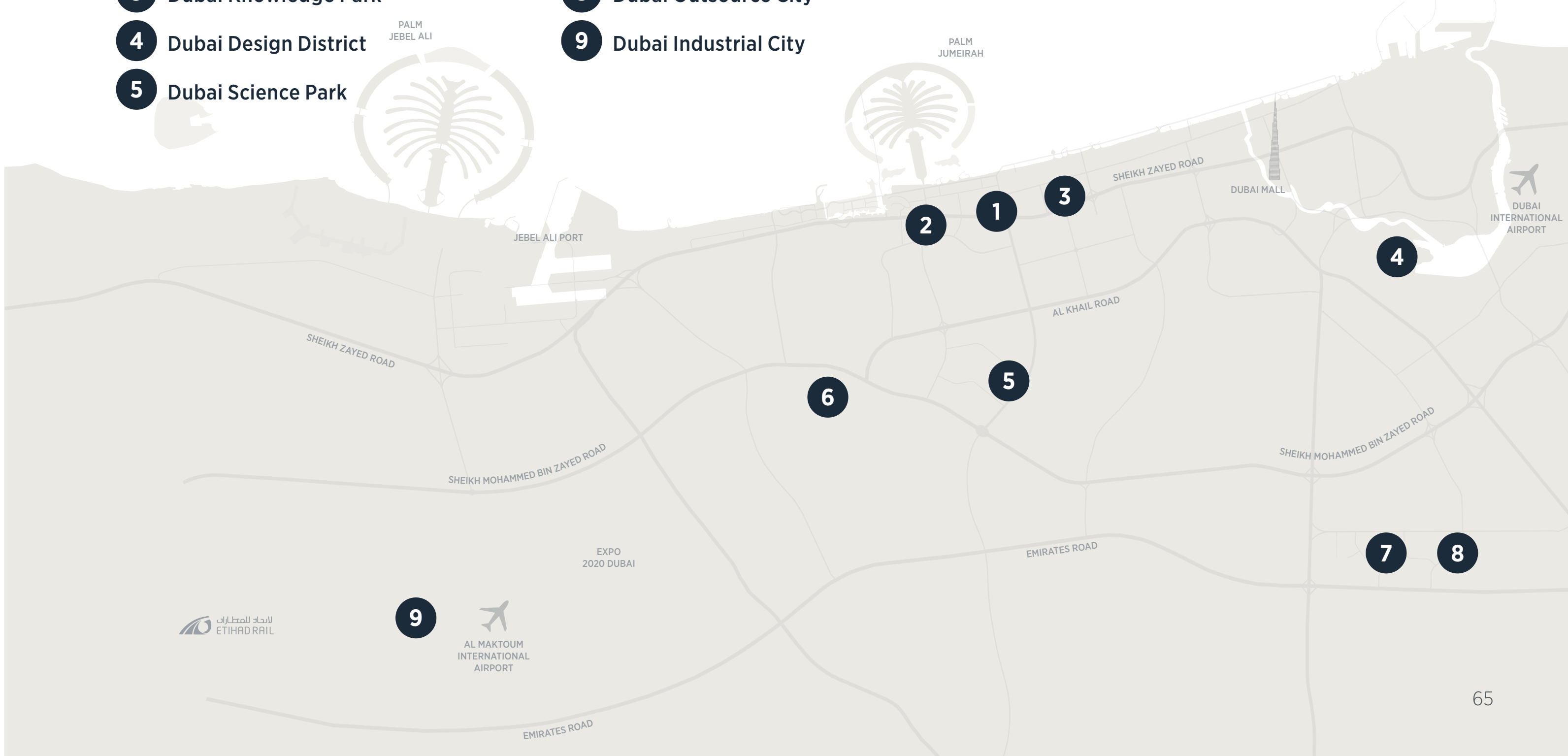
Estimated Rental Value (AED)
495M

Valuation (AED)
7.9B
2% growth

WALT
31.8 years

Our Locations

1. Dubai Internet City
2. Dubai Media City
3. Dubai Knowledge Park
4. Dubai Design District
5. Dubai Science Park
6. Dubai Production City
7. Dubai International Academic City
8. Dubai Outsource City
9. Dubai Industrial City



BUSINESS OVERVIEW CONTINUED

Business Services

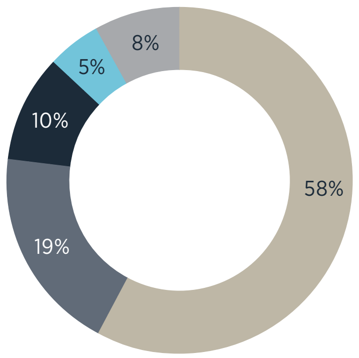
"

Business Services has played a pivotal role in shaping the achievements of TECOM Group by offering a diverse range of services tailored to meet the ever-evolving needs of our clients across various industries. Moreover, it represents a distinct competitive advantage, setting us apart from our industry peers, with no other organisation offering such depth of support services and customer care.

In 2023, our strategic focus expanded to introduce additional revenue streams, driven by the need for sustained growth and adaptability in a dynamic business landscape. We emphasised technological innovation to enhance operational efficiencies and elevate the overall customer experience, aligning with our commitment to staying at the forefront of industry trends.

Ahmad Al Mheiri
Senior Vice President
Business Services

Segmented Revenue



*Property Management and Lease Agreements

Our goal at TECOM Business Services is to create a vibrant and dynamic environment where businesses and entrepreneurs can grow and connect with each other.

We provide a variety of services that add value to our business districts and generate additional income for the Group, including government processes, registration, and licensing.

Our portfolio of award-winning business services also includes D/Quarters flexible coworking space, in5 innovation and incubation services, and Advertising and Venue Management Services (AVMS), which collectively offer a range of value-added solutions to businesses of all sizes across Dubai.

Financial Performance
This year, Business Services continued to grow by offering exemplary services to TECOM Group's customers. Our EBIDTA for the function stood at AED 180 million, a 17% increase compared to 2022, while our EBITDA margin stood at 75%, increasing 4% over the previous year – a strong result in light of regulatory changes during the year that directly impacted Business Services' revenues.

Business Services showcased agility and resilience to respond to these changes, earning AED 240 million in total revenue. This was a 11% increase compared to 2022, where it achieved revenues of AED 216 million.

In 2023, Business Services contributed to 11% of TECOM's total revenue. Of the Division's revenue, 58% was attributable to axs, our business and government smart services platform. This was followed by D/Quarters, property management and leasing, and freelancer services.

Strategic Focus
The success of Business Services in 2023 revolved around expanding our service portfolio, offering a more comprehensive range of solutions to meet the diverse needs of our customers. This expansion allowed us to address a wider spectrum of challenges and provide tailored solutions, ultimately improving overall customer satisfaction and loyalty. We received consistently positive feedback from our customers, further affirming the effectiveness and value of axs and our Business Services Division.

We also leveraged advanced digital technologies to streamline and modernise our customer interactions. Through user-friendly digital platforms and tools, we provided customers with more accessible and efficient ways to access our services, reducing response times thereby enhancing convenience.

Innovation Milestones
At TECOM Group, our commitment to digitisation and innovation helps us stand out from our competitors and maintain our status as a world-leading ecosystem builder.

- Delivered axs digital service enhancements and new features
- Implementation of automated process orchestration in service processing
- Enabled the D/Quarters App and parking services in new locations
- Document Attestation services partnered with VFS
- Automated the Collection Dunning Process
- Integration with Ejari facilitated documentless licence renewals for PMS partners

Key Metrics

Customer Satisfaction

2023	89.0%
2022	89.8%
2021	81.3%

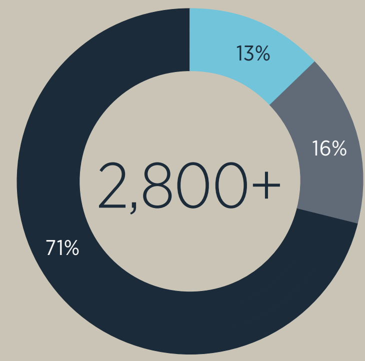
Digitisation of Services: 91%

2023	15,650
2022	19,685
2021	50,335

Number of Freelancers

2023	4,342
2022	3,486
2021	2,728

Number of Coworking Spaces



Key Business Services Milestones

axs
axs is a comprehensive platform for our customers, providing a variety of critical business services via a seamless digital platform as well as customer care centres. Transactions through axs increased to reach 169,000 in 2023, while customer satisfaction stayed at a healthy level of 89%.

Revenues generated from axs services totalled AED 140 million in 2023, compared to AED 138 million the previous year. This maintenance of revenues at or above the last year's level is an achievement given the various visa reforms introduced by the government recently.

Efforts towards digitalisation paid off with a reduction in footfall from 19,685 to 15,650 reflecting on our continuous efforts towards innovation and digitisation.

Building on this strong foundation, axs is not only a recognised leader in its field but continues to widen the gap by investing in digitisation and customer experience.

axs revenue

2023	140
2022	138
2021	113

No. of Transactions in thousands

2023	169
2022	160
2021	136

D/QUARTERS

> Our inaugural D/Quarters facility at Dubai Internet City and Dubai Media City has reached full occupancy, marking a significant milestone. Excitingly, during 2023, we unveiled a brand-new location at Dubai Science Park, extending our presence in co-working spaces market.

D/Quarters

The landscape of the traditional commercial segment is evolving as we see an increasing preference for flexible workspace options and shorter-term contracts. In 2022, we launched the D/Quarters co-working space to address growing demand for dynamic business environments where like-minded individuals can work and collaborate. Showcasing TECOM's ability to adapt and innovate to meet evolving market demand and customer preferences, it provides modern office solutions for a wide range of clients, from freelancers to small businesses to multinationals.

D/Quarters is currently offered in Dubai Internet City, Dubai Media City and Dubai Science Park, with plans for expansion at additional locations across TECOM's communities in Dubai to meet growing demand. D/Quarters also aims to continue to enhance and expand its service offering to meet the evolving needs of its clientele.

GoFreelance

GoFreelance offers a competitive package for freelancers that covers 70 activities in media, technology, design and education sectors. GoFreelance helps freelancers find new jobs and grow their network, including through our online marketplace.ae which connects them with potential corporate customers from our ecosystem.

in5

in5 continues to foster creativity and growth to entrepreneurs and start-ups in Dubai by offering five key benefits to its members: business setup, creative workspaces, mentorship, workshops and events, and access to investors. in5 has four specialised and fully equipped innovation centres, each focusing on a different sector.

- in5 Tech, located in Dubai Internet City, helps aspiring entrepreneurs scale their disruptive ideas.
- in5 Design, located in Dubai Design District, is an innovation centre for aspiring talent to achieve their design ambitions.
- in5 Media, located in Dubai Production City, is a digital media hub with a focus on creative output and content creation.
- in5 Science, located in Dubai Science Park, is a dedicated vertical for scientific entrepreneurship that opened in 2023.

Advertising and Venue Management (AVMS)

TECOM'S AVMS continued to offer a range of services for businesses and events in 2023. This included renting commercial spaces for advertising purposes, both short and long term. It also involved managing indoor and outdoor venues for various occasions, such as events, meetings, conferences, and exhibitions.

D/Quarters Revenue

2023	45
2022	45
2021	42

GoFreelance Revenue

2023	15
2022	12
2021	9

in5 Revenue

2023	12
2022	11
2021	9

AVMS Revenue

2023	7
2022	5
2021	5

Future Outlook

In the year ahead, Business Services aims to accelerate digitisation of its client-facing services to deliver a more efficient and engaging experience. This will involve adding new services to the axs platform, such as digital signatures and property insurance support, and shortening the processing times for a number of our services.

Another key initiative will be the implementation of a new AVMS strategy. This will involve adding out-of-home (OOH) advertising locations to our existing portfolio of OOH products. We will also launch an AVMS online platform for our clients to conveniently book venues across our communities for their business meetings and events.

In line with our commitment to continuously enhancing our value proposition to our customers, we are developing a customer engagement strategy that we plan to roll out in 2024. This strategy will aim to develop stronger customer relationships and improve client satisfaction, by creating differentiated and enhanced customer value across our services and footprint.

PROPERTY REVIEW

TECOM Group maintained strategic focus to deliver on our promises during another year of robust valuation growth, reflecting our unwavering focus on maximizing shareholder value while expanding and enhancing our market-leading portfolio across all our dynamic business districts.

Dubai Internet City

Key valuation facts

Value growth since IPO (in AED)
3.5 billion+

Increase since IPO
18.2%

Annual value growth (in AED)
1.5 billion+

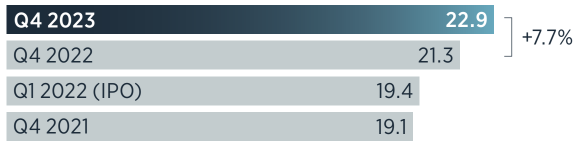
Annual growth
7.7%

Valuation

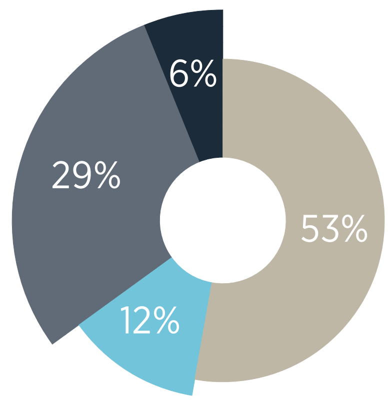
TECOM Group's Investment Property (IP) was valued at **AED 22.9 billion**, as of 31 December 2023, according to CBRE's valuation. This represents an increase of **7.7% (AED 1.5 billion+)** in value of underlying assets compared to the previous year's annual valuation, which was primarily driven by an increase in value of the Group's operating assets by 11.3% that account for two-thirds of the IP portfolio.

We continued to deliver on our promises to our shareholders and stakeholders, having made significant strides since the IPO. Our IP valuation has increased by more than **18.2%** since the Group was listed last year, representing value growth of **AED 3.5 billion+** and in line with our focus on sustainable value creation.

Investment Property Valuation (in AED billion)



Valuation Contribution – By Business Segments



Commercial leasing
Available land
Land leasing
Industrial leasing

This year, we proactively amplified our customer acquisition efforts in order to expedite our organic growth, aiming to achieve stabilized occupancies for our operating assets across our business districts. This approach yielded an increase in occupancy uptake across both our office and industrial leasing portfolios. Central Business District (CBD) offices occupancy (Dubai Internet City, Dubai Media City, Dubai Knowledge Park and Dubai Design District) increased by 4%, while occupancies for non-core CBD offices and warehouses both increased by 1%, respectively, since the beginning of 2023.

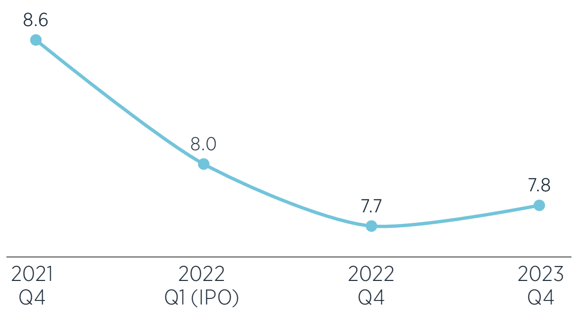
Dubai Knowledge Park

In addition, the shortage of Grade A office supply in Dubai's commercial market and the overall improvement in Dubai's real estate sector performance enabled us to increase average lease rates for our operating assets. A prime example of this is our performance in Dubai Design District, wherein our average lease rates increased 5% compared to last year.

In terms of our land bank this year, we secured 91 long-term land lease contracts, for an additional 21 million sqft of land area, resulting in an overall land lease portfolio of 155 million sqft

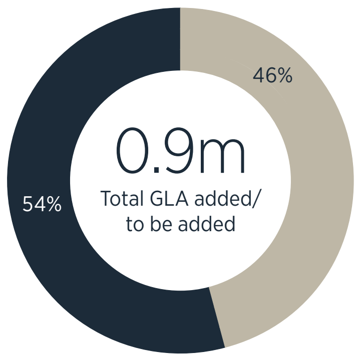
Following the significant post-pandemic rebound in economic activity across the UAE, the overall investment market in Dubai remained buoyant, leading to stable cap rates across the asset classes.

Portfolio Equivalent Yield (%)



Sources: CBRE valuation dated 31 December 2022 and 31 December 2023; JLL valuation dated 31 March 2022.

Breakdown of existing/new projects – by GLA (in '000)



Completed BTS projects (2021 onwards)
Projects under development

Our Assets

TECOM Group's growth strategy is designed to maximize the operational performance of existing assets, while adding new inventory through development of built-to-suit and built-to-lease facilities as well as asset acquisitions.

Considering the booming commercial and industrial real estate market, we will continue to explore asset acquisition and development opportunities to expand our portfolio.

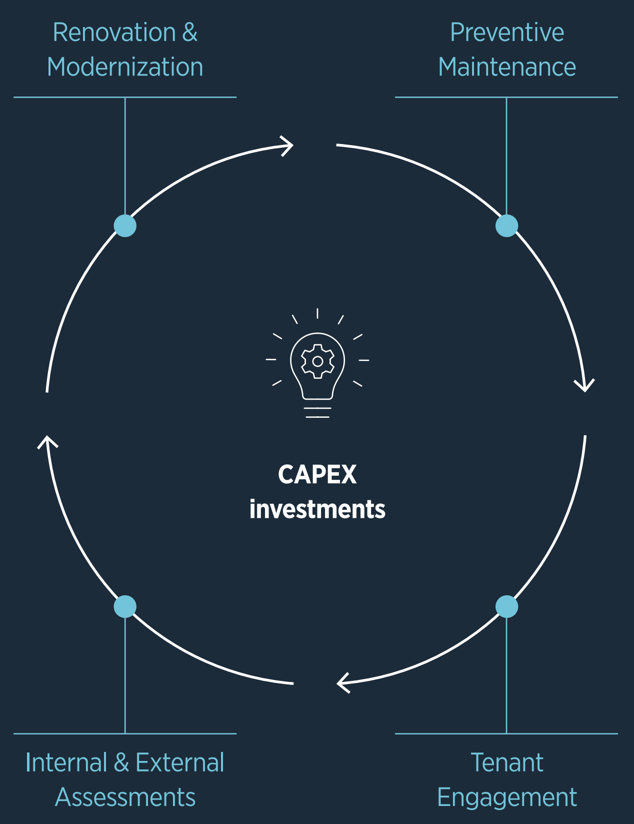
PROPERTY REVIEW CONTINUED

MAINTENANCE & ENHANCEMENT PROJECTS

At TECOM Group, we hold all our assets to the highest quality standards in the industry.

All our assets undergo a rigorous asset enhancement and maintenance program, which is based on an exhaustive prioritization process grounded on the most optimal risk mitigation and cost/benefit consideration.

Assets Enhancement Cycle



Asset Management & Enhancement Objectives

Improved Tenant Satisfaction: Maintain/increase occupancy and reduce turnover

Enhance Property Value: Improving property valuation and leasing rates

Enhanced Efficiency: Optimise utility consumption and reduce expenses

Extend Asset Lifespan: Minimizing maintenance and replacement expenses

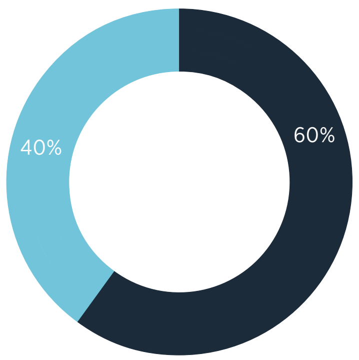
Competitive Advantage: Attract high quality tenants resulting in stable revenue and occupancy

Our portfolio comprises state-of-the art, well-maintained and long-lasting assets, which we continuously monitor to ensure that all our commercial and industrial assets meet the highest operating standards and technical conditions.

We continue to take a conservative approach to setting aside funds to finance necessary refurbishment and maintenance expenditures, maintaining an effective balance between growth and maintenance expenditures across our portfolio.

In 2023, we invested AED 104 million to ensure best-in-class operating standards and technical conditions across our portfolio. As shown below, our CAPEX was evenly spent on value-add enhancement and asset management during the year. The increase in CAPEX is in line with our ongoing commitment to keep all our assets up to date through adherence to exceptional maintenance standards.

Maintenance and Enhancement Capex (in AED Million)



Asset Maintenance

Value Add Enhancement

Invested in Asset Upgrades

AED 104 M


Dubai Media City - Boutique Offices

CFO'S MESSAGE

Converting market opportunities to profitable growth.

Over the past 12 months, TECOM Group produced strong financial and operational performance and leveraged our scale, reputation, and ability to deliver sustained growth momentum to further optimise our capital structure. Today, we are well-positioned to fund our ambitious growth agenda while continuing to reward shareholders with dividends, in line with our dividend policy.

Michael Wunderbaldinger
Chief Financial Officer
TECOM Group

2023 highlights

EBITDA Margin
76%
8% Increase

Loan-to-Value Ratio
12%
2% Reduction

EPRA Net Assets
AED 17,160M
14% Growth

EPRA Earnings
AED 1,502M
47% Growth

Recurring Free Cashflow
AED 1,189M
23% Growth

Return on Equity
18%
5.0% Increase

2023 was a great year for the commercial real estate market in Dubai. As the emirate's largest curator and operator of a diverse portfolio of commercial and industrial properties, we were uniquely positioned to convert attractive demand-driven market opportunities into profitable growth.

Revenue for the year reached an all-time high AED 2.2 billion, exceeding our expectations. The 10% YoY growth in the top line was predominately driven by high occupancy rates across the portfolio, while an increase in rental rates, especially in centrally located built-to-lease assets, also contributed to top-line expansion. Importantly, our revenue quality is improving, driven by better business and operating conditions, and is now more diverse thanks to an encouraging increase in the number of customers across the portfolio. We anticipate sustaining revenue growth in 2024, underpinned by our confidence in maintaining occupancy levels at an average of 89%, as we continue to retain and grow our diverse customer base through acquisitions and organically.

During the year our focus was on optimising operations and streamlining the Group's cost base to help drive EBITDA expansion. Our efforts are paying off. In 2023, EBITDA increased 23% YoY to AED 1,654 million, with EBITDA margins coming in at a very healthy 76%, well above industry average. We expect to keep EBITDA margins at current levels, as we optimise and grow our business and portfolio.

We ended the year with a net profit of AED 1,078 million, a 49% YoY increase. Our strong operating performance was the main contributor to bottom line expansion. Furthermore, our ability to drive financing costs lower through the refinancing of an existing AED 7.6 billion loan facility also helped us in delivering a robust bottom line. In the absence of a black swan event, we are confident in our ability to continue delivering robust profitable growth in 2024 and beyond.

Broad-based growth across all business segments
All business segments delivered a robust performance in 2023, with the Commercial Leasing and Land Leasing businesses standing out as our star performers this year.

The Commercial Leasing business enjoyed a 7% YoY increase in revenue to AED 1,124 million, driven by an increase in occupancy rates compared to the year-ago period to 89%. Of note, our prime offices in central business districts (CBD) delivered an exceptional performance, with vacancy rates of only 9%. This reflects existing and new customers' appetite for those types of workspaces, and our ability to satisfy market trends. As a result, rental rates across CBD properties rose by 3% YoY.

Structural changes in several industries, such as e-commerce and retail sectors, together with government-led initiatives and programmes, have spurred strong demand for warehouses, storage, and logistics spaces and solutions. We have been a key beneficiary of this trend, which translated into a 11% YoY revenue growth in the Industrial Leasing segment. Within our current warehouse portfolio, which is concentrated mainly in Dubai Industrial City, we are operating at near full capacity. This is why we took the strategic decision earlier this year to launch new logistics and storage facilities in Dubai Science Park.

The Land Leasing segment, which provides us with the greatest revenue stability at very low capex and costs, produced resilient growth, with revenue increasing 15% YoY to AED 502 million. As for the value-added services segment, it too had a good performance, with revenue increasing by 11% YoY to AED 240 million, predominately driven by strong growth in revenue from D/Quarters, our co-working space.

> **As a result of our pro-active approach towards efficient capital management, we successfully refinanced an existing AED 7.6 billion loan facility at significantly lower rates and better terms.**

Flexing our financial muscle
A critical achievement in 2023 was successfully refinancing an existing AED 7.6 billion loan facility at significantly lower rates and better terms, leading to significant and immediate interest expense savings over the five-year period. The new facility, maturing in June 2028, converted the remaining AED 3.2 billion from the previous syndicated loan into a revolving credit facility, providing us with greater financial flexibility till maturity.

The refinancing has already yielded a positive impact; our average cost of borrowing for the next five years is 4.41%, below industry average. Our ability to successfully negotiate lower terms despite a rising interest rate environment is a testament to our solid market reputation and the banking community's confidence in our financial prowess and our ability to deliver profitable growth in the mid to long term.

Geared up to accelerate growth
We ended the year on a strong financial footing, very well placed to harness the growing demand of commercial real estate market and enhance our revenues with more than 350,000 sq. ft. of innovation hub phase -2 leasable space expected to be added during 2024.

Our liquidity position is strong, with funds from operations at AED 1.4 billion and recurring free cash flow of AED 1.2 billion, which will predominately be deployed to fund parts of the five-year new development and asset acquisition initiatives. Through our prudent capital management, and with AED 3.2 billion in untapped capital available to us through the revolving credit facility, we believe we can execute our strategic initiatives while committing to dividend distribution, in line with our dividend policy.

CFO'S MESSAGE CONTINUED

Committed to investor engagement
We are also firmly committed to engaging with our shareholders and the wider investment community to ensure our strategy and unique value proposition are well understood. Over the course of the year, we attended several investor conferences, held investor meetings, hosted an earning call on a quarterly basis to keep the investment community well-informed about the key drivers of our financial and operational performance vis-a-vis macroeconomic and operational conditions, and discussed our strategic priorities for the year.

We believe that by maintaining open lines of communication with the investment community, we will be able to help drive greater interest in the TECOM Group story and attract a broader shareholder base. To that end, I am very pleased that today we have eight sell-side research houses covering our stock and we anticipate continuing adding more in the coming months.

On a final note, I would like to extend my gratitude to our dedicated employees, valued customers, and our shareholders for your continued support and confidence in TECOM Group. We look forward to continuing to build on our success to create sustainable value for all stakeholders.

Michael Wunderbaldinger
Chief Financial Officer
TECOM Group

Dubai Science Park

FINANCIAL REVIEW

Delivering continued growth and shareholder value

TECOM Group posted a robust financial performance in 2023, with significant revenue and EBITDA growth compared to the previous year to surpass targets for the year. This achievement was further augmented by a combination of effective cost management, strategic investments, and a keen focus on customer satisfaction.

Our EBITDA margin improved by 8%, underscoring our commitment to operational efficiency, while our prudent financial strategies allowed us to reduce overall debt cost by 23%, strengthening our financial position. In addition, our cash flow remained healthy, providing us with the flexibility to reinvest in core business areas and pursue strategic opportunities.

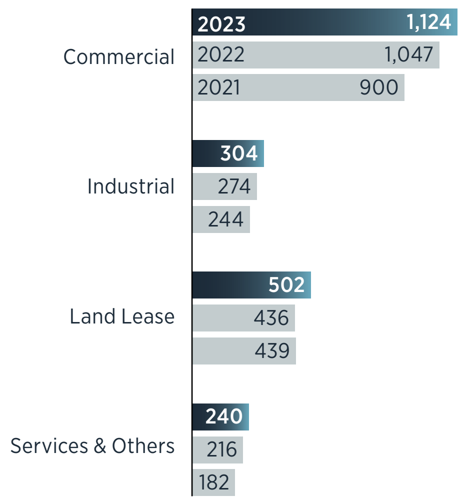
Overall, this strong performance reflects the successful execution of our financial strategy, demonstrating resilience and adaptability in a dynamic economic landscape. As we move forward, we remain dedicated to sustaining this positive momentum and delivering sustained value to our stakeholders.

Income Statement AED m	2023	2022	Variance	Variance %
Revenue	2,169	1,973	196	10%
EBITDA	**1,654**	**1,347**	**307**	**23%**
EBITDA Margin	76%	68%	8%	
Net Profit	**1,078**	**726**	**353**	**49%**
Net Profit Margin	50%	37%	13%	

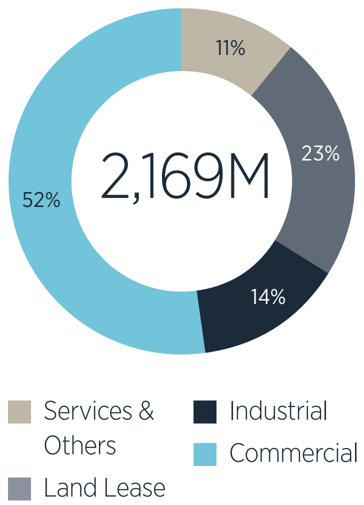
Revenue
Our Group has achieved remarkable success in 2023, reporting a substantial year-over-year revenue growth of 10% and crossing AED 2 billion milestone for the first time. Our flagship business districts, Dubai Design District and Dubai Industrial City, played pivotal roles, contributing to a majority increase in revenue.

Additionally, our focus on customer satisfaction has resulted in numerous business partners expanding their leases. Product expansion efforts, particularly D/Quarters and in5, have borne fruit, with notable contributions to the increase in revenue. The success of partnerships has significantly heightened our market visibility, directly impacting on the increase in revenue attributed to these efforts.

Revenue by Segment (AED million)



Revenue by segment (%)



2023 Highlights

Commercial Leasing Revenue
AED 1,124M
7% Growth

Land Leasing Revenue
AED 502M
15% Growth

Industrial Leasing Revenue
AED 304M
11% Growth

Services & Others Revenue
AED 240M
11% Growth

Net Profit Margin
50%
13% Increase

Return on Assets
7%
3% Increase

FINANCIAL REVIEW CONTINUED

Commercial Leasing

The Commercial Leasing segment exhibited sturdy performance, witnessing a revenue surge of AED 76 million, translating to a remarkable 7% increase from AED 1,047 million in 2022 to AED 1,124 million in 2023. Notable contributions were observed across various sectors.

The Design sector experienced phenomenal revenue growth, attributed to the consistently high occupancy, and rent rate escalations driven by new leases and strategically negotiated renewal leases. Education, Technology, Media and Science sectors all made significant contributions to revenue growth, banking on stable occupancies, new leases and strong customer retention and satisfaction.

Read more on page 58

Land Leasing

The Land Leasing segment's revenue has shown promising growth of 15% over the year, reaching AED 502 million in 2023 from AED 436 million in 2022. This increase comes from long list of new leases and can be attributed to the following key factors.

Economic trends in the region have positively influenced the demand for industrial land, aligning with our portfolio. This macroeconomic support, combined with our proactive approach to identifying and capitalising on market opportunities, has played a significant role in driving revenue growth.

Read more on page 64

Industrial Leasing

The Industrial Leasing segment demonstrated robust growth, with revenues of AED 304 million, marking an increase of AED 31 million or 11% from the previous year. The leasing performance in both warehouse and worker accommodation products has exhibited commendable growth, with persistent occupancy growth alongside lease rate escalations.

Read more on page 62

Services and Others

Revenue from our Services and Others segment experienced a solid growth of 11% to reach AED 240 million. This growth was attributed to rising demand for co-working spaces alongside stable performance of our well-known visa services.

Read more on page 66

Costs-Excluding depreciation and amortisation

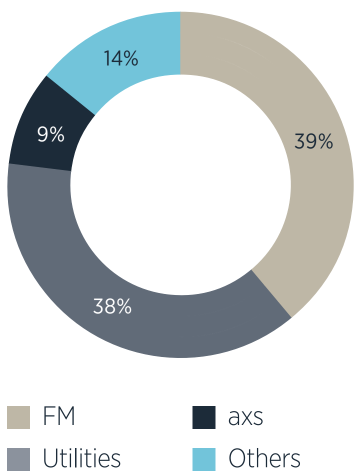
Costs	2023 AED m	2022 AED m	Variance AED m	Variance %
Direct Costs	**(389)**	(410)	21	5%
Operating Expenses	**(174)**	(259)	85	33%
Total	**(563)**	**(669)**	**106**	**16%**

Direct Costs

Direct costs, encompassing facilities management, utilities, and visa services, dropped by AED 21 million during 2023. This was primarily driven by lower costs of sales for visa services, as new products were introduced with different cost structures.

In line with our ESG framework we continued our commitment to green energy initiatives with investments in solar generation projects keeping our utility cost on a flatter trajectory, despite the addition of new leasing spaces. For more information about TECOM's ESG focus and performance, see p.98.

Direct Cost Components



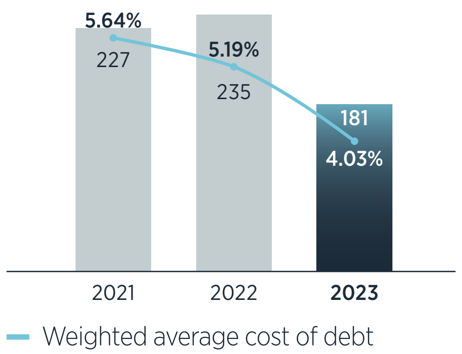
Operating Expenses (OpEx)

Operating expenses (OPEX) witnessed a decrease of AED 85 million in 2023, attributed to prudent cost control and reversal of bad debt provisions driven by efficient receivables and collections management.

Finance costs – net

The Group's weighted average cost of debt exhibited a declining trend over the years reaching 4.03% from 5.19% in 2022, reflecting efficient capital and debt management. Derivative financial instruments, such as interest rate swaps, provided security, with a current fair value of AED 219 million fully recognised in equity.

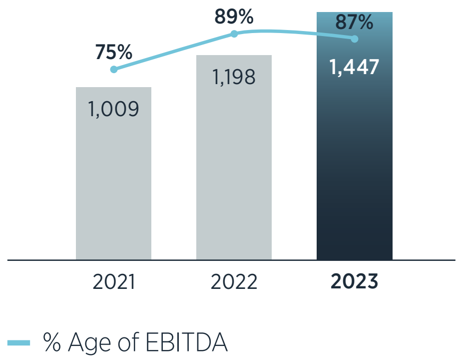
Net finance costs dropped by AED 54 million from AED 235 million in the previous year to AED 181 million in 2023. Factors influencing this drop included lower margin on refinanced facility and derivative instruments, along with interest income earned on efficiently managed surplus funds.



Funds from Operations (FFO)

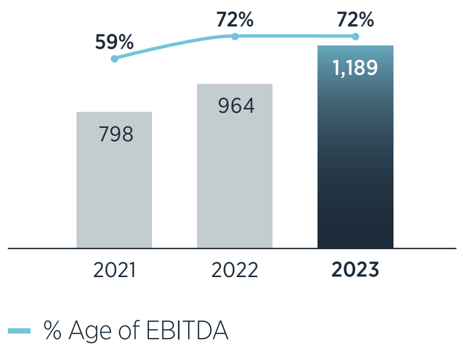
FFO performance has been vigorous, with a noteworthy 21% growth to AED 1,447 million, underscoring the Group's strong cash generation from core operations. 87% EBITDA conversion to FFO reflects a strong cash conversion from core activities of the Group.

Furthermore, positive trend signifies the ability to sustain shareholders' expectations and support further growth initiatives. FFO remains a key metric for evaluating the financial strength and income-generating capacity of the Group's real estate assets.



Recurring Free Cashflow (RFCF)

The Group's recurring free cash flow has consistently demonstrated resilience and effectiveness with a 23% growth and 72% conversion from EBITDA, showcasing its prowess in generating positive cash flow from core operations. This not only underscores financial stability but also hints at potential avenues for strategic investments or returning value to shareholders in the form of dividends.



Balance Sheet

Solid equity growth of 6% for the year to reach AED 6,329 million despite dividend distributions indicates a strong financial foundation, providing a cushion for operational fluctuations and potential expansions. No change in outstanding debt from 2022 apart from amortisation of arrangement fee, as we recycled equity for any capital expenditures and maintained a healthy balance between debt and equity. We also remained significantly better off the debt covenants over the year.

Growth in assets of 2% underscores effective capital allocation and strategic investments, contributing to the Group's overall value. Adequate cash & bank of AED 1,535 million alongside AED 3,200 million un-utilised debt facility showcase liquidity readiness, offers flexibility for operational needs and strategic opportunities. Healthy working capital position reflects efficient day-to-day operational management, ensuring the Group can meet its short-term obligations.

Balance Sheet	2023 AED m	2022 AED m	2021 AED m
Investment Properties	**11,865**	11,874	13,368
Cash & Bank	**1,535**	1,261	1,246
Total Assets	**14,814**	14,555	16,364
Debt	**4,352**	4,342	3,965
Equity (IFRS net Assets)	**6,329**	5,968	5,613
Net Debt	**2,817**	3,081	2,719

In summary, the balance sheet paints a picture of a financially sound company, strategically managing its resources to foster stability, growth, and sustained shareholder value.

2023 Highlights

Equity

AED 6,329M

6% Growth

Total Assets

AED 14,814M

2% Growth

Direct Costs

AED 389M

5% Decrease

Operating Expenses

AED 174M

33% Decrease

Finance Costs-Net

AED 181M

23% Decrease

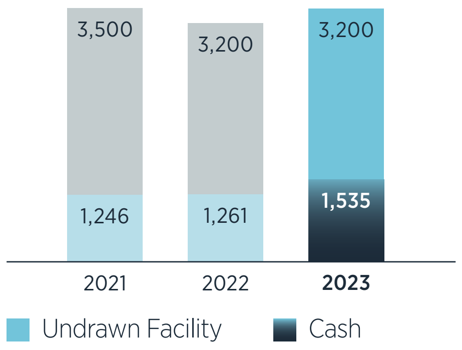
Return on Capital Employed

12%

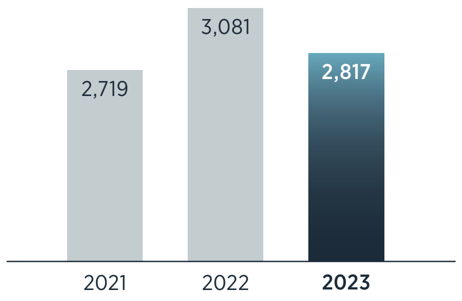
2% Increase

FINANCIAL REVIEW CONTINUED

Available Funds



Net Debt (AED)



2023 Highlights

Available Funds

AED 4,735M

Cashflow

Our operating cashflows currently stand at AED 1,631 million, representing an increase of 8% over 2022. This growth reflects strong working capital management in general, along with efficient receivables management in particular.

Our capital expenditure during 2023 was AED 433 million, which is 29% lower compared to 2022, as we are in the design stage of the upcoming growth projects, however we continued to invest in the enhancement of our existing assets.

On the financing activities front, in the absence of major capital expenditure, we paid off dividends and the interest on the loan balance which was drawn last year.

Cashflow	2023 AED m	2022 AED m	2021 AED m
Operating Cashflow	**1,631**	1,504	1,254
Investing Cashflow	**(477)**	(1,043)	494
Financing Cashflow	**(761)**	(953)	(1,550)
Net Cashflow	**393**	(492)	198
Cash & Cash Equivalents	**670**	277	768

EPRA Performance Measures

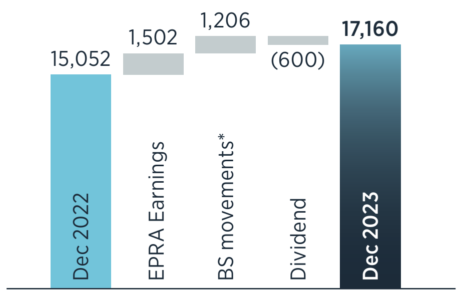
The Group exhibited substantial growth in terms of EPRA performance measures. EPRA Earnings grew by 47%, reaching an all-time high of AED 1,502 million, with Earnings per Share reaching AED 0.30. EPRA net assets stood at AED 17,160 million, reflecting a substantial increase of AED 2,108 million compared to 2022. The net initial yield reached 6.7%, marking a 10 basis points increase from the previous year.

Our year-end EPRA performance measures highlight the financial strength and operational efficiency within the real estate sector as EPRA earnings grew by 47% reflecting the core operational performance, excluding depreciation and valuation impacts. Furthermore, positive trend in EPRA NTA despite slight increase in net initial yield by 10 basis points reflects the value creation within the Group for its existing and new assets.

Overall, the positive performance across these EPRA measures suggests a well-managed real estate portfolio, aligned with industry best practices, and positions TECOM Group favourably within the market.

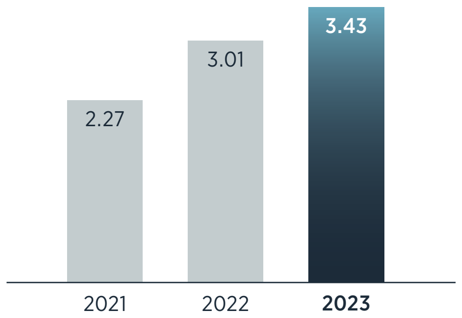
Read more on page 201

EPRA NTA Movement



* Balance sheet movements mainly arise due to use of IP fair values for EPRA reporting vs Balance sheet cost model.

EPRA NTA per Share



CAPITAL MANAGEMENT AND FUNDING

In the realm of capital management, our Group has demonstrated a commitment to excellence, implementing strategies that have not only optimised our financial structure by maintaining robust leverage levels and healthy interest cover but also led to a substantial reduction in finance costs.

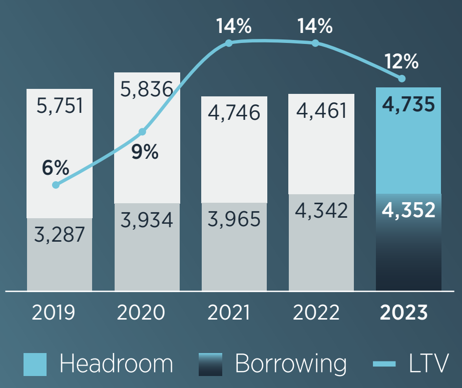
Through meticulous evaluation and strategic decision-making, we successfully refinanced our debt at more favourable terms. This proactive measure resulted in a remarkable 1.08% reduction in the interest rate margin on the refinanced facility and 23% reduction in overall finance costs compared to the previous fiscal year, underscoring our dedication to enhancing shareholder value by minimising the impact of financing expenses on our bottom line.

A key element of our capital management success lies in our disciplined approach to working capital. By fine-tuning our receivables management processes, we have enhanced operational efficiency, reducing the need for external financing, and mitigating associated costs.

Our emphasis on risk management within our capital structure has played a pivotal role in reducing overall financial vulnerabilities and value creation for our stakeholders as we have continued with our hedging arrangements, mitigating exposure to interest rate fluctuations and credit risks.

The Group's financial headroom stands as a testament of prudent fiscal management, which not only serves as a safety net against unexpected challenges but also positions us to capitalise on growth initiatives and strategic investments that can drive sustainable long-term value.

Looking ahead, our capital management strategy remains forward-thinking and adaptable to explore innovative financing solutions that align with our long-term objectives.



2023 Highlights

Net Finance Cost

23% Lower

Weighted Average Cost of Debt

4.03%

1.2% Decrease

Debt Margin on Refinancing

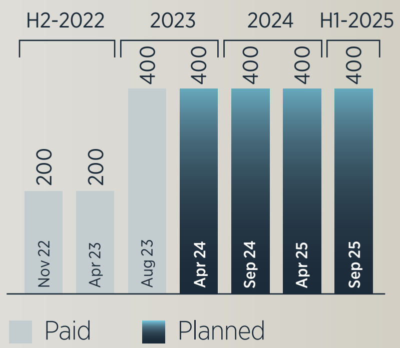
1.08% Lower

DIVIDENDS

In June 2022, we announced our dividend policy as part of our IPO prospectus, with a commitment of semi-annual dividend pay-outs adding to AED 800 million per annum.

We have delivered on this commitment since the Group's listing and remain committed to honouring our future dividend pay-outs of AED 800 million annually, as per our dividend policy based on our strategy and business model.

With our healthy profitability and cashflows, we have a strong dividend coverage ratio of 149%, based on 2023 recurring free cashflow and planned annual dividend.



2023 Highlights

FFO Dividend Coverage

181%

RFCF Dividend Coverage

149%

A CARING AND CONNECTED CORPORATE CULTURE

We create places to work where our colleagues enjoy a collaborative and supportive culture

Our Colleagues & Culture

We prioritise the health and well-being of all our colleagues, ensuring that they have modern, healthy and safe work environments, and connecting them by fostering a supportive and collaborative corporate culture. In order to achieve our individual and organisational objectives, we continue to invest in attracting, developing, engaging and retaining the best possible talent at every level of the Company, prioritising work-life balance, diversity and inclusion.

Employee Retention	Training hours per employee
93%+	15+

Dubai Outsource City

KEY PERFORMANCE INDICATORS

Measuring our performance

TECOM Group sets strategic targets and tracks progress against our targets to evaluate strategic progress, the impact of our work and the value we create. These Key Performance Indicators (KPIs) are also used to manage internal resources effectively and to determine variable remuneration rewards for our Senior Management and employees.

Our KPIs are identified by linking strategy and risks to operations, and by synthesising key elements of our business plan under the following priorities:

- the value we deliver to our investors
- how well we serve our customers
- what strategic processes we deploy to deliver value
- how we sustain growth and continue to create values for our stakeholders

Strategic Pillars

- Optimise Core Business & Performance
- Develop Differentiated Value Proposition
- Build New Sources of Growth

Strategic Enablers

- Build Superior People and Organisational Capabilities
- ESG Sustainability
- Technology & Innovation

Revenue (in AED)

2,169M

2023	2,169
2022	1,973
2021	1,766

Why we use this indicator
Revenue is the primary measure to evaluate TECOM Group's operating and financial performance which eventually drives the bottom line and the cashflows.

Strategic component

Our performance
The year-on-year revenue increase of 10% was fuelled by the sustained growth of complementary business services, positive macroeconomic indicators, strong customer retention rates, high occupancy levels, an increase in the number of new customers across the portfolio.

EBITDA (in AED)

1,654M

2023	1,654
2022	1,347
2021	1,171

Why we use this indicator
EBITDA is one of the key measures to evaluate TECOM Group's operating and financial performance and the most important driver behind cashflows and dividend distribution. EBITDA is net income before deduction of interest, taxes, depreciation, and amortisation.

Strategic component

Our performance
The company's EBITDA jumped 23% compared to 2022 bringing margin to 76% with phenomenal increase of 8%, illustrating robust revenue performance, effective cost management and operational efficiency.

Funds From Operations (FFO) (in AED)

1,447M

2023	1,447
2022	1,198
2021	1,009

Why we use this indicator
FFO measure helps us to maintain healthy operational cashflows to meet our capex obligation of maintaining our assets up to the expectations of our tenants and paying dividends to our shareholders. It is calculated by deducting net financing costs paid from Cash flow from operations before.

Strategic component

Our performance
Our FFO continued upward trajectory with a growth of 21% to further cement our commitments to business partners and shareholders for maintenance capex and dividend pay-outs. Strong revenue performance coupled with discretionary cost management and prudently managed financing structure with declining average cost of debt were the key contributor to FFO increase.

Occupancy

88.8%

2023	88.8
2022	86.0
2021	78.3

Why we use this indicator
Occupancy is a vital measure of performance at TECOM Group, which helps us measure the utilisation and performance of our portfolio of offerings. This is calculated by identifying the total leased space divided by the total leasable space.

Strategic component

Our performance
Occupancy levels for commercial and industrial assets reached 89%, demonstrating resilience, leveraging commitment to customer satisfaction and flexible work arrangements to optimise office space.

Retention

91.1%

2023	91.1
2022	92.3
2021	93.2

Why we use this indicator
We use this metric to measure lease renewals and reduce revenue at risk, which is ultimately achieved by building a strong relationship, providing our customers with a feedback loop, and diversifying our offerings. It is calculated by identifying the total lease value of built-to-lease tenants retained in the group.

Strategic component

Our performance
We managed to outperform our ten year historical average retention of 89% for both commercial and industrial offerings owing to high rate of lease renewals and tenant satisfaction. Considering the uptick in the market slight drop in retention worked in group's favour as vacated spaces were leased at higher rates.

Customer Satisfaction

87.4%

2023	87.4
2022	87.7
2021	83.2

Why we use this indicator
Customer satisfaction is paramount in shaping the success and longevity of any business. It serves as a barometer of the company's ability to meet and exceed customer expectations, fostering loyalty and repeat business.

Strategic component

Our performance
We continuously seek ways to elevate the customer experience and identify areas for improvement and are attentive to recent shift in customer satisfaction mainly driven by rent escalations. Customers' feedback is vital to understanding the factors contributing to any decline and help us identify specific areas that may require additional attention and refinement.

MANAGING RISKS

Risk management overview

Risk management is an integral part of all TECOM Group activities. Our culture drives us to consider the risks and opportunities of any new business decision. We focus on key risks which could impact the achievement of our strategic goals and therefore on the performance of our business.

Risks are considered at every level of the business including when approving corporate transactions, property acquisitions and whenever undertaking refurbishment and redevelopment projects. Our approach to risk management is designed to protect and enhance value for our stakeholders, ensuring long term resilience and adaptability in a dynamic market landscape.

This section outlines our comprehensive risk management framework, highlighting our commitment to not only identifying and mitigating risks but also integrating key Environmental, Social, and Governance (ESG) factors into our risk assessment and management processes. As we navigate through an ever-evolving business environment, our dedicated focus on risk management positions TECOM Group to effectively manage potential challenges and seize emerging opportunities.

Risk management highlights in 2023

TECOM Group continuously strives to strengthen and enhance its risk management, internal control and compliance practices. In 2023, following achievements were made:

- We have ensured regular and periodic reporting to the Risk Committee on the TECOM Group risk profile, whereby five Risk Committee meetings were conducted in 2023. Please refer to the Corporate Governance section for further details.
- An Annual fraud risk assessment workshop was carried out for selected areas across TECOM Group to identify main fraud risks and assess the effectiveness of fraud controls.
- The Risk Appetite Statement was updated in line with the recent changes in business and approved by the Board.
- ESG factors were integrated into our risk assessment process (see on page 88).
- The Compliance Manual was updated to align with the recent changes in business and departments' responsibilities.
- Risk Management awareness sessions were provided to TECOM Group employees.
- TECOM Group's Internal Audit Department conducted a review of the principal risks, focusing on the risks' identification, analysis, evaluation and treatment plans.

Dubai Internet City

Risk management Governance

The Board has ultimate responsibility for the effective oversight of risk for TECOM Group, including determining its risk appetite. The Risk Committee serves as a governance oversight body to review and challenge the risk management processes.

The Diagram below depicts the hierarchy of the Risk governance structure at TECOM group:

Board of Directors:

Strategic Oversight and Governance

The Board of Directors at TECOM Group plays a crucial role in the overall governance and strategic direction of risk management.

The Board's responsibilities include:

Setting the Tone: Establishing a risk management culture and philosophy that aligns with TECOM Group's values and business objectives.

Strategic Oversight: Ensuring that risk management strategies and policies support the company's long-term goals and are effectively integrated into corporate planning.

Accountability: Holding the Risk Committee and management accountable for effective risk management and compliance with established policies.

Risk Committee

Risk Oversight

Operating under the mandate of the Board, the Risk Committee provides more focused and detailed oversight of TECOM Group's risk management practices.

TECOM Group's risk management practices include:

Specialised Oversight: The committee oversees the development, implementation, and effectiveness of risk policies and procedures.

Risk Appetite and Tolerance: The Committee assists the Board in setting and monitoring the risk appetite and tolerance levels.

Reporting and Advisory: It regularly reports to the Board on risk exposure, mitigation strategies, and advises on significant risk-related decisions.

Risk Management Department

Operational Implementation

The Risk Management Department, led by the Director of Risk, is responsible for the day-to-day management of risks.

The day-to-day tasks include:

Risk Identification and Assessment: Conducting thorough risk assessments across various functions and reporting findings to the Risk Committee.

Mitigation and Control: Monitoring the risk mitigation strategies and controls as approved by the Risk Committee.

Monitoring and Reporting: Continuously monitoring the risk environment and providing regular reports to the Risk Committee and the Board.

Risk awareness training: Providing regular risk awareness training to TECOM Group employees.

MANAGING RISKS CONTINUED

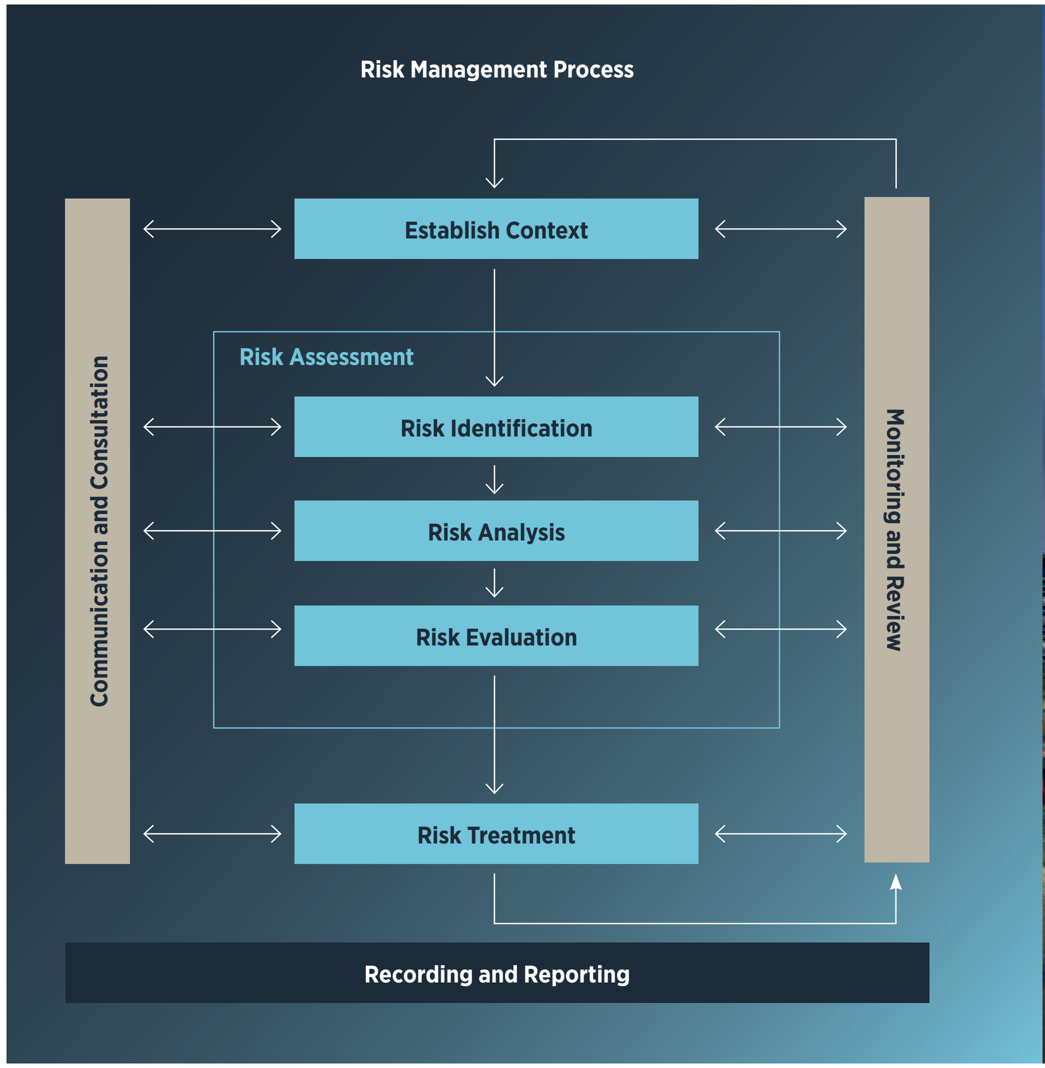
Enterprise risk management (ERM) framework

TECOM Group's enterprise risk management framework emphasises proactive risk identification, thorough assessment, and effective mitigation. Our policy and strategy are deeply integrated with our strategic objectives, ensuring alignment with our overall vision. Responsibilities are clearly delineated within the organisation, from the Board level to operational teams, creating a culture of risk awareness and accountability.

Our framework is dynamic, undergoing regular reviews and updates to remain responsive to the evolving internal and external conditions. This dynamic approach ensures that our risk management practices are always aligned with the current risk landscape and TECOM's evolving strategic priorities.

We leverage different tools, techniques and methodologies. This includes an internal risk management platform (ERM software), which enables us to capture, assess, track and monitor risks. This centralised repository maintains documents, assigns duties and tasks, generates reports and tracks progress.

To ensure that risks are appropriately identified, assessed and mitigated we also leverage different techniques and methodologies, including setting and monitoring KRIs, which are a vital part of trend analysis and identifying emerging risks. The Risk Management process is illustrated beside:




Dubai Design District

Incorporation of ESG in risk management

TECOM Group embarked on a strategic initiative in 2023 to seamlessly integrate ESG considerations into our Enterprise Risk Management (ERM) framework. The primary objective was not only to support the incorporation of ESG principles across all business operations, but also to proactively manage any associated risks arising from these factors.

During the risk assessment process, every identified risk underwent a thorough assessment from an ESG perspective, shedding light on the nuanced impacts that these risks may have on our ESG commitments. This approach not only strengthens our risk management capabilities but also aligns with our broader commitment to sustainability, ensuring that ESG considerations are woven into the fabric of our organisational resilience and growth.

The results of the risk assessment highlighted that 63% of the identified risks have moderate to significant inherent impact from an ESG standpoint. In addition, ESG management itself emerged as one of our principal risks, underscoring the importance of strengthening our ERM processes in this domain.

Risk identification and assessment

Our approach to risk identification and assessment is comprehensive and systematic. This process is continuous, allowing us to promptly identify emerging risks and adjust our strategies accordingly. Our risk assessments consider both the likelihood of occurrence and potential impact, enabling us to prioritise risks effectively and allocate resources where they are most needed.

Each Department and business district has its own risk register which is reviewed on a regular basis and monitored continuously. Further, we have developed a corporate risk register through collaboration with Senior Management and other stakeholders. The corporate risk register includes the key financial, strategic, operational and compliance risks that could have an impact on the organisation. The corporate risk register is reviewed by the Risk Committee on a regular basis before it is presented to the Board.

Risk appetite and tolerance

The Board is responsible for defining the level of risk that the Group is willing to take and ensuring it remains in line with our strategy. The risk appetite differs for each risk and varies between the different categories of risks.

The risk appetite reflects TECOM Group's risk management philosophy, and in turn influences culture and operating style. To embed risk appetite effectively in the business requires management to establish limits and thresholds for the key risk indicators associated with each risk. Our corporate risk register outlines these Key Risk Indicators (KRIs) which are monitored regularly against thresholds set for our key risks. These risks are aligned to TECOM's strategy.

Risk mitigation and treatment

To mitigate identified risks, TECOM Group implements a range of strategies tailored to the nature and severity of each risk. These strategies include but are not limited to, risk avoidance, reduction, sharing, and acceptance.

Risk owners are accountable for confirming adequate controls are in place and that the necessary treatment plans are implemented to bring the risk within an acceptable tolerance level.

We continue to monitor the status of our risk treatment plans across the year and report on the progress to the Risk Committee and the Board on a regular basis.

MANAGING RISKS CONTINUED

Principal risks overview

Our principal risks consist of the ten most significant internal and external risks, and include five strategic risks – Market and economic Volatility, Environmental, Social and Governance (ESG), Geopolitical instability, TECOM Group brand and Ageing Assets. Three operational risks – Cybersecurity Threats, People and Development Projects. Two commercial risks – Market Competition and Asset Performance. One compliance risk – Regulatory change.

The identified list of principal risks is not an exhaustive description of all possible risks but rather a snapshot of TECOM Group's main risk profile.

TECOM Group's overall risk profile has not significantly changed compared to 2022. Nevertheless, there have been minor changes in risk movements and an addition of a new risk. The Board has finalised its assessment of these risks and of any changes to the residual risk profile during the year.

The table below summarises TECOM Group's internal and external principal risks, showing how each links to our strategic objectives.

Principal Risks	Strategic objectives: Optimise Core Business & Performance	Strategic objectives: Develop Differentiated Value Proposition	Strategic objectives: Build New Sources of Growth	Risk Change
1 Market and economic Volatility	•			Increase
2 Environmental, Social and Governance (ESG)	•	•	•	No Change
3 Geopolitical instability	•			Increase
4 Ageing assets	•	•		No Change
5 Cybersecurity Threats	•			No Change
6 People Risk	•			Decrease
7 Development Project		•	•	New
8 Market Competition	•	•	•	Increase
9 Asset Performance	•	•	•	Decrease
10 Regulatory Changes	•			Increase

Risk Movement

Increase | Decrease | No Change | New

Market and Economic Volatility 1

Risk Movement Increase

Risk details
The increasingly challenging global economic environment in which we operate may adversely impact our cost base, pricing strategies, profitability and market share.

Potential impact
Increase in operational expenses, which may affect operations and ability to meet financial targets.

Controls and mitigations
- Continuous monitoring and review of products and pricing structures across all products and brands to sustain the current high occupancy and avoid potential loss of revenue due to long vacancy periods.
- Treasury risk management to mitigate against any adverse movements in financial markets.

Environmental, Social and Governance (ESG) 2

Risk Movement No Change

Risk details
We are subject to risks related to our ESG activities and disclosures and the inability to manage TECOM Group's operations in alignment with ESG requirements that bring awareness to the different climate issues and thorough governance culture.

Potential impact
Our reputation and brand could be harmed if we fail to meet the ESG requirements and our sustainability targets and goals.

Controls and mitigations
- TECOM Group embeds ESG elements and principles as part of the strategic planning and initiatives.
- TECOM Group ensures its ESG reporting meets the regulatory requirements.
- TECOM Group has allocated specific budgets for ESG initiatives across the Group.

Geopolitical instability 3

Risk Movement Increase

Risk details
Geopolitical instabilities that affect the region can cause unplanned impacts that can affect the sustainability of businesses and create barriers for companies and people – and affect global supply chain activities.

Potential impact
Geopolitical instabilities can affect core businesses and develop complications amongst different markets.

Controls and mitigations
- Due to changes in commercial trading dynamics, we are adopting a proactive practice to monitor and record all geopolitical matters through available channels.
- Business Continuity and Disaster Recovery plans are being updated and reviewed based on recent changes in the market and organisation.

Ageing Assets 4

Risk Movement No Change

Risk details
Ageing assets base will lead to a potential impact on revenue performance and business requirements changes over time. Assets may become less attractive and profitable over time.

Potential impact
Renovation involves significant costs and might adversely affect our profitability. A certain number of our property assets are ageing, and this may materially impact the attractiveness and commercial value of such assets.

Controls and mitigations
- Developing programmes of enhancement by analysing risk-related assets in seeking applicable improvements to extend asset life.
- Proactive maintenance schedules.
- Monitoring overall performance of ageing assets and regular reporting on progress and results.

MANAGING RISKS CONTINUED

Risk Movement

Increase | Decrease | No Change | New

Cybersecurity Threats 5

Risk Movement No Change

Risk details
Cyber-attacks and security breaches may threaten the integrity of our intellectual property and other sensitive information, disrupt operations and activities.

Potential impact
- Cyber risks may have a significant impact on the operations and cause business disruption.
- Regulatory non-compliance resulting in potentially significant financial penalties.
- Loss of consumer confidence in our brands leading to reputational damage.

Controls and mitigations
- Several preventive security IT controls are implemented and active to protect our IT networks and infrastructure.
- An Information Security Incident Response Plan is in place and will be activated in case of any incidents or threats to identify the necessary procedures.

People Risk 6

Risk Movement Decrease

Risk details
Inability to attract, develop and retain talent impacting our ability to achieve our strategic objectives.

Potential impact
- Loss of critical skills and knowledge as experienced team members leave the organisation.
- Inability to successfully compete and achieve our business objectives.
- Our performance could be negatively impacted.

Controls and mitigations
- Human Capital follows an effective retention strategy thereby maintaining low employee turnovers.
- Internal initiatives to champion diversity and inclusion, social impact and employee wellbeing.
- Succession plan has been developed to ensure a smooth transition period.
- Employees' performances are reviewed and rewarded on an annual basis.

Development Projects 7

Risk Movement New

Risk details
Our existing development or future planned projects may be delayed, suspended, terminated, or materially changed in scope.

Potential impact
- Increased costs.
- Loss of potential customers.
- Reputational damage.

Controls and mitigations
- Implement robust contractor prequalification, selection of proper consultant to supervise the performance of the contractor, setting realistic timeframes, etc.
- Continuous monitoring by our internal projects and engineering departments and our external parties to identify and report any major delays or events that could have a negative impact on our projects.
- Response plans are in place to address any major events and arising risks.

Market Competition 8

Risk Movement Increase

Risk details
We operate in a competitive market that is likely to become more competitive in the future. Companies with commercial properties compete to attract customers based on rental rates, operating costs, location, condition and features of the property.

Potential impact
Negative impact on the market share that will result in less profitability.

Controls and mitigations
- The Board reviews the growth strategy that considers future competition, in addition to periodic review of our pricing strategy to be dynamically adjusted based on the market conditions and landscape.
- Introduction of Innovative and alternative products to customers.
- Strengthen customer loyalty by enhancing customer experience wherever possible.

Asset Performance 9

Risk Movement Decrease

Risk details
Potential difficulties or delay in leasing or re-leasing spaces.

Potential impact
- Negative impact on our revenue and cash flows.
- Inability to achieve our targets and strategic aspirations.

Controls and mitigations
- Asset performance is monitored through live dashboards and reported on a monthly basis to Management and on a quarterly basis to the Board.
- Regularly review and update pricing policy and product positioning based on market trends, competitor benchmarking, and nature of asset.
- Introduction of Innovative and alternative products to customers.
- Enhance market insights and intelligence reports to support the business decisions.

Regulatory Changes 10

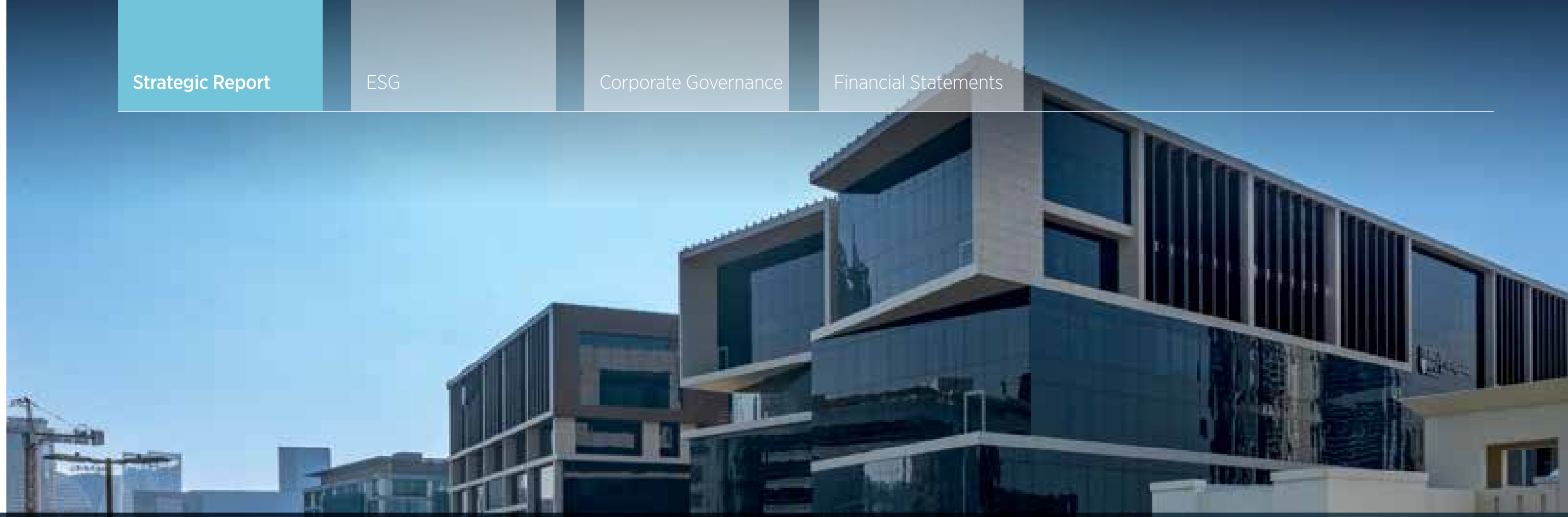
Risk Movement Increase

Risk details
Non-compliance with relevant laws and regulations resulting in potential financial penalties and damage.

Potential impact
- Reputational damage.
- Significant potential fines.

Controls and mitigations
- Embedded legal and compliance teams supported by external legal experts as needed.
- Dedicated Ethics & Compliance programme, including Code of Conduct, compliance policies and procedures, annual compliance training, and whistleblowing programme.


Dubai International Academic City



STAKEHOLDER ENGAGEMENT

We are committed to working hand-in-hand with all our stakeholders to create meaningful bonds and sustainable value together. We tailor our engagement approach to the unique context and needs of each stakeholder group, fostering a spirit of close collaboration and open communication to build mutually beneficial relationships and achieve our shared purpose and ambitions.

Stakeholder group	Our employees	Our customers	Our partners	Our community	Our shareholders
Who are they?	Everybody who works at TECOM Group.	Everyone who uses TECOM Group services.	Every entity with a contractual relationship or shared purpose with TECOM Group.	Every neighbourhood where TECOM Group has operations, as well as every professional, resident, local business and government.	Everybody who own shares in TECOM Group.
Why do they matter?	Dedicated motivated and engaged workforce adds value for all stakeholders through active contributions to strategy in the form of productivity, fostering innovation, and customer satisfaction.	Our existence centers on serving customers who shape our reputation and contribute to our income across business lines. Their valuable feedback serves as a compass guiding company towards products enhancement and innovation.	They provide invaluable contributions to our business through a variety of services, ranging from development and maintenance of our spaces, providing approvals for developments to assisting in license allocation.	Our communities are a source of enhanced reputation and brand image. An engaged community also becomes a provider of potential customers and skilled employees.	Shareholders are key to company's success as they inject the capital for investments, operations, expansions and innovations. Their perception drives the company's image and attracts new investors. Additionally, they participate in all major company related decisions.
What do they want from TECOM Group?	Employees typically want to enjoy fulfilling careers, opportunities for growth, fair compensation, recognition, and supportive & positive work environment which embraces diversity and inclusion.	They look for high quality spaces, top notch services, fair pricing, convenience, flexibility, professionalism, and responsiveness to their needs.	Business partners seek fair and transparent relationships, opportunities for growth, fair negotiations & pricing, long term relationship and reliability in orders and payments.	They want us to have a positive impact on the social and physical infrastructure of their area, so they can thrive. Job creation, economic development and support for local initiatives also are the key wishes of a community.	Shareholders want to see a positive return in the form of share price appreciation and dividends on their investments. They also value transparency in financial reporting and effective corporate governance.
How do we engage with them?	• We implement employee satisfaction surveys and act on ideas for improvement. • Communication channels are set up in the form of employee intranet and e-mails. • Relevant training and development programs are organized. • We also a focus on wellness, sports activities, health and exercise with events and activations throughout the year.	• Voice of Customer (VoC) Surveys triggered at each customer touch point. We analyse these internally and implement the findings into the plans and decision-making of the company. • Regular customer interviews to better understand their needs. • Targeted updates to each sector through a range of channels to keep them updated and engaged with relevant activities and information.	• We aim to build long-term relationships with our partners, so we can provide better services to our customers. • Meetings are arranged to communicate requirements for products or services required • Partners are regularly invited to events • Constant dialogue with government and relevant authorities that we work with on a range of key national initiatives.	• Job opportunities are created for local talent with a target to go a step further every year • Charitable events such as We Walk are hosted. • Free meals are distributed during the month of Ramadan • We host networking events, sporting challenges and specialist workshops.	• Quarterly investor calls are hosted for formal results presentations, which all shareholders are invited to attend in person or online. • Quarterly reports are published on our website. • Roadshows are hosted in coordination with local financial market and banks. • We host a general assembly event for our investors on an annual basis.
2023 Highlights	76% >5 Years **Employee Loyalty** 4,200 **Employee trainings hours**	87% **Customer satisfaction** 15% **Growth in number of customers**	100% **On time payments** 7.31% **Spending on procurement from SMEs & TECOM customers**	7 **Number of CSR Events** 12,000 **Number of Iftar meals donated**	8 **Analysts coverage** 40+ **Investor meetings and roadshows**

D/Quarters

Environmental, Social and Governance

A responsible corporate citizen creating sustainable value for all our stakeholders.

Contents

LETTER FROM THE CEO

2023 was a pivotal year for both the UAE and TECOM Group. It was declared by President His Highness Sheikh Mohamed bin Zayed Al Nahyan as the Year of Sustainability, and all eyes were on Dubai for COP28.

Throughout the year, we continued to build upon strong foundations, making significant strides across our ESG Framework pillars of Economy, Governance, People, Community and Environment. Our holistic approach to sustainability is deeply ingrained in our corporate DNA, and this report serves as a testament to the significant strides we have achieved so far and our path forward, in alignment with the UAE's national strategies and the UN Sustainable Development Goals.

Across our Group, we dedicated ourselves to cultivating a work environment that champions diversity, inclusivity and equity. Embodying this commitment, more than one-third of our current workforce are women, and our dedication to supporting our employees remains steadfast, with tailored career development and upskilling opportunities. Simultaneously, we continued to invest in the well-being of our local communities, contributing almost AED 1.5 million in CSR activities, emphasising our dedication to making a positive impact beyond our business districts. The partnerships and campaigns undertaken, such as WeWalk and The Good Store, reflect our commitment to social responsibility.

As the creators and operators of world-class, vibrant business districts, we recognise the integral role we play in supporting our customers to adopt sustainable practices and reduce waste and utility consumption. In 2023, TECOM Group generated 12.35 GWh of clean energy from our solar sites. The integration of ESG considerations into our Enterprise Risk Management underscores our dedication to being a force for positive change across our business model and our operations.

As we navigate the complexities of our ever-changing world, I want to express my gratitude to all our valued stakeholders — our employees, strategic partners, investors and the communities we serve. Your unwavering support propels us forward, and together, we will continue to drive positive change and shape a more sustainable and equitable future.

Abdulla Khalifa Belhoul
Chief Executive Officer
TECOM Group PJSC

This report not only serves as a reflection of our past accomplishments but also as a roadmap for the ongoing journey towards a more sustainable and equitable future.

Dubai Science Park

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our Environmental, Social and Governance (ESG) efforts reflect our ongoing journey towards a more sustainable and equitable future.

Executive Summary

In the pursuit of a sustainable and responsible business approach, our ESG Report provides a comprehensive overview of our progress across five pillars — Governance, Economy, Community, People and Environment.

Governance Pillar
Upholding the highest standards of corporate governance, we emphasise transparency, accountability and ethical conduct at all levels of our organisation. Through our policies, procedures and governance structure, we create a foundation for principled business conduct.

Economy Pillar
Nurturing a vibrant start-up ecosystem is a key focus, with more active start-ups in 2023 and an increased percentage of them being women-led. This ecosystem not only promotes innovation but also contributes to economic growth. As a strategic move, we proudly sponsored the Fortune Global Forum, which was held in the UAE, underlining our dedication to engaging in global economic dialogues.

People Pillar
At the core of our operations is a people-centric approach, reflecting our dedication to diversity, employee well-being, and a secure and inclusive work environment. We achieved a higher Emiratisation rate in 2023 and maintained a balance of one-third female employees across our workforce. Our commitment to employee development is demonstrated through the provision of training and capacity building, ensuring continuous skill enhancement and professional growth.

Community Pillar
Underscoring our commitment to community welfare, in 2023, we allocated almost AED 1.5 million to CSR activities, including impactful donations that address immediate community needs. Notable campaigns including 'The Good Store' and 'Together We Can' showcased our dedication to community engagement, addressing essential needs and fostering a sense of unity. Organising events like the 'WeWalk' walkathon further highlights our commitment to supporting worthy organisations, such as the Dubai Autism Center, contributing to the health of our communities.

Environment Pillar
Our commitment to environmental sustainability is highlighted by achievements in clean energy generation, waste reduction and sustainable infrastructure, amongst others. From energy-saving initiatives to LEED certifications of our buildings, we continued our efforts to minimise our environmental footprint and enhance the sustainability of our operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

TECOM Group has been developing strategic, sector-focused business districts across the Emirate of Dubai since 1999. Today, our portfolio consists of 10 business districts catering to six vital knowledge-based economic sectors: technology, media, education, science, design and manufacturing.

2023 ESG HIGHLIGHTS

As we present this year's ESG Highlights, we take pride in the strides that we have made in our ESG implementation across the pillars of Governance, Economy, Community, People and Environment. These highlights embody our dedication to ensuring transparent governance, driving economic growth, making meaningful contributions to the communities we serve, nurturing a diverse and inclusive workplace, and fostering sustainable practices. We aim not only to create value for our shareholders but also to contribute positively to the well-being of our planet, our communities and our employees.

People

24%
Emiratisation rate compared to 23% in 2022

1/3
female employees

4,200
training hours delivered to employees compared to 2,658 hours in 2022

0
work related injuries or fatalities

Environment

12.35 GWh
clean energy generated compared to 11.14 GWh in 2022

235
tonnes of waste recycled compared to 205 tonnes in 2022

30
LEED certified buildings
8 buildings certified in 2023 representing a 36% increase compared to 2022

Community

AED 1.5m
Invested into CSR activities that delivered initiatives such as 'The Good Store', 'Together We Can' canned food drive, collaboration with Pink Caravan, and the 'WeWalk' walkathon supporting Dubai Autism Center

7
CSR events organised during 2023

Economy

380
active start-ups in our incubator in5, a 9.83% increase from 2022

7.32%
increase in women-owned start-ups compared to 2022

COP28 Engagements

Active engagements around COP28, with the aim of promoting climate action and showcasing innovations through several initiatives and partnerships, including with Ministry of Industry and Advanced Technology, and Ministry of Climate Change and Environment

Governance

Enterprise Risk Management updated with ESG impacts and mitigation plan

ESG Framework and Material Topics

TECOM Group's robust governance and ESG Framework are at the core of our operating model. Our approach to ESG is centred around our five ESG pillars; Governance and Risk, Economy, Community, People and Environment.

OUR ESG FRAMEWORK:

Our vision
World-renowned curator of innovative ecosystems

Our mission
Realise Dubai's aspirations by creating sector-focused communities and thriving work environments that enable the success of business and talent in Dubai

Our core pillars

Governance and Risk

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

Economy
- Economic performance
- Incubating innovation
- Customer centricity

Community
- Investing in local communities

People
- Safe and healthy workspaces
- Training and development

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

Strategic objectives

- Optimise core business & performance
- Develop differentiated value proposition
- Build new sources of growth

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

Supported by
These are supported by national strategies and plans, such as:

- The 2030 Dubai Integrated Energy Strategy;
- Dubai Integrated Waste Management Strategy 2041;
- UAE Net Zero 2050;
- UAE Clean Growth Strategy 2030;
- 'We the UAE 2031' vision;
- UAE Circular Economy Policy 2031;
- UAE Centennial 2071; and
- Alignment with international standards and aspirations, such as the UN Sustainable Development Goals.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

ESG Policies and Governance

Our commitment to ESG principles is upheld through a suite of comprehensive policies governing our operations:

Human Capital (HC) Manual

- Recruitment Policies
- Leave Policies
- Compensation Policies
- Benefits and Allowances Policies
- Employee Development Guidelines
- Code of Conduct
- Grievance Mechanism

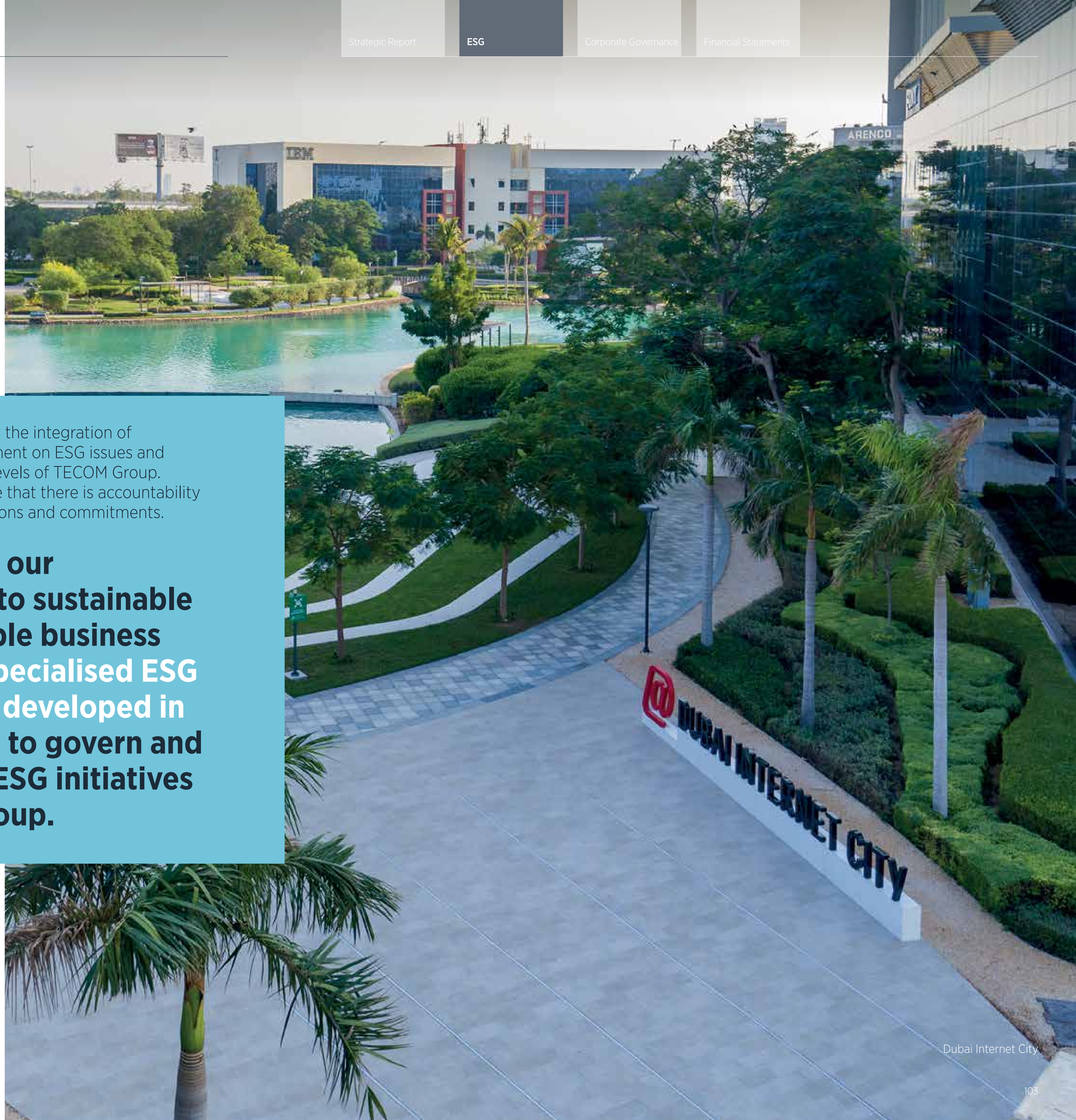
Health, Safety and Environmental (HSE) Policy

- Ensures the highest standards of occupational health and safety, as well as environmental responsibility, across our operations
- Meets all applicable HSE regulatory requirements, as well as our own HSE management standards

We are actively enhancing the integration of ESG and increasing alignment on ESG issues and initiatives across various levels of TECOM Group. This will allow us to ensure that there is accountability to achieve our ESG ambitions and commitments.

Underscoring our commitment to sustainable and responsible business practices, a specialised ESG Policy will be developed in 2024 in order to govern and guide all the ESG initiatives across the Group.


Dubai Knowledge Park



Dubai Internet City

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

Governance and Risk

Our objective is to implement a robust corporate governance structure that aligns with our core values while upholding the highest standards of transparency, accountability, integrity and ethical business across all levels. Our policies and procedures promote anti-corruption, legal and regulatory compliance, and ensure cyber-security and data protection.

SDG Alignment:

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

Ethical Business Practices and Policies

Our business is guided by the highest standards of ethical business conduct. We act with honesty and integrity, in full compliance with applicable laws and regulations, to meet our stakeholders' expectations and maintain our standing as a responsible and respected corporate citizen.

Our Code of Conduct sets out the expected standards of ethical and personal conduct for employees. It also helps them to understand and to comply with applicable laws and rules. Encompassing key elements, such as Business Ethics, Regulatory Compliance, Market Misconduct, Anti-bribery and Corruption, Anti-competitive Behaviour, Conflict of Interest, Gifts, Responsible Communication, Anti-money Laundering, and Data Protection, our Code of Conduct establishes a clear standard for principled business conduct.

We are proud to report that 100% of our employees have been educated and briefed on our Code of Conduct, ensuring a deep understanding of, and adherence to, these critical principles.

Additionally, our dedication to transparency and accountability is exemplified by the presence of a confidential whistleblowing hotline, providing a secure avenue for employees to voice concerns and uphold the highest standards of ethical conduct within our business.

Robust Governance

Our commitment to strong governance continues to be a cornerstone of our corporate strategy, fostering trust and confidence among our investors and partners.

Robust governance structures are essential to operating sustainably. We are actively enhancing our governance structure to integrate ESG into all levels of the Group's operations, ensuring transparency, accountability and ethical conduct throughout our operations.

The Board of Directors oversees the Group's performance, and our governance structure is designed to align with the interests of shareholders, management and other stakeholders. Our governance structure brings together our ESG initiatives, with oversight from three of our ESG-related risks and opportunities committees.

We have also identified ESG KPIs that are tracked at a leadership level, which measure key indicators including utilities savings, solar capacity and employee training.

Prudent Risk Management

We ensure risks are identified, assessed, mitigated, reported and monitored on an ongoing basis in order to effectively manage and future-proof our organisation. In alignment with our overarching commitment to prudent risk management, TECOM Group embarked on a strategic initiative in 2023 to seamlessly integrate ESG considerations into our Enterprise Risk Management (ERM) Framework.

Building on this initial progress, TECOM Group is now actively engaged in further enhancing the integration of ESG considerations into our ERM Framework. This entails developing detailed and feasible mitigation activities for all identified risks from an ESG perspective. This approach not only strengthens our risk management capabilities but also aligns seamlessly with our broader commitment to sustainability.

Responsible Sourcing and Procurement

We seek to consciously source and procure products and services for our operations in an ethical and sustainable way.

We wholeheartedly acknowledge our responsibility in managing the impact of our operations on global supply chains. As such, we have embarked on a journey towards sustainable procurement, recognising the imperative to integrate ESG principles seamlessly into our procurement procedures.

Our short-term goal is to embed ESG requirements and management practices across all procurement processes, while our long-term vision is to foster positive ESG impacts not only within our supply chains but also through the products and services we deliver to the market.

We have a Supplier Code of Conduct, which has been sent out to all our suppliers and must be acknowledged by them. We have also conducted assessments of high-risk suppliers through the best-in-class EcoVadis supplier rating system.

CASE STUDY 1:
ESG Integration in ERM 1

TECOM Group embarked on a strategic initiative in 2023 to seamlessly integrate ESG considerations into our Enterprise Risk Management (ERM) framework. The primary objective was not only to support the incorporation of ESG principles across all business operations, but also to proactively manage any associated risks arising from these factors. During the risk assessment process, every identified risk underwent a thorough assessment from an ESG perspective, shedding light on the nuanced impacts that these risks may have on our ESG commitments. This approach not only strengthens our risk management capabilities but also aligns with our broader commitment to sustainability, ensuring that ESG considerations are woven into the fabric of our organisational resilience and growth. The results of the risk assessment highlighted that 63% of the identified risks have moderate to significant inherent impact from an ESG standpoint. In addition, ESG management itself emerged as one of our principal risks, underscoring the importance of strengthening our ERM processes in this domain. Additionally, in 2023, we have provided TECOM group employees with Training and awareness on Risk Management.


Dubai International Academic City

We increased our spending on Small and Medium Enterprises (SMEs) and customers in our business districts by 13.51% from 2022. Sustainable procurement is still in its early stages of development in the UAE, so we aspire to become pioneers in setting industry standards and leading the way for others to follow suit.

Future initiatives in this domain include due diligence through audits, verifying the alignment of our suppliers with our ESG requirements. Moreover, we are actively engaging with our suppliers to provide support in aligning with our sustainability ambitions, fostering a collective and collaborative approach.

Key Highlights from 2023

	2022 Performance	2023 Plans	2023 Achievements
Ethical Business Policies & Practices	98% employees briefed on Code of Conduct.	Work towards achieving 100% coverage and training on our Code of Conduct for employees.	**Achieved:** 100% of employees briefed and educated on Code of Conduct.
		Work towards further strengthening TECOM Group's mechanisms for data privacy.	**Achieved:** We are working towards developing a Data Privacy Policy.
Robust Governance		Further embed ESG throughout our business and will set up ESG Champions to identify, collate and manage material ESG issues and implement the ESG strategy and targets.	**Achieved:** ESG initiatives being tracked (e.g.: utilities, solar, employee training, etc.).
Responsible Sourcing & Procurement	8.52% of procurement spend on SMEs and customers in our business districts	Achieve a 5% increase in procurement with SMEs and TECOM Group's existing customers.	**Achieved:** In 2023, our procurement spend on SMEs and TECOM Group customers was 7.31%. We achieved a 13.51% increase in absolute procurement spend between 2022-23.

Plans for 2024

	2024 Plans
Robust Governance	Restructure and enhance our ESG governance framework to embed sustainability in our decision-making process.
Responsible Sourcing & Procurement	Undertake ESG assessment for high-risk suppliers. Support local sustainable sourcing with a focus on SMEs and women-owned businesses.

CASE STUDY 2:
Sustainable Procurement 2

EcoVadis is the world's largest and most trusted provider of business sustainability ratings, using the respected methodology of international sustainability standards, including the Global Reporting Initiative (GRI) and the United Nations Global Compact.

As a foundational step in establishing our Sustainable Procurement System, we conducted a rigorous risk assessment utilising EcoVadis ratings and Supplier Assessment Questionnaires (SAQs) for our high-risk suppliers, focusing on Facilities Management, IT, Marketing, Food & Beverage, Operating Supplies & Equipment, and Professional Services. The questionnaires and assessments cover environment, labour and human rights, ethics, and sustainable procurement. To date, more than half of these high-risk suppliers have undergone assessments, setting the stage for an annual evaluation to ensure ongoing adherence to our sustainability standards.

Looking ahead to 2024, we will be developing ESG criteria for prequalification, and working to increase suppliers that are locally owned and women owned, in line with GRI.

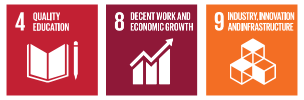
This initiative is part of our overarching commitment to shaping a procurement landscape that prioritises ethical, social and environmental considerations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

Economy

We understand the importance of sustainable and inclusive economic growth to drive progress.

SDG Alignment:



Economic Performance

We aim to deliver sustainable growth by attracting talent and investment to Dubai.

We align ESG principles with our Corporate Strategy, and account for ESG planning and considerations at every level. Our Group's Business Plan 2024-28 has ESG factors embedded within our strategic objectives, reflecting the importance of ESG to TECOM Group and our future plans.

TECOM Group has demonstrated robust financial health in 2023. Our total revenue reached AED 2.17 billion, a testament to our operational excellence and market presence. Our strong financial performance is further underscored by our total EBITDA of AED 1.65 billion, reflecting efficient cost management and operational efficiency. Additionally, we are pleased to report a total net profit of AED 1.08 billion, showcasing our commitment to delivering value to stakeholders, while maintaining a sound financial foundation for future endeavours. These financial indicators collectively signify our Group's strategic financial management, reinforcing our position as a sustainable and economically resilient business.

Incubating Innovation

We strive to nurture talent and creativity by providing a home for social impact start-ups and innovation, and by hosting a wide range of expert-led industry events and networking opportunities.

In 2013, we launched our start-up incubator, in5. This has acted as a platform for nurturing talent in the UAE through start-ups and encouraging a community of students, creatives, entrepreneurs and professionals across technology, media, design and science. in5 has provided access to mentorship and advisory, creative facilities and investment opportunities.

Year-on-year, the number of start-ups within our incubator has increased, with a total of 380 active start-ups in 2023, including a noteworthy 9.83% increase compared to 2022. There was a 34.15x increase in in5 graduates in 2023 compared to 2022, evidencing demand for and value gained from in5 incubations. Additionally, there was a 7.32% increase in women-owned start-ups compared to 2022. This growth signifies our commitment to fostering innovation and diversity within the entrepreneurial landscape. By providing a supportive environment for start-ups, we contribute to the economic vibrancy of our community.

During 2023, we expanded our innovation capacity and offerings for customers with the launch of in5 Science and D/Quarters at Dubai Science Park. in5 Science will enable entrepreneurs to engage a world-class community of researchers and industry leaders and inject innovation and competitiveness to take the UAE's science ambitions to the next level. Meanwhile, D/Quarters' new location in Dubai Science Park will offer future-focused co-working solutions for entrepreneurs, SMEs, and global corporations in the science sector.

Customer Centricity

We prioritise ease of doing business and work to ensure the satisfaction of our current and prospective customers to support their needs and aspirations.

With the needs of our customers at the heart of everything we do, we are dedicated to the development of a comprehensive and unified Voice of Customer tracking system.

Since 2018, our Voice of Customer programme has modified the lengthy annual customer surveys to short post-transactional ones. The programme provides an agile, non-intrusive, action-driven process, automatically escalating all low satisfaction ratings directly to the person or department responsible for immediate follow-up.

We also regularly collect feedback from communities on our facilities and make technical improvements within our business districts accordingly. From 2023, TECOM Group has further enhanced its Voice of Customer programme by introducing a new 'Likelihood to Recommend' metric in our surveys and incorporating ongoing in-depth interviews with our customers. These interviews allow us to gain a deeper insight into customer experiences across different segments and communities. Feedback will be integrated within TECOM Group's wider strategy and initiatives will be developed accordingly.

The above is represented in our new score called the Customer Experience (CX) Index. Through the CX Index, we aim to measure the quality of the customer experience, as well as the likelihood of the customer to provide positive referrals. Based on the results from our transactional surveys, we have achieved an increase from 87.7% in 2022 to 87.9% in 2023. When we include the results of our in-depth interviews, our final CX Index is 87.4%.

CASE STUDY 3:
Midori

3

Midori, meaning "green" in Japanese, has embarked on a mission to revolutionise the eyewear industry. Part of the in5 community and with nine years of market experience, Midori identified key areas for improvement, focusing on sustainability and social impact.

The company employs innovative materials like recycled plastic and wood, decentralises manufacturing to minimise carbon footprint, shortens supply chains for efficiency, adopts on-demand production to eliminate dead stocks, and prioritises durability and repairability. Midori's strategic initiatives showcase a pioneering commitment to sustainability, making strides in creating a more eco-conscious and equitable future for the eyewear industry and beyond.

CASE STUDY 4:
in5 Events

4

Our dynamic start-up incubator, in5, curates a rich tapestry of events aimed at fostering innovation, skill development and networking opportunities for a burgeoning community of entrepreneurs. In 2023, 102 events were organised catering to the start-ups' needs and interests. Below are a few examples of the various types of events and activities organised for in5 start-ups.

- **Skill Development:** Empower founders with hands-on knowledge, enhancing their technical capabilities for their ventures.
- **Technology and Industry Insights:** Bring the latest technological insights and industry trends directly to our start-ups, ensuring they stay at the forefront of innovation.
- **Entrepreneurial Education and Networking:** Offer valuable education and provide a platform for start-ups to connect with industry leaders and potential collaborators.
- **Funding and Investment:** Provide invaluable insights and networking opportunities, connecting start-ups with potential investors and mentors.
- **Creativity and Branding:** Empower start-ups to effectively communicate their brand story and aesthetics.
- **Global Exposure:** Offer start-ups exposure to global markets, fostering international collaborations and partnerships.

These events ensure that in5 start-ups receive tailored support, enabling them to navigate the challenges of entrepreneurship and thrive in an ever-evolving business landscape.

Key Highlights from 2023

	2022 Performance	2023 Plans	2023 Achievements
Economic Performance		Align economic performance targets with the UN SDGs.	**Achieved:** Currently aligned with SDG 8: Decent Work and Economic Growth, through delivering sustainable growth by attracting talent and investment to Dubai.
		Develop a business plan that creates synergies between wider ESG objectives and TECOM Group's financial performance.	**Achieved:** As part of Group Business Plan 2024-2028, Strategic objectives embedded with ESG (2024-28), and ESG activity planning and consolidation is a priority (2023).
Robust Governance		Continue alignment with a global standard, such as the Global Real Estate Sustainability Benchmark (GRESB), to benchmark our ESG performance of commercial real estate.	**Opportunity:** Reporting on GRESB alignment required.
Incubating Innovation	346 net active start-ups in in5	Serve as an incubator for social impact start-ups and innovation, and increase the number of start-ups year-on-year.	**Achieved:** 9.83% increase in net active start-ups in in5 from 346 in 2022 to 380 in 2023.
Customer Centricity	87.7% Customer Satisfaction Rate (based on feedback across transactional surveys only).	Continue to adhere to our robust and unified Voice of Customer tracking system to gather feedback from all customers and set targets.	Continued to adhere while expanding the VOC programme beyond transactional interactions, to include in-depth interviews with customers exploring their focus, challenges and identify how we could support them even better going forward. In 2023, we adopted a new score called Customer Experience (CX) Index in which we incorporated additional 'Likelihood to Recommend' metric in our transactional surveys, resulting in an increase from last year's score to 87.9%. When we include the results of our in-depth interviews, our score is 87.4%.

Plans for 2024

	2024 Plans
Economic Performance	Continue to integrate sustainability in business performance by implementing sustainability initiatives.
Incubating Innovation	Support start-ups in in5, including start-ups run by women, with trainings and access to development opportunities.
Customer Centricity	Leverage feedback across customers and communities to enhance facilities, services and value chains, ultimately leading to an improved customer experience.

CASE STUDY 5:
Customer Interviews for Strategic Feedback

5

To gain profound insights into the customer experience across diverse business districts, we are conducting in-depth interviews to understand the perspectives and expectations of our customers. Implemented extensively for the first time at TECOM Group, this customer-centric initiative is pivotal as it enables us to integrate valuable feedback directly into the broader strategy of the Group, ensuring that our initiatives are better aligned with the evolving needs and preferences of our customers.

D/Quarters

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

Community

As a responsible organisation, focusing on our communities' long-term sustainability and growth is essential. We aim to support and contribute to vibrant, sustainable communities across our business footprint.

SDG Alignment:

3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 5 GENDER EQUALITY

Investing in Local Communities

We actively contribute to the long-term sustainability and growth of the communities where we operate. We go beyond the confines of our buildings by actively enhancing the surrounding spaces and organising community events.

Our commitment to community engagement remains unwavering, through our active contributions and partnerships to enhance social welfare. Through our Corporate Social Responsibility (CSR) initiatives, we allocated almost AED 1.5 million in 2023 towards various projects and donations, demonstrating our dedication to making a positive impact. Our initiative "The Good Store," a virtual and 'phygital' donation experience in collaboration with Emirates Red Crescent, resulted in AED 90,700 in donations.

Other noteworthy initiatives, including our 'Together We Can' canned food drive for the UAE Food Bank, our colon cancer awareness campaign, the 'WeWalk' walkathon at Dubai Science Park in support of the Dubai Autism Center, and a collaboration with Pink Caravan for breast cancer initiatives, exemplify our commitment to addressing community needs and health concerns.

In partnership with Emirates Nature-WWF and the Environment Agency Abu Dhabi, we developed "Escape Climate Change – Mangrove Edition" – an immersive mangrove-themed escape room. The aim of this initiative was to raise awareness among our community about the complexity and severity of climate risks, and empower UAE residents to join the fight against climate change through education. The escape room kicked off at Dubai Media City, followed by Dubai Science Park during the annual WeWalk event.

Beyond financial contributions, our employees actively participated in community service during Ramadan. Through volunteering efforts, they contributed to the distribution of 12,000 Iftar meals, embodying our commitment to hands-on involvement and making a positive impact at the grassroots level. These initiatives collectively exemplify our holistic approach to community engagement, showing our dedication to making a positive and meaningful impact on the well-being of our communities.

CASE STUDY 6: The Good Store

6

Powered by TECOM Group, in collaboration with the Emirates Red Crescent, The Good Store is an immersive and innovative shopping experience set up in 2023. Taking over grocery stores, installing pop-up shops and even a roaming shopping cart, The Good Store opened in various forms across 12 Dubai communities to unite TECOM Group's 124,000+ strong community as a force for good during Ramadan. It had a huge impact, reaching 8.9 million people and raising AED 90,700 for those in need.

The Good Store campaign won six awards at the 2023 Middle East PR Association (MEPRA) Awards, including four Golds for 'Best Business to Business Campaign', 'Best Retail Campaign', 'Best Use of Content/Creative/Editorial/Video' and 'Best Sustainability, Social Responsibility or ESG Campaign'; one Silver for 'Best Campaign in the UAE' and one Bronze for 'Best Use of Digital Communications'.

CASE STUDY 7: Emirati Women's Day

7

To commemorate Emirati Women's Day 2023, we launched an interactive campaign that celebrated Emirati women in our communities.

The goal was to amplify the contributions of Emirati women in the UAE's economic development, a journey we have been intricately linked with over the past two decades, while activating our international community of 124,000+ professionals across our districts.

On 28 August, we launched 'Hands of Tribute', an integrated and interactive campaign that combined Emirati traditions with a call for female empowerment through collaboration. The initiative celebrated Emirati women the way they celebrate major milestones – through henna. On-ground pop-ups featuring henna artists took over our business districts across Dubai, encouraging private sector workers and students to choose a design to be applied to their hand in tribute to Emirati women in the UAE's past, present and future. A female-led corporate video honouring Emirati female role models and a digital henna Augmented Reality (AR) filter allowed remote support of the campaign across Dubai as well.

Key Highlights from 2023

	2022 Performance	2023 Plans	2023 Achievements
Investing in Local Communities	AED 883,000 in donations. Raised AED 11,800 from communities	Host events to raise funds for the community.	AED 358,010 in donations. Raised AED 103,010 from communities **Highlights:** **The Good Store:** Partnered with Emirates Red Crescent to launch a virtual and 'phygital' donation experience, which raised AED 90,700. **WeWalk:** Raised AED 87,310 for Dubai Autism Centre.
	2 CSR events held in 2022.	Continue building a tolerant and inclusive society and improve the health and well-being of communities.	**Achieved:** 7 CSR events undertaken in 2023. **Highlights:** Together We Can: Launched a canned food drive for the UAE Food Bank to provide care packages and grocery kits for those in need.
		Continue to invest strategically in sector-aligned community projects that deliver lasting impact long-term partnerships with select community partners.	**Achieved:** AED 1.47 million CSR spending in 2023. **Highlights:** **Colon Cancer:** Launched an interactive awareness campaign to educate UAE residents on the importance of early screening for the detection of colon cancer, as part of National Colon Cancer Awareness Month.
		Enhance the volunteering culture of the Group by promoting skill-based volunteering through an incentivised corporate volunteering programme.	**Achieved.** **Highlights:** Employees volunteered during Ramadan for iftar meal distribution. TECOM Group offers employees 3 days per year to volunteer at registered organisations.
		Monitor and analyse the impact of our initiatives and fundraising activities across all business districts and entities.	In progress.

Plans for 2024

	2024 Plans
Investing in Local Communities	Continue to invest in local communities with donations, fundraising and investments in strategically aligned community projects, increase employee volunteering and improve community well-being.

CASE STUDY 8: WeWalk

8

TECOM Group organised the fourth edition of WeWalk walkathon at Dubai Science Park in collaboration with the Dubai Autism Center. This event proved to be a beacon of community engagement, showcasing not only our dedication to community well-being by promoting physical activity, but also our role in making a positive impact on autism awareness.

The strategic partnership with the Dubai Autism Centre underscored TECOM Group's unwavering commitment to social responsibility, showcasing a collaborative effort to make a meaningful difference in the lives of children with autism. The walkathon's robust media coverage, achieved through partnerships with top-tier outlets, solidified its status as one of the most impactful charitable events in Dubai and the UAE.

With a deliberate focus on enhancing exposure through traditional and digital media, WeWalk not only brought together over 1000 attendees, 10 sponsors, and 260+ volunteers but also succeeded in raising AED 12,310 in ticket sales (an increase from AED 11,800 in 2022), AED 75,000 in cash donations, AED 200,000 in media sponsorship, alongside an impressive AED 385,000 in-kind donations. This amounts to a total of AED 672,310 raised for Dubai Autism Center.

Through strategic communication efforts, we not only supported our sponsors but also amplified the impact of WeWalk in the broader community through various media channels, achieving a circulation of 239 million views and an ad-value of AED 973,212.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

People

We are dedicated to equality, non-discrimination, talent development, employee health and safety, and promoting a culture of inclusion and diversity within our organisation.

SDG Alignment:

Safe and Healthy Workspaces

We are committed to ensuring the health and safety of our employees in all work areas.

Our people-centric approach is reflected in our commitment to diversity, equity and employee well-being. We have a Human Capital Policy in place, and have adopted Dubai Holding's DEI Framework & Strategy. We implement a blind recruitment process and provide non-discriminative promotion opportunities.

With a 24% Emiratisation rate, one-third of our workforce comprising women, and 29 nationalities represented in our workforce, we continue to champion inclusivity. We are also working on closing the gender pay gap, and have achieved a 3.37% increase in the ratio of average pay between women and men from 0.89 in 2022 to 0.92 in 2023.

We want to ensure our employees feel valued. We have an Employee Recognition Programme in place that includes awards for three categories: 'Star of the Month', 'Employee of the Quarter' and 'Team of the Year'.

Wellness activities for our employees are on-going and include health check-ups and sports tournaments to encourage a healthy lifestyle. We provided access to football and cricket courts for 24 sessions to each of our employees. A key milestone for us is achieving zero work-related injuries or fatalities, underscoring our dedication to providing a safe and healthy workplace for all employees.

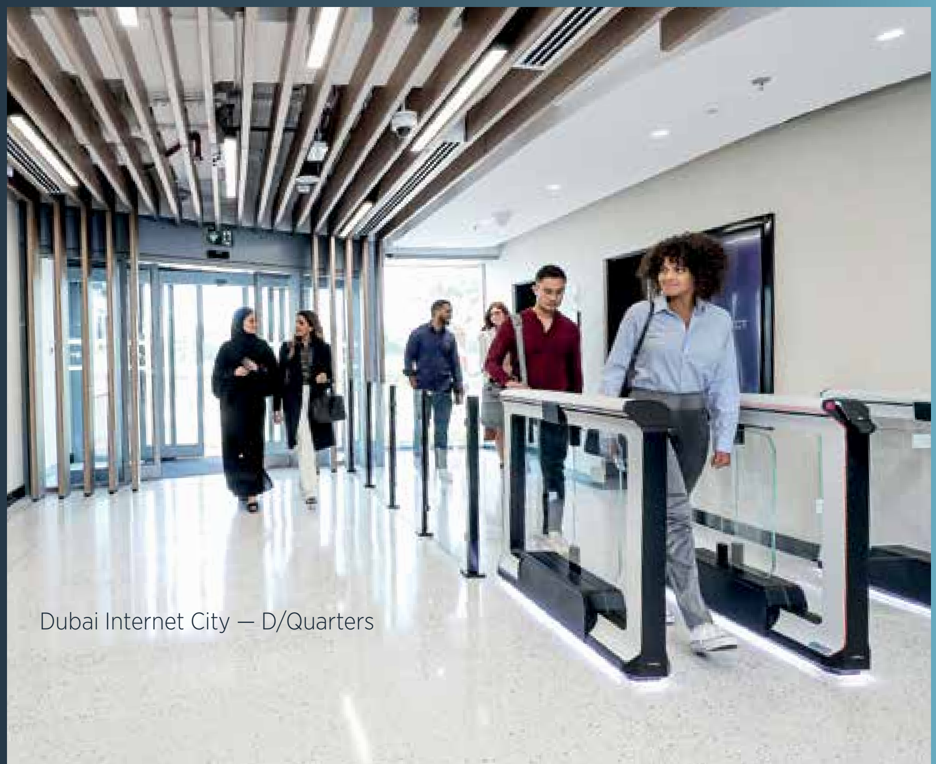
Training and Development

We believe that investing in developing our people and fostering a collaborative and rewarding culture is key to the success of our business.

Our focus on employee development is evident in the delivery of 4,200 training hours in 2023, an increase of 57.99% from 2022. The average training hours per employee increased by 60.86% compared to 2022. These efforts collectively contribute to a workplace culture that prioritises the growth, well-being and safety of our people. Our employees have undertaken training in about 125 topics. We plan to upskill existing employees with ESG-focused training on material topics relevant to their departments.

We provide our employees with regular performance management opportunities. At the beginning of each year, employees agree with their managers on SMART goals that should be achieved throughout the year. Employees then undertake mid-year and end-year reviews to assess their performance and identify areas of strength and improvement.

If needed, a Performance Improvement Plan is developed to further support employees in achieving their goals.



Dubai Internet City — D/Quarters

CASE STUDY 9: Employee Trainings

9

In our unwavering commitment to fostering professional development and growth for our employees, we continue to achieve significant milestones in employee training.

Our efforts have resulted in an average of almost 15.27 hours of training per employee, culminating in an impressive total of 4,200 training hours in 2023. This achievement represents a substantial increase of 60.86% from the previous year, underlining our commitment to enhancing the skillset and knowledge base of our workforce.

From October 31st to December 15th, 2023, our employees engaged in a diverse array of training programmes designed to nurture both personal and professional development. Notable sessions included:

- "Collaborate for Success", emphasising effective teamwork
- the "G.E.M.S Management Program", which provided comprehensive insights into effective management practices
- "Customer Relationship Management"
- "Conflict Resolution"
- "Coaching Skills for Managers"
- "Emotional Intelligence"
- "The Art of Presenting and Public Speaking"
- "Creativity & Innovation"

These sessions underscore our commitment to not only enhancing technical skills but also fostering creativity and effective communication. Through strategic and diverse training initiatives, we reinforce our belief that an empowered and knowledgeable workforce is the foundation for sustained organisational success.

Key Highlights from 2023

	2022 Performance	2023 Plans	2023 Achievements
Safe and Healthy Workspace	Conducted a series of wellness hub sessions to promote wellbeing	Continue engagement programme for employee wellness through Wellness Hub sessions.	Wellness activities include health check ups, awareness campaign, and sports tournaments.
	• Gallup surveys for employee engagement. • Adopted Dubai Holding's DEI Framework & Strategy. • 34.64% of the workforce are women. • 23.21% Emiratisation rate. • 0 work related injuries and ill health	Continue focusing on: • Employee engagement and recognition • Diversity, inclusion and equity • Wellness activities • Gender balance and Emiratisation • Employee health and safety • Safe and healthy workspaces • Completing ongoing initiatives, such as Nursing Mothers Room	**Achieved:** **Highlights:** • Employee engagement and recognition programme in place. • Wellness activities mentioned above. • Adopted Dubai Holding's DEI Framework & Strategy, now looking at ensuring a relevance check on commitments. Examples include – Blind recruitment process, non-discriminative promotion opportunities and maternity leave. • 33.45% of the workforce are women. • 24.43% Emiratisation rate, an increase of 1.22% from 2022. • 0 work related injuries and ill health. • 8x increase in staff trained on H&S. • Completing ongoing initiatives, such as Nursing Mothers Room.
Training and Development	2,658 training hours in 2022. 9.49 average training hours per employee.	Achieve a 5% increase in training hours per employee compared to 2022 figures.	**Achieved:** 4,200 training hours in 2023, an increase of 57.99% from 2022. 15.27 training hours per employee, an increase of 60.86% from 2022.

Plans for 2024

	2024 Plans
Safe and Healthy Workspace	Continue investing in employee health, enhancing safety and well-being, and improving employee satisfaction.
Training and Development	Continue investing in employee training and development to build a high-performing workforce, and increase employee awareness on ESG matters relevant to their roles.

CASE STUDY 10: Incorporating Employee Feedback

10

In our unwavering commitment to fostering a workplace that nurtures employee growth and satisfaction, we have embarked on a journey guided by insights gathered from our employees through Gallup surveys, providing a holistic understanding of our employees' needs and aspirations.

These surveys shed light on the factors that contribute to employee thriving, enabling us to develop tailored action plans for a more fulfilling work environment. Examples include an increased frequency of team meetings to foster collaboration and communication, and the implementation of mentoring programmes to facilitate professional development.

Additionally, two rounds of visits have been conducted across all departments, to get in touch personally with employees and listen to their feedback and suggestions. A report on the feedback received was then developed and shared with our CEO.

As part of our commitment to continuous improvement, we plan to conduct the next Gallup survey in April of 2024. This will not only serve as a benchmark to measure the effectiveness of our implemented initiatives but also as an opportunity to identify new areas for improvement, ensuring that our organisation remains dynamic and responsive to the evolving needs of our valued workforce.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

Environment

We aim to manage our environmental impact through sustainable business practices. This includes implementing innovative methods to optimise energy and water efficiency, managing our waste, measuring and controlling our carbon footprint, and promoting green building design.

SDG Alignment:

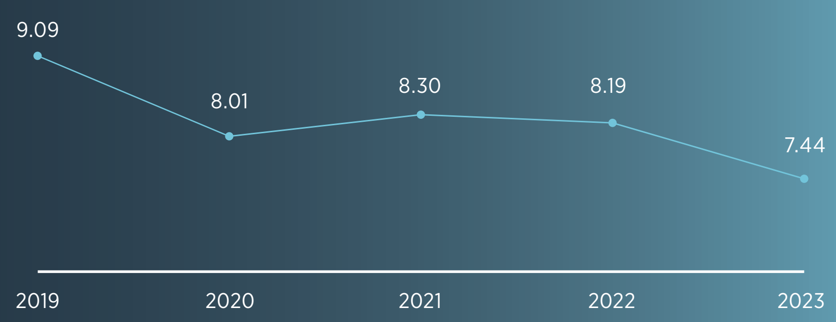
Energy Efficiency and Renewables

We recognise the pivotal role of the commercial and industrial market in driving the UAE's shift towards a low-carbon economy. Our commitment to environmental stewardship is evident in our endeavours to maintain sustainable infrastructure and minimise carbon emissions.

In-line with the 2030 Dubai Integrated Energy Strategy, which aims to reduce the demand for electricity and water by 30% by 2030, we strive to reduce our energy consumption.

In 2023, our electricity consumption decreased by 5.15%, district cooling decreased by 2.88%, diesel consumption decreased by 46.86%, and Liquefied Petroleum Gas (LPG) increased by 54.92%compared to 2022. Our electricity and district cooling intensities have decreased by 9.14% and 1.28% respectively compared to 2022 due to the energy efficiency measures that we have implemented, including replacing of old chillers with energy efficient chillers; installing Variable Frequency Drives (VFDs); optimising chilled pumps and occupancy-based cooling; installing adiabatic cooling for chillers, motion/occupancy sensors, and energy efficient water heaters; and integrating BMS to ensure usage based on occupancy.

Electricity Intensity (KWh/sq.ft.) from 2019-2023



In 2023, we achieved notable milestones in clean energy generation, producing 12.35 GWh, an increase of 10.86% from 2022.

In order to decrease our reliance on non-renewable energy sources, we completed solar projects in Dubai Science Park during the year. The combined plant capacity of these solar projects is 0.576 MWp, resulting in our total plant capacity increasing to 8.341 MWp. The total emissions avoided from solar generation is 4,989.4 tCO_2e.


Dubai Media City - Boutique Offices

Water Efficiency

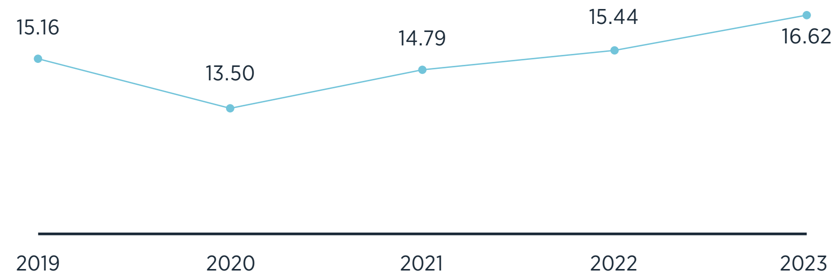
We aim to implement measures to manage our water resources sustainably and reduce consumption.

In 2023, our water intensity increased by 7.64%. The reason for the increase in water intensity is two-fold. On one hand, we installed Adiabatic Cooling system to enable efficient chiller operations in four of our business districts.
This has led to an increase in water consumption but a complementary decrease in energy consumption. On the other hand, we have observed an increase in footfall and occupancy in six of our business districts which has impacted our water intensity as well. To enhance water conservation, we have implemented water-saving measures including water displacement bags at flush tanks, installation of water flow reducers at wash basins and shataffs, and a small greywater treatment plant in Dubai Design District (d3). We have also enhanced our water audit procedures, actively identifying and rectifying leaks to minimise wastage.

These initiatives outline our dedication to responsible water management.

The graph below displays water intensity figures from the years 2019-2023.

Water Intensity (IG/sq.ft.) from 2019-2023




Dubai Internet City

Waste Management

We continuously seek areas to improve our waste collection process and increase our recycling rate.

We track our diversion from landfill tonnage, our paper and plastic recycling tonnage, as well as our total waste generated tonnage through our service provider dashboard.

In 2023, our waste intensity increased by 31.65%. However, our commitment to waste reduction is evident in the recycling of 234.97 tonnes of waste in 2023 (14.62% increase from 2022) and the diversion of 9% of our general waste to Dubai Waste Management Center, a Waste-to-Energy plant.

This plant, when completed, will convert 45% of Dubai's municipal solid waste to energy that will power 2% of Dubai's homes. The total emissions avoided from waste diversion is 868.77 tCO_2e. We also installed an e-waste sculpture in Dubai Internet City to capture the community's attention on issues surrounding e-waste and the importance of reuse and recycling.

Additionally, Dubai Can water fountains installed in Dubai Internet City, Dubai Media City, and Dubai Knowledge Park saved an equivalent of 162,448; 334,082; and 173,644 disposable water bottles respectively.

ENVIRONMENT CONTINUED

Reducing Greenhouse Gas (GHG) Emissions

We are committed to measuring emissions from sources and developing a carbon inventory to reduce overall GHG emissions.

Within TECOM Group, we are collaborating with asset managers to evaluate the environmental performance of our assets and prioritise areas for improvement. To enhance our strategic approach, we are actively working on establishing a representative baseline to use as a reference point against which our GHG emissions will be measured going forward, while also working to refine our data quality.

Scope 1 emissions refer to the direct greenhouse gas emissions from sources that are owned or controlled by an entity (e.g. fuel used for vehicle fleets), while Scope 2 emissions encompass indirect emissions from the generation of purchased energy consumed by the entity. As part of our commitment to transparent reporting, we closely monitor and disclose our Scope 1 and 2 emissions.

Moving forward, we aim to improve our reporting on Scope 3 emissions, which are the indirect greenhouse gas emissions that occur throughout the value chain, including in our supply chain, transportation and product use. We recognise the challenges of low data availability and tracking across all entities, and often rely on estimated figures. This commitment underscores our dedication to transparently communicating our environmental impact and continuous improvement in emissions management.

While the majority of our Scope 1 and 2 emissions arise from waste and utility consumption, with a notable portion attributed to our tenants, our proactive measures in the areas of energy management have led to a 3.50% decrease in Scope 2 emissions compared to 2022. However, Scope 1 emissions increased by 54.52% compared to 2022. This increase is primarily due to an increase in Liquefied Petroleum Gas (LPG) consumption. Scope 1+2 emissions increased from 171.55 ktCO$_2$e in 2022 to 215.09 ktCO$_2$e in 2023. The emissions intensity (Scopes 1+2+3) increased by 24.87%. The figure below, adapted from the GHG Protocol, depicts what categories fall under Scopes 1, 2 and 3.

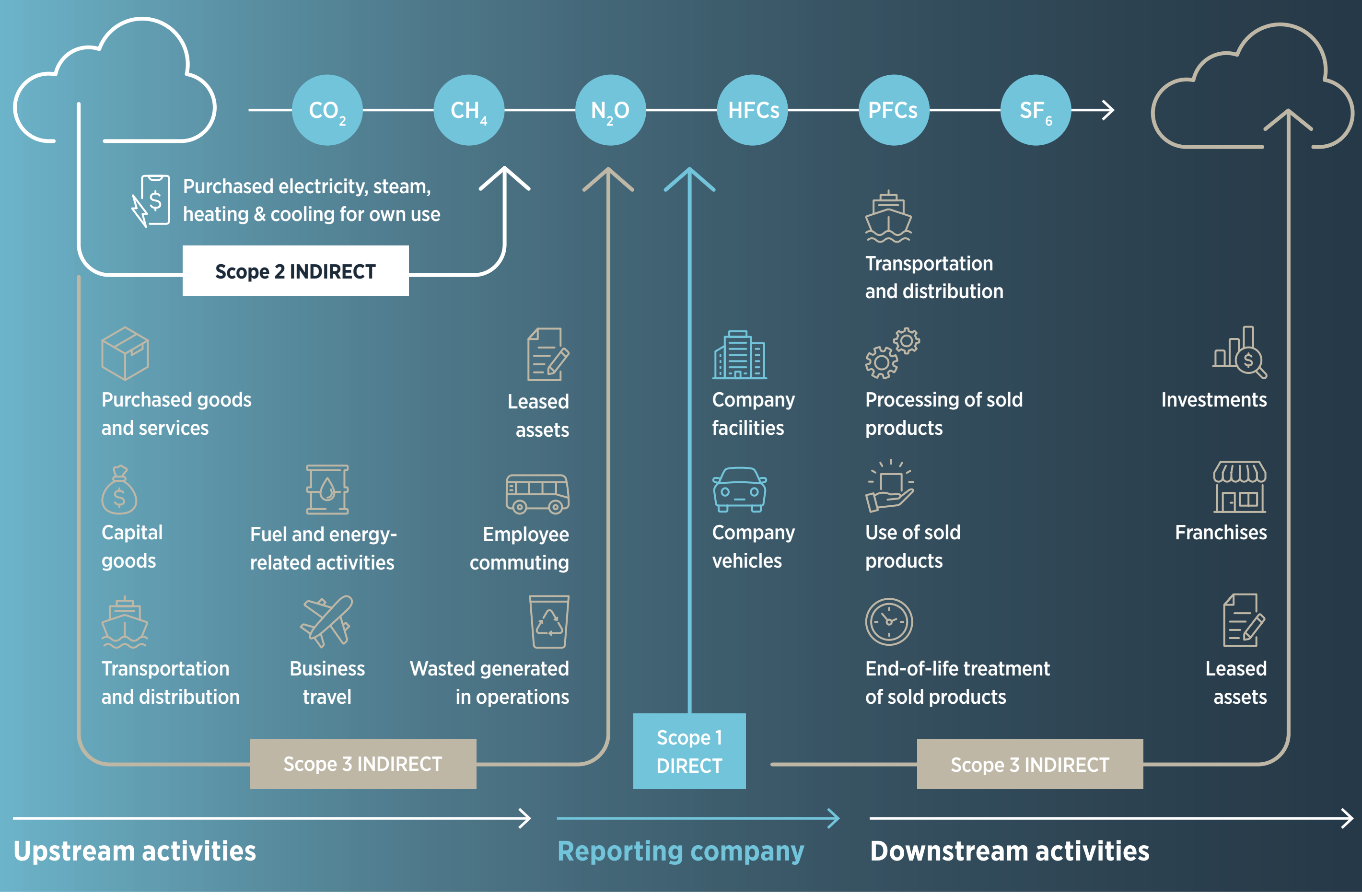
Sustainable Buildings

LEED (Leadership in Energy and Environmental Design) certification is a globally recognised standard for assessing and certifying the sustainability and environmental performance of buildings, with criteria including energy efficiency, water conservation and the use of environmentally-friendly materials.

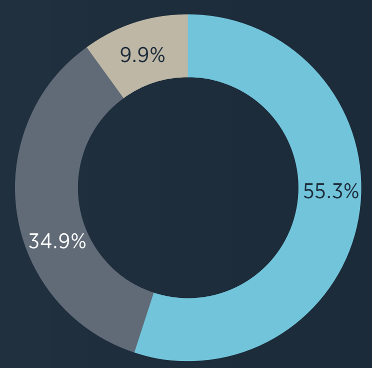
Our focus on sustainable infrastructure is reflected in the 8 New LEED certified buildings, of which 6 are Gold rated and 2 are Platinum rated. The 8 LEED-certified buildings are in addition to the existing 22 (16 Gold, 6 Silver) LEED-certified buildings in our portfolio.

Dubai Science Park

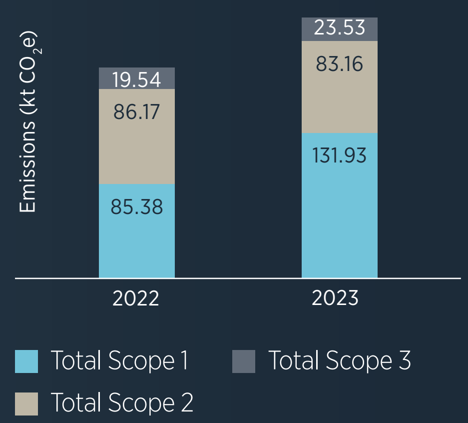
The figures in the graphs display the breakdown of our Scope 1, 2, and 3 emissions in 2022 and 2023.
For TECOM Group's emission calculations, Scope 1 includes LPG and fuel consumption, Scope 2 includes electricity and district cooling consumption, and Scope 3 currently includes only water consumption and waste generation. Over time, we aim to improve the coverage and accuracy of our Scope 3 calculations.



Emissions Breakdown 2023



Emissions Breakdown 2022 v 2023



CASE STUDY 11:
Solar Project

11

Strategically located in Dubai Science Park, a new solar project was successfully completed in 2023, which added 0.576 MWp of clean energy to our portfolio and enhanced our capacity to generate sustainable power.

This new project is targeted to deliver 922.6 MWh of clean energy annually, and constitutes 6.9% of our total capacity, showcasing the substantial impact it will have. This underscores our dedication to reducing carbon emissions and promoting a greener, more sustainable energy landscape.

The success of these projects is attributed to strategic partnerships with leading industry players, such as ALEC Engineering and Contracting L.L.C. This collaboration not only facilitated the successful execution of the projects but also allowed us to leverage their expertise and resources in advancing our sustainability goals. As we continue to expand our renewable energy portfolio, these solar projects serve as a testament to our proactive approach in combating climate change and transitioning towards a more sustainable energy future.

Dubai International Academic City

ENVIRONMENT CONTINUED

CASE STUDY 12: Energy Savings Project

12

In a strategic move towards enhanced sustainability and operational efficiency, we initiated an energy savings project in 2022. We have invested AED 43.7 million in this project, which covered multiple facets of our operational infrastructure in many of our districts, including Dubai Internet City, Dubai Media City, Dubai Knowledge Park, Dubai Outsource City, Dubai International Academic City, Dubai Studio City, Dubai Science Park, Dubai Production City and Dubai Industrial City.

The project encapsulated a series of innovative initiatives, showcasing our commitment to cutting-edge technologies and sustainable practices. Key measures included the replacement of outdated chillers with energy-efficient alternatives; installation of Variable Frequency Drives (VFD); upgrades to Building Management Systems (BMS); optimisation of chilled water pump systems; and implementation of occupancy-based cooling strategies. Additionally, the integration of adiabatic cooling for chillers; installation of motion/occupancy sensors; adoption of energy-efficient water heaters; upgrade of chiller plant manager; installation of water displacement bags at flush tanks; replacement of conventional lights to LED; and the use of programmable thermostats were pivotal initiatives that contributed to overall energy savings.

CASE STUDY 13: LEED Retrofit Projects

13

In 2023, we delivered nine LEED retrofit projects – eight in Dubai Media City and one in Dubai Internet City – underscoring our commitment to sustainable building practices and operational excellence.

Eight of these nine buildings have been LEED certified. The completion of these projects in 2023 is in addition to the existing 22 LEED buildings in our portfolio, resulting in a total of 30 LEED certified buildings.

The success of these LEED retrofit projects was significantly supported by initiatives stemming from our energy savings project. By aligning our energy efficiency efforts with LEED criteria, we successfully transformed existing structures into environmentally responsible and resource-efficient buildings.

As we continue to advance in this trajectory, our efforts in retrofitting older structures underscore our proactive approach in creating a built environment that prioritises environmental responsibility and resilience.

Key Highlights from 2023

	2022 Performance	2023 Plans	2023 Achievements
Energy Efficiency and Renewables	Electricity intensity = 8.19 KWh / sq ft. District Cooling intensity = 2.35 RTH / sq ft.	Achieve a 5% saving in utilities (electricity, water and district cooling) as compared to the approved budget*	**Achieved:** • 9.14% reduction in Electricity intensity from 8.19 KWh / sq ft in 2022 to 7.44 KWh / sq ft in 2023. • 1.28% reduction in District Cooling intensity from 2.35 RTH / sq ft in 2022 to 2.32 RTH / sq ft in 2023.
	Solar Capacity = 7.765 MWp Electricity generation from solar = 11.14 GWh % electricity from solar = 6.57%	Improve solar power capacity by 5% compared to the available solar capacity of end of 2022 through planned solar PV projects at Dubai Science Park and Dubai Industrial City.	**Achieved:** • Solar Capacity = 8.341 MWp, increase of 7.42% from 2022. • Electricity generation from solar = 12.35 GWh, increase of 10.86% from 2022 • % electricity from solar = 7.13%, in 2022 contribution was 6.57%. **Highlights:** • Solar Project in Dubai Science Park completed. • Two solar projects in Dubai Industrial City in execution stage.
Water Efficiency	Water Intensity = 15.44 IG / sq ft	Achieve a 5% saving in utilities (electricity, water and chilled water) compared to approved budget.	Water Intensity = 16.62 IG / sq ft, an increase of 7.64% from 2022 due to energy-efficiency enhancements at four business districts and increased footfall and occupancy in six business districts.
Waste Management	Waste intensity = 1.03 kg / sq ft. Dubai Can initiative that saved 151,502 plastic bottles.	Work with waste management partners to run campaigns and improve recycling initiatives.	Waste intensity = 1.38 kg / sq ft, increase of 31.65% from 2022. **Achieved:** • Diversion of 9% of waste to Waste-to-Energy plant. • Dubai Can initiative that saved 670,174 plastic bottles.
	Undertook 2 E-waste Awareness campaigns	Install a new e-waste art sculpture called 'The Thinker' at Dubai Internet City.	**Achieved:** Sculpture installed in Dubai Internet City
Sustainable Buildings	22 LEED certified buildings – 16 with a Gold Rating and 6 with a Silver Rating.	4 buildings to be LEED certified.	**Achieved:** LEED certification of 8 buildings (6 Gold and 2 Platinum), resulting in a total of 30 LEED certified buildings.

Plans for 2024

	2024 Plans
Energy Efficiency and Renewables	Continue implementation of energy efficiency measures and increase our solar capacity.
Water Efficiency	Continue implementation of water efficiency measures and work towards a closed-water loop.
Waste Management	Focus on waste management, strengthen measures to divert waste from landfill, and enhance our contributing to the circular economy.
Reducing GHG Emissions	Improve our emissions data collection, accounting and reporting to include Scope 3, along with increased accuracy of figures for Scopes 1 and 2.
Sustainable Buildings	Improve our sustainable buildings portfolio by increasing the proportion of buildings within our portfolio with sustainable building certifications.

COP28 ENGAGEMENTS

As the UAE took the global stage by hosting COP28, TECOM Group was deeply engaged in supporting and advancing sustainability awareness initiatives across our districts and through collaborations with other agencies.

Among the most notable, this year's annual Dubai Design Week, curated in strategic partnership with Dubai Design District (d3), had a strong focus on sustainability. We also held a campaign at Dubai Knowledge Park and Dubai International Academic City concentrating on promoting academic programmes centred around sustainability. Furthermore, Dubai Science Park is developing a white paper covering various segments within the science sector, including sustainability. Early findings of the upcoming white paper were launched during a panel at COP28, outlining our commitment to supporting ESG integration and knowledge dissemination.

In collaboration with the Ministry of Climate Change and Environment (MOCCAE) and the Ministry of Industry and Advanced Technology (MoIAT), we inaugurated the THRYVE factory (which produces plant-based meat) at Dubai Industrial City. Additionally, AstraZeneca's Dubai Science Park offices have been unveiled as LEED Platinum certified, a testament to our dedication to sustainable infrastructure.

As the global push towards positive climate action prompts greater investment in sustainable food production, we inaugurated Sokovo (a vertical farm which produces leafy greens and microgreens) at Dubai Industrial City.

In partnership with Emirates Nature-WWF and the Environment Agency Abu Dhabi, we organised a themed escape room, providing an immersive experience to advocate for environmental awareness. Serving as a key sponsor for the Fortune Global Forum reinforced our dedication to global sustainability dialogues, while our in5 platform proudly showcased groundbreaking initiatives from 10 start-ups at COP28. In a landmark achievement for climate-tech, Midori Network, nurtured within the in5 ecosystem, has secured a substantial $200,000 in funding from Kirill Veselov, angel investor and former investment director of venture capital firm Mint Capital at COP28.

FORWARD-LOOKING STATEMENT

As we embark on the journey into 2024, TECOM Group is unwavering in its commitment to advancing sustainability across all facets of our business.

> The year ahead holds exciting promises as we chart a course toward a more sustainable, innovative, and impactful future.

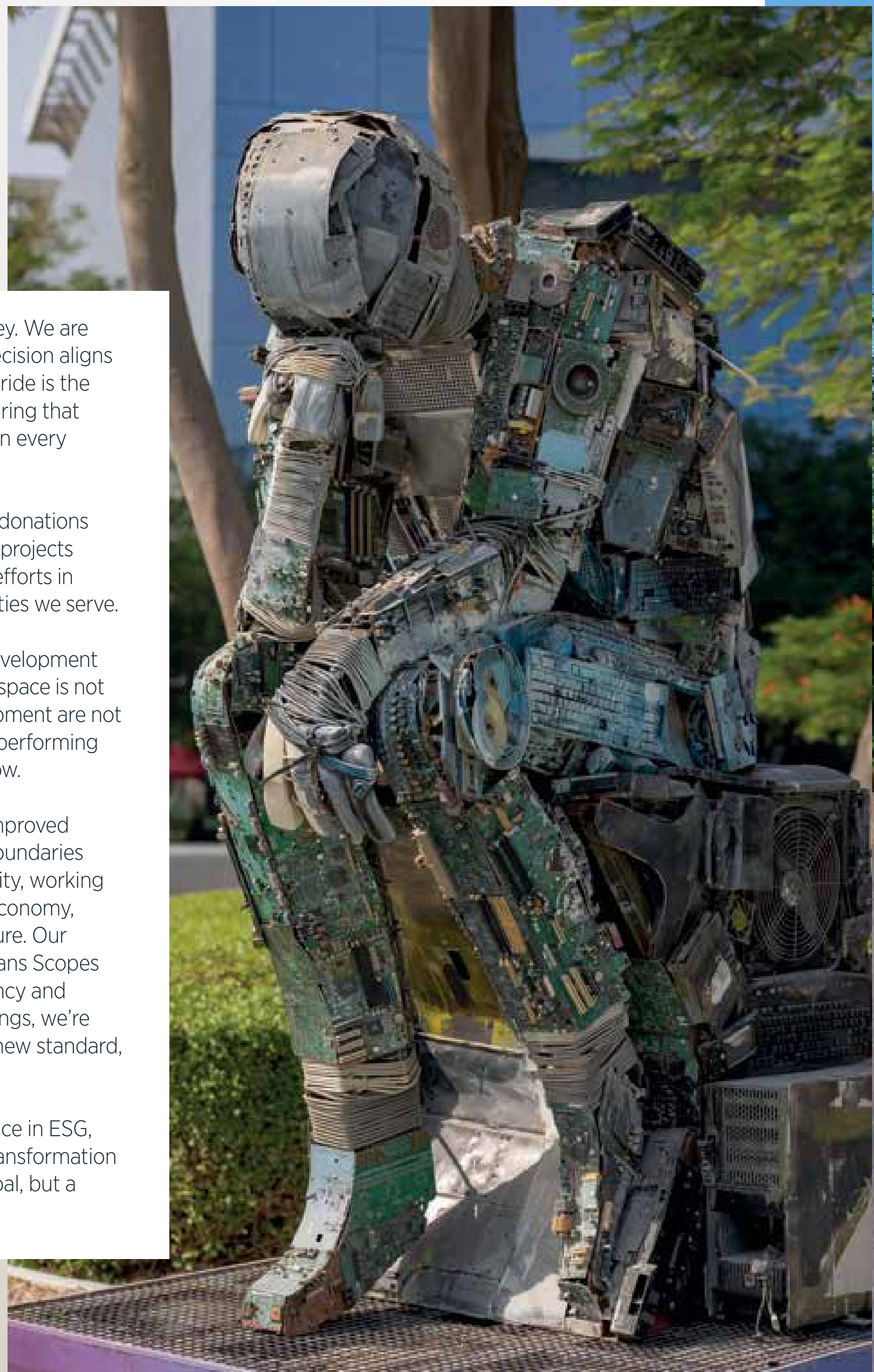
Our governance is undergoing a transformative journey. We are fostering a culture of ethical practices, where every decision aligns with our commitment to sustainability. A significant stride is the restructuring of our ESG governance framework, ensuring that sustainability isn't an addendum but is a cornerstone in every decision we make.

Community is at the heart of our endeavours. Beyond donations and fundraising, our commitment extends to strategic projects that uplift local communities. We are stepping up our efforts in employee volunteering, connecting with the communities we serve.

We continue to prioritise the well-being, safety, and development of our employees. Investing in a safe and healthy workspace is not just a commitment; it's a promise. Training and development are not mere initiatives; they are the building blocks of a high-performing workforce ready to navigate the challenges of tomorrow.

Beyond aiming for energy and water efficiency and improved waste management practices, we want to push the boundaries of what is possible. We are expanding our solar capacity, working towards a closed-water loop, and creating a circular economy, where every resource contributes to a sustainable future. Our commitment to accurate emissions data collection spans Scopes 1, 2, and 3, a testament to our dedication to transparency and accountability. And in our pursuit of sustainable buildings, we're not merely increasing the proportion; we're setting a new standard, where every building is a beacon of sustainability.

In 2024, TECOM Group continues to strive for excellence in ESG, reflecting our dedication to embark on a journey of transformation and innovation, where sustainability is not merely a goal, but a way of life.



Dubai Design District

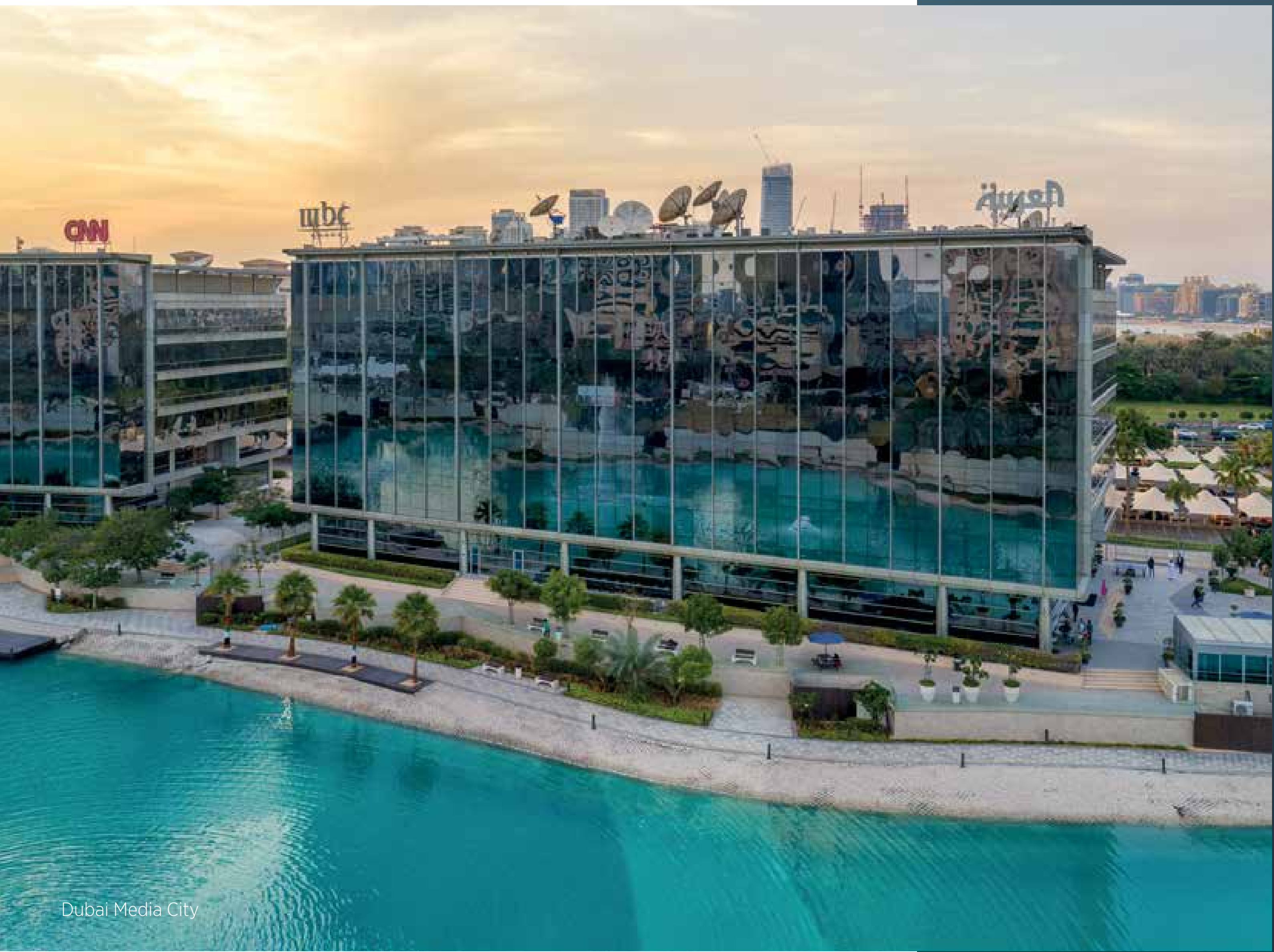
Corporate Governance

Our leadership team makes sure that good governance is an integral part of good performance

Contents

CHAIRMAN'S LETTER

As we reflect on the first full year of TECOM Group as a publicly listed company, I am pleased to present our Corporate Governance Report for 2023, on behalf of the Board of Directors.



Dubai Media City

This report underscores our commitment to continuously developing and adhering to high standards of corporate governance - a commitment that has been foundational to our achievements and is vital for our continued growth.

Our approach to corporate governance is rooted in fostering an open and transparent culture. We believe that such an environment is crucial for building trust among all our stakeholders. This transparency is not just a practice but a core value that shapes how we operate and make decisions at every level of our organisation.

A key aspect of our governance structure is the active engagement of our Board with management and stakeholders. This engagement ensures that we are responsive to the needs and expectations of those we serve, aligning our actions with the broader interests of our community and shareholders.

This year, the Board has played a pivotal role in setting the strategic direction of TECOM Group. Through its involvement, we have sharpened our focus, directing our energies toward initiatives that promise long-term sustainable success and growth.

Read more on page 129

A noteworthy highlight of the past year has been the diversity of experience and backgrounds represented on our Board. The varied perspectives of our Board Members have been instrumental in shaping a more holistic and inclusive approach to our business strategy.

Their collective expertise and insights have significantly contributed to our long-term success, underscoring the value of diversity in leadership.

We also conducted our first Board evaluation exercise since our listing. This exercise was a reflective process to ensure that our Board continues to operate effectively and in alignment with our strategic goals.

As we move forward, we remain dedicated to the principles of exemplary corporate governance, confident that this commitment will continue to be a cornerstone of our sustainable growth journey while supporting the success of those we serve each day across our thriving ecosystems.

Malek Al Malek
Chairman
TECOM Group

> **"We foster an open and transparent culture. This core value shapes how we operate and make decisions at every level of our organisation."**

AT A GLANCE

TECOM Group PJSC (the "Company" or "TECOM Group") is a company incorporated in Dubai and listed on the Dubai Financial Market ("DFM") since 5 July 2022.

The Company complies with the applicable regulations and governance requirements, in particular The Chairman of the Securities and Commodities Authority ("SCA") Board of Directors' Decision No. (3/R.M) of 2020 Concerning Approval of Joint Stock Companies Governance Guide, as amended from time to time ("Governance Guide").

The Company's Board of Directors ("the Board") is committed to adopting effective and robust corporate governance that promotes efficient and sound decision-making, and accountable and transparent conduct, to ensure the creation and safeguarding of long-term and sustainable shareholder value.

2023 highlights

Board meetings

5

Read more on page 134

Committee meetings

6
Audit Committee

5
Risk Committee

4
Nomination and Remuneration Committee

Read more on page 139

Board meetings attendance

100%

Read more on page 134

Engagement with investors

256
Investor engagements

4
Conferences and roadshows

Read more on page 155

Emiratisation and diversity

24% as at 31 Dec 2023
vs 23% as 31 Dec 2022

67
UAE nationals

31
Females

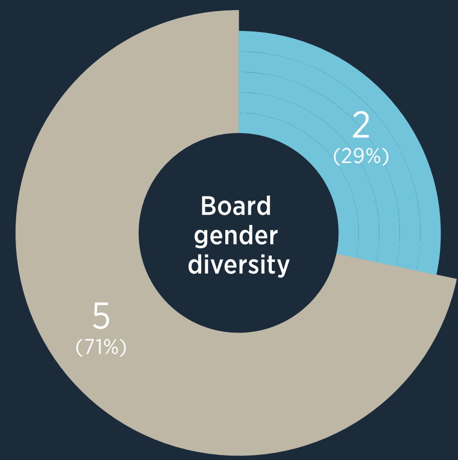
36
Males

Read more on page 133

Board strategy day

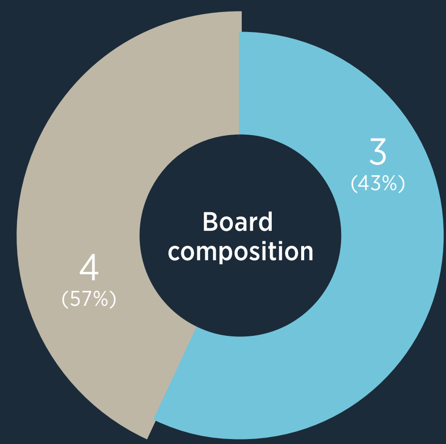
On 16 November 2023, TECOM Group marked a significant milestone in its journey of strategic planning and corporate governance.

Read more on page 129



Female
Male

Read more on page 133



Independent Non-Executive
Non-Executive

OUR GOVERNANCE FRAMEWORK

TECOM Group's governance framework was designed to comply with the applicable rules and regulations and adopt international best practices. It aims to ensure the strategic guidance of the Company, the effective monitoring of management by the Board, and the Board's accountability to the Company and the shareholders. It demonstrates the four pillars outlined in the Governance Guide: Accountability, Responsibility, Fairness, and Transparency and Disclosure.

Accountability

The Board ensures there is adequate, effective, well-defined and well-integrated risk management, internal control and compliance frameworks.

Fairness

The Board ensures that the rights of all shareholders and stakeholders are properly safeguarded and there is an effective dialogue between the Board and the shareholders and stakeholders.

Responsibility

The Board is responsible for overseeing the management of the Company and monitoring its performance. The Board is required to act in the best interests of the Company.

Transparency and Disclosure

The Board is responsible for ensuring that the shareholders and stakeholders are informed about the Company's activities, plans and any risks involved in its business. Transparency boosts the shareholders confidence in the decision-making and management of the Company. Timely and adequate disclosures of financial performance, strategic and material events, as well as the integrated report reinforce the Company's commitment to transparency and disclosure.

The Board has the ultimate responsibility to monitor the effectiveness of the governance framework and amending it, as and when necessary.

Dubai Internet City

Governance Framework

Shareholders

Board
- Strategic direction
- Long-term shareholder value
- Dividend declaration
- Interests of all stakeholders
- Delegation of Authority

Board Committees

Audit Committee
- Integrity of financial statements
- Efficiency of internal controls
- Compliance framework
- Assessment of external auditor
- Governance Framework

Risk Committee
- Risk management strategy
- Effective risk management framework
- Business continuity and disaster recovery plans
- Sustainability framework and awareness program

Nomination and Remuneration Committee
- Remuneration and annual incentive plans
- Succession planning
- Nomination of Directors
- Human capital policies
- Executive management performance and KPIs

Compliance

Internal Audit

Risk Management

CEO
- Overall financial performance
- Overall strategy implementation
- Operational decisions
- Communication with the Board and investors

Executive Committees

Management Committee
- Oversight of strategy implementation
- Financial performance
- Policy development and implementation
- Investment and transactions
- Sustainability and culture

Crisis Management Committee
- Oversight and directing the response/recovery from crisis
- Crisis communication policy and plan

Integrity Committee
- Oversight and management of whistleblowing processes
- Oversight and management of investigations

Insider and Disclosure Committee
- Managing share dealing and insiders list
- Trading reports
- Regulatory disclosures

Balanced Scorecard Review Committee
- Balance scorecard framework
- Management and monitoring of corporate KPIs to meet corporate objectives

Tender Committee
- Oversight and monitoring of tendering process
- Governance of procurement process
- Approvals and recommendations in line with Delegation of Authority

KEY GOVERNANCE FRAMEWORK POLICIES

In line with our commitment to developing and implementing robust corporate governance that safeguards the business and support strategic progress, TECOM Group has put in place a range of key policies that form an integral part of its governance framework.

Director Nomination and Election Policy
TECOM Group's Board of Directors is dedicated to maintaining a qualified and competent Board to set the strategic direction of the Company and ensure proactive oversight and management of the interests of all its stakeholders. The Director Nomination and Election Policy defines the process to address the nomination and election requirements, and ensures the Board's diversity.

Director Remuneration Policy
TECOM Group's Board of Directors and the Nomination and Remuneration Committee (NRC) are committed to ensuring that the level and composition of remuneration to the Board Members are sufficient and justifiable to attract and maintain talented individuals able to fulfil the duties and responsibilities of a Board Director. The Director Remuneration Policy outlines the method and types of remuneration for its Members, for their roles, contributions and participation in the Board and Board Committees. It was approved at the General Assembly held on 14 March 2023.

Dividend Policy
TECOM Group's Board ensures a clear policy for the distribution of the Company's profits in a manner that serves the interests of both the Company and the shareholders. The Dividend Policy defines the principles of determining, declaring and paying dividends. Approved at the General Assembly held on 14 March 2023.

Disclosure Policy
TECOM Group's Board of Directors is responsible for ensuring that all disclosures provide sufficient, timely, accurate and true information to shareholders and investors. The Board ensures the Company's affairs are conducted in a fair and transparent manner and that all shareholders are treated equally and fairly. The Disclosure Policy sets out the fundamental principles and responsibilities for all employees involved in handling material information related to the business activities of the Company's assets, owned and/or operated. It regulates the relationship with the Company's stakeholders to ensure the Company's fulfilment of its obligations towards all stakeholders, preserving their rights and providing them with required information, and establishing sound relations with them in accordance with the regulatory requirements and best practices.

External Auditor Policy
TECOM Group's Board of Directors and Audit Committee are committed to ensuring the suitability, objectivity and independence as well as the sound performance of the external auditor. The Company has established a transparent and formal relationship with the external auditor, who is ultimately accountable to the Company's shareholders and plays an essential role in providing credibility to the financial statements by performing the requisite audit procedures. The External Auditor Policy defines the guidelines and procedures for the Audit Committee to assess and monitor the external auditors.

Governance in Action

Board Strategy Day

On 16 November 2023, TECOM Group marked a significant milestone in its journey of strategic planning and corporate governance. The Board of Directors, alongside the senior management, convened for a pivotal Board Strategy Day workshop. This gathering was a collaborative and forward-looking session dedicated to sculpting the future trajectory of the Company.

The agenda of the day centred on dissecting and understanding megatrends, especially those shaping the commercial real estate sectors, as the foundation for more effective strategic planning. The discussion delved into various themes, each critical to the evolving landscape of our business environment:

- **Real Estate Trends and Innovation Cities:** Exploring how innovative urban planning and development are reshaping the real estate industry.
- **Future of the Workplace:** Understanding the changing dynamics of workspaces in response to new working patterns and technological advancements.
- **Future of Cities:** Assessing how urban centres are evolving in terms of sustainability, connectivity and liveability.
- **Future of the Region:** Evaluating the broader geopolitical and economic shifts impacting the Middle East and beyond.
- **Future of Industries:** Anticipating how various sectors are likely to evolve and their impact on real estate needs.

Setting TECOM Group's Strategic Direction
The strategy day was designed to deliver tangible outcomes. TECOM Group emerged from this workshop with a set of clear strategic imperatives, structured around three key dimensions:

Product Offerings

Innovating and diversifying our real estate portfolio to meet the future needs of a dynamic market.

Customers

Deepening our understanding of customer requirements and preferences to deliver exceptional value and service.

Internal Focus

Concentrating on our people and technology, ensuring that our team is equipped and our technological infrastructure is primed to support our strategic vision.

This Board Strategy Day exemplifies TECOM Group's commitment to proactive and participatory governance. By engaging both the Board and senior management in strategic planning, we ensure that our decisions are well-informed, comprehensive, and aligned with both current and future market realities.

Through initiatives like the Board Strategy Day, TECOM Group reaffirms its dedication to keep pace with the evolving business landscape and play a leadership role in shaping it. Our focus remains steadfast on sustaining growth, fostering innovation and continuing to be a leader in developing strategic, sector-focused business in Dubai.

For a detailed overview of our strategic priorities and progress.

Read more on page 37

OUR BOARD OF DIRECTORS

Malek Al Malek
Chairman
Non-Executive

Skills and experience

Malek Al Malek served as Group CEO of TECOM Group (2018-2020) and CEO of TECOM Business Parks (2013-2017). He has played an integral and strategic role in TECOM's growth story since joining in 2002, evolving the Group's status as a key enabler of Dubai's Knowledge Economy. He has consolidated TECOM's Group's position by launching innovative solutions that contributed to attracting major international and regional companies while creating an enabling environment for start-ups – many of which acquired unicorn status.

Malek holds a Bachelor's degree in Business Management from the Higher Colleges of Technology in UAE.

Other Membership or Joint-Stock Company Positions

Chairman of Emirates Integrated Telecommunications Company PJSC (EITC) (Du)

Other Key Regulatory, Government or Commercial Positions Education and certifications

Group CEO of DHAM L.L.C.

Director General of Dubai Development Authority (DDA)

Chairman of Dubai Institute of Design and Innovation and Centre of Excellence for Applied Research and Training

Board Member of Dubai Waste Management Company, Higher Colleges of Technology, Higher Committee for Future Technology & Digital Economy (Dubai)

Council Member of Dubai Freezone Council, Dubai Media Council and the Dubai Urban Planning 2040 Executive Council/Supreme Committee

A R NR

Ahmed Alqassim
Vice Chairman
Independent
Non-Executive

Ahmed Alqassim is a seasoned banking and management professional with more than 18 years of experience in commercial and investment banking. He is responsible for corporate and institutional coverage at Emirates NBD, a leading banking Group in the MENAT (Middle East, North Africa and Turkey) region.

He previously served as CEO of Dubai Group and held senior roles at General Electric and Mubadala – GE capital. He served as a Board member of Bank of Muscat, EFG-Hermes, Shuaa Capital and Sun Hung Kai properties.

Ahmed holds a Bachelors' degree in Engineering Management from the Higher Colleges of Technology in UAE and an MBA from the University of Victoria in Canada.

Group Head of Wholesale Banking at Emirates NBD Bank PJSC

Board Member of Emirates Post Group

A R

Aref Ahli
Independent
Non-Executive

Aref Ahli serves as the Executive Director of the Budget and Planning Division in the Department of Finance of the Government of Dubai, a position he has held since 2011. He held various positions at Dubai Municipality from 1989 to 2010. He served as financial expert in the courts of the UAE from 1994 to 1996, and as a manager in the audit office from 1993 to 2001. He is an active member of the Association of UAE Accountants and Auditors, and a member of the International Arab Society of Certified Accountants. He is a certified lecturer and Knowledge Ambassador at the Mohammed bin Rashid School of Government. Aref is a member of various judicial committees and the Government Financial Policy Coordination Council at the UAE level.

Aref holds a Bachelor's degree in Accounting from UAE University and is a certified auditor by the Audit Department of the Ministry of Economy.

Executive Director of Budget and Planning Division, Department of Finance of the Government of Dubai

NR

Aysha Miran
Independent
Non-Executive

Aysha Miran has over 20 years of experience within the public sector. She has expertise within the realm of strategy management, as well as knowledge within a multitude of disciplines including strategic planning, performance management, policy-making and governance within the public sector. She started her career with The Executive Office, a private office of HH Sheikh Mohammed Bin Rashid Al Maktoum in 2002. She previously held the position of Assistant Secretary General, Strategy Management and Governance Sector at the Executive Council Government of Dubai , with specific focus on setting the strategic agenda for the Executive Council and its Strategic Affairs Council and assisting in decision making.

Aysha holds a Master's in International Business Law from Paris II and an EMBA from American University of Sharjah. She has an Executive Diploma in Public Administration from National University of Singapore and is certified in Balance Scorecard Practice.

Director General, Knowledge and Human Development Authority

Board Member of Knowledge Fund Establishment

Deputy Chairperson of Mohammed Bin Rashid School of Government

A Member of the Audit Committee
R Member of the Risk Committee
NR Member of the Nomination and Remuneration Committee
Chair of the Audit Committee
Chair of the Risk Committee
Chair of the Nomination and Remuneration Committee

OUR BOARD OF DIRECTORS CONTINUED

NR

Fatima Hussain
Non-Executive

Skills and experience

Fatima Hussain has worked with several reputed private and semi-government organisations across various strategic HR disciplines that include performance management, total rewards, talent acquisition and development, Emiratisation and talent redeployment. She has partnered with senior leadership and C-Level executives to lead various critical projects related to quality management and business process improvement in order to realise organisational effectiveness and achieve set business objectives. Fatima is a Senior Assessor Member with the Department of Economic Development in Dubai for Human Development Awards.

Fatima holds a Master's degree in Business Administration from University of Dubai and completed an executive leadership programme from Wharton Business School (United States).

Other Membership or Joint-Stock Company Positions

Chairperson of Takaful Emarat Insurance PSC

Other Key Regulatory, Government or Commercial Positions Education and certifications

Chief People Officer of Dubai Holding LLC

Board Member and Chairperson of the Nomination and Remuneration Committee of Memaar Building Systems LLC

Board Member and Member of the Nomination and Remuneration Committee of Ell Capital PSC

A R

Amit Kaushal
Non-Executive

Under Amit's leadership, Dubai Holding has achieved sustainable economic growth and accomplished unparalleled results, further cementing Dubai Holding's position as one of the UAE's largest and most diverse investment conglomerates.

Amit has vast experience in financial services, having spent more than a decade in the earlier years of his career with leading investment banks in London and Dubai, where he worked for Goldman Sachs, UBS and Deutsche Bank across transaction advisory, structuring and capital markets disciplines.

Amit holds a Master of Philosophy degree in Finance from the University of Cambridge and a BSc (First Class Hons.) in Mathematics, Operational Research, Statistics and Economics from the University of Warwick.

Board Member of Emirates Central Cooling Systems Corporation PJSC

Group Chief Executive Officer of Dubai Holding LLC

Board Member of Azadea Holding Company DIFC Ltd

Advisory Board Member of Warwick Business School

NR

Omar Karim
Non-Executive

Omar Karim oversees the investment strategy of a US$35 billion multinational portfolio of strategic and financial investments across real estate, hospitality, leisure and entertainment, telecommunications and media, travel and tourism, consumer retail and sustainable and renewable energy.

Before joining Dubai Holding, Omar served as an investment banker at UBS Investment Bank (NYSE:UBS).

Omar started his career at KPMG in Australia in their corporate finance practice.

Omar holds a Bachelor's degree in Accounting and Finance from Monash University in Australia.

Chief Investment Officer of Dubai Holding LLC

Chairman of Merex Investment Group LLC

Board Member of Azadea Holding Company DIFC Ltd

Board Member of Shamal Venture Cruise Terminal LLC

Board member of Certares Holdings (Blockable) LLC

Board member of Dubai Hills Estate LLC, Dubai Hills Estate Retail LLC, Dubai Hills Estate Hospitality LLC and Dubai Hills Estate District Cooling LLC

Board Member of Aurora Holding Company Limited

A Member of the Audit Committee
R Member of the Risk Committee
NR Member of the Nomination and Remuneration Committee
Chair of the Audit Committee
Chair of the Risk Committee
Chair of the Nomination and Remuneration Committee

Board Diversity

The composition and diversity of the TECOM Group Board exemplify our commitment to progressive leadership and diverse representation at every level of the Group. Our Board's diversity spans gender, nationality, age and professional background, reflecting a broad spectrum of perspectives and expertise.

With 28.57% female representation, our Board proudly exceeds the SCA mandate, which requires public joint-stock companies listed in the financial markets to achieve at least 20% female representation on their boards.

Our Board comprises of seven members from three countries: five are Emirati, one British and one Australian. We have three Independent Non-Executive Directors and four Non-Executive Directors. The average age of our Board Members is 43.7 years old and the average tenure is 1.5 years, as of year-end 2023.

At TECOM Group, we believe in genuine inclusion. Our approach to diversity is rooted in the conviction that diverse boards are more effective, bringing a range of perspectives that drive better decision-making and foster a more inclusive corporate culture. The diversity of our Board is a testament to our commitment to leading by example in the realm of corporate governance and ethical business practices.

Through our ongoing efforts, TECOM Group will continue to champion the cause of boardroom diversity and inclusiveness, setting the standard for our Company, partners and market.

Board gender diversity
28.5%
Female
71.5%
Male

Board composition
43%
Independent Non-Executive
57%
Non-Executive

Average age
43.7 years

Average Tenure
1.5 years

OUR BOARD OF DIRECTORS CONTINUED

Board Roles and Responsibilities

The Board is the decision-making authority for all matters of significance to the Company of strategic, financial or reputational consequences or implications. The Board provides strategic leadership and is responsible for leading the Company towards the attainment of its vision and goals. The Board has the final authority to decide on all matters except those reserved for shareholders' approval at the General Assembly meeting. The Board Charter provides the key functions of the Board and the guiding principles for its composition, responsibilities and accountabilities.

Key Areas of Responsibility

- Adopting the strategic approaches and main objectives of the Company and supervising implementation thereof.
- Taking the necessary procedures to ensure an efficient internal auditing function.
- Ensuring the establishment of a compliance function, adopting policies and procedures to ensure compliance with applicable laws, regulations and the requirements of the supervisory authorities.
- Setting risk management strategy and determining the risk appetite.
- Specifying the optimal capital structure, strategies, financial objectives and approving annual budgets.
- Setting performance objectives and monitoring implementation and the overall performance of the Company.
- Setting clear and precise standards and procedures for the nomination, remuneration and development of Directors.
- Setting a clear delegation policy.
- Setting a code of conduct.
- Setting transparency and disclosure policies including inside information and share dealing code.
- Adopting criteria for granting incentives, bonuses and privileges to Directors and senior executive management in a manner that serves the Company's interest and realises its objectives.
- Setting a clear policy for distribution of the Company's profits.
- Ensuring the protection of shareholders' interests and Company assets.
- Setting policies on sustainability, gender diversity and human resources.

Date of Board Meeting	Number of attendees	Number of attendees by proxy	Names of absent members
9 February 2023	7	–	–
2 May 2023	7	–	–
1 August 2023	7	–	–
31 October 2023	7	–	–
11 December 2023	7	–	–

Key Activities during 2023

- Approved the 2023 quarterly and 2022 full year financial statements.
- Considered and approved payment of interim cash dividend of AED 400 million for the first six-month period ending 30 June 2023.
- Reviewed and approved 2022 performance incentive plan.
- Approved the Internal Controls over Financial Reporting Framework.
- Considered and approved the 2024-2028 Business Plan, 2024 Budget and Balanced Scorecard.
- Considered and approved debt refinancing.
- Considered and recommended the Directors' remuneration, Directors' Remuneration Policy and Dividend Policy for shareholders' approval at the General Assembly.
- Approved the Group Investment Policy.

The Board did not issue any decisions by passing during the financial year 2023.


Dubai Design District

Board Remuneration

The Board remuneration proposal for 2023, AED 5,990,000 plus VAT (including Sitting Fees), will be presented to the shareholders for approval at the Annual General Assembly, taking place on 4 March 2024.

The Members of the Board are entitled to a 'Sitting Fee' for attending the Board Committees' meetings. The proposed Sitting Fees are outlined in the table below and will be presented to the shareholders for approval at the Annual General Assembly.

		Number of meetings attended			
Director Name	Sitting fee in AED	Audit Committee	Risk Committee	Nomination & Remuneration Committee	Total in AED
Aref Ahli	10,000	6	5	–	**110,000**
Ahmed Alqassim	10,000	6	5	4	**150,000**
Amit Kaushal	10,000	6	5	–	**110,000**
Fatima Hussain	10,000	–	–	4	**40,000**
Omar Karim	10,000	–	–	4	**40,000**
Aysha Miran	10,000	–	–	4	**40,000**
Total					**490,000**

The Board Members did not and will not receive any additional allowances, salaries or fees other than the allowances for attending the Committees' meetings.

Board Evaluation

At TECOM Group, Board evaluation is more than a procedural task; it is a cornerstone of our Corporate Governance Framework. Recognising its significance, our Board considers this evaluation an integral component for enhancing governance, fostering accountability, promoting transparency and reinforcing strategic thinking.

Board evaluation at TECOM Group serves multiple purposes, including:

- Strengthening governance practices.
- Fostering a culture of accountability and transparency.
- Encouraging strategic thinking, leadership and collaboration.
- Sending a positive signal to investors and stakeholders about our commitment to good governance.
- Aiding in efficient decision-making.
- Demonstrating our commitment to continually developing the Board's capabilities.

Annual Evaluation Process

The evaluation of the Board and its Committees is an annual exercise. The process follows a three-year cycle, with evaluations being internally facilitated for two years and externally facilitated every third year in line with the Securities and Commodities Authority's (SCA) Governance Guide. The Chairman of the Board, aided by the Company Secretary, leads this process. To ensure candour and honesty in feedback, the responses are collected anonymously.

Impact and Outcome

This structured evaluation process plays a pivotal role in ensuring that TECOM Group's Board remains dynamic, effective and aligned with the evolving needs of the business and its stakeholders. It is a testament to our dedication to excellence in corporate governance and our unwavering commitment to the continuous improvement of our leadership and governance practices.

The evaluation process follows a seven-step process:

Define Objectives
Setting clear goals for what the evaluation aims to achieve.

Determine Evaluation Scope
Identifying who will be evaluated, including the Board, its Committees and individual Directors.

Establish Methodology
Selecting appropriate evaluation method be it questionnaires, surveys or one-on-one interviews.

Conduct Evaluation
Utilising an electronic platform for efficient and effective data gathering.

Analyse Results
Evaluating both qualitative and quantitative data to gain comprehensive insights.

Finalise and Submit Report
Compiling findings into a report for Board review.

Develop and Implement Action Plan
Creating an action plan based on the evaluation results, setting a timeline for each action and regularly monitoring the progress.

OUR BOARD OF DIRECTORS CONTINUED

Board Training and Development

At TECOM Group, we recognise that the continuous training and development of our Board of Directors is not just an option, but a necessity for fostering strong corporate governance and ensuring informed decision-making at the highest level.

This year, we placed a high emphasis on enhancing the knowledge and skills of our Board Members, reflecting our belief that an informed Board is integral to the success and integrity of our Company. In line with this commitment, our Board Members received updates and briefings on critical topics, including:

- **Related Party Transactions:** Al Tamimi & Company delivered a presentation on related party transactions. The briefing covered the legal and governance requirements as per the applicable rules and regulations, including the Directors fiduciary duties, accountability and liabilities of the Board Members, the transparency and disclosure obligations and management of conflict of interests.

- **Effective Corporate Governance:** Hawkamah (The Institute of Governance) delivered a presentation on corporate governance. The briefing covered governance vs compliance, the evolving focus and role of the Board, authority and responsibility, strategy, Board and culture, stakeholder engagement, sustainability and Board evaluation.

All the Board Members attended both briefings.

Board Share Dealings

The Share Dealing Policy provides the framework for Board Members and employees while dealing with the Company's securities. It ensures appropriate controls are embedded, and relevant notifications and clearances are obtained as necessary. The Board is committed to complying with the Policy and the disclosure requirements.

Based on the disclosures made by the Board Members, the table below shows the dealings of the Board and their first-degree relatives in TECOM Group securities during 2023.

Name	Position	Owned Shares as on 31/12/2023	Total sale	Total purchase
Malek Al Malek	Chairman	0	0	0
Ahmed Alqassim	Vice Chairman	0	0	0
Aref Ahli	Board Member	0	0	0
Aysha Miran	Board Member	0	0	0
Fatima Hussain	Board Member	0	0	0
Amit Kaushal	Board Member	0	0	0
Omar Karim	Board Member	0	0	0

Board Delegation

The Board delegated the day-to-day management of the Company to the Chief Executive Officer, in line with the approved Delegation of Authority.

The Board defined and approved the Company's delegation of authority which determines the types and maximum number of obligations that may be approved by the Chief Executive Officer, matters reserved for General Assembly, Board or Board Committees approval. The Delegation of Authority facilitates the effective decision-making process and the ability to be resilient in response to market demands.

The key responsibilities delegated include:

- Implementing the Company's strategy as determined by the Board.
- Developing and implementing the risk management framework, as determined by the Board and subject to the oversight of the Risk Committee.
- Developing and implementing the internal control and compliance frameworks, subject to the oversight of the Audit Committee.
- Developing and implementing TECOM Group Remuneration Policy, as determined by the Board and subject to the oversight of the Nomination and Remuneration Committee.

Authorised person	Power of authorisation	Duration of authorisation
Chief Executive Officer	To undertake the day-to-day management of the Company, subject to the limits set by the Board.	Valid until revoked by the Board.

Company Secretary

The Board appointed Mrs. Ritva Kassis-Nicholas as Company Secretary effective 19 September 2022.

Mrs. Nicholas is a Chartered Governance Professional and Chartered Company Secretary, an ethics and compliance specialist with over 15 years of experience in listed companies across various industries. She is a Fellow of the Chartered Governance Institute (UK) and holds an MSc in Corporate Governance from London South Bank University.

Dubai Outsource City

BOARD COMMITTEES

The Board established three Board Committees: Audit Committee ("AC"), Risk Committee ("RC") and Nomination and Remuneration Committee ("NRC") (collectively, "the Committees").

The Committees support the Board in discharging its duties. Each Committee focuses on a specific area of expertise and makes informed decisions within its delegated authority by the Board and reports regularly to the Board.

The Board delegated some of its authority to the Committees, with each Committee governed by its own charter. The table on the right shows the membership of each Committee.

Name	Audit Committee	Risk Committee	Nomination and Remuneration Committee
Ahmed Alqassim	Member	Member	Chair
Amit Kaushal	Member	Member	
Omar Karim			Member
Fatma Hussain			Member
Aysha Miran			Member
Aref Ahli	Chair	Chair	

Audit Committee

"As Chairperson of the Audit Committee at TECOM Group, it is my responsibility to ensure the effectiveness and integrity of our financial reporting and audit processes. Our commitment to rigorous compliance with the UAE's regulations, the SCA and the DFM is paramount. We continuously strive to enhance the governance and financial transparency that our stakeholders expect from us."

Mr. Aref Ahli
Chairperson, Audit Committee

Key focus areas/achievements in 2023

- Reviewed and endorsed the 2023 quarterly financial statements and 2022 full year financial statements.
- Considered and approved internal audit annual budget and plan.
- Completed the external auditor's assessment.
- Reviewed the quarterly internal audit reports.
- Considered and endorsed the Internal Controls over Financial Reporting (ICFR) Framework.
- Considered and reviewed fraud risk assessments.
- Approved the Company's Compliance Manual.

Mr. Aref Ahli, Chairperson of the AC, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.

The AC gives due consideration to the applicable laws and regulations of the UAE, the SCA and the DFM, including the provisions of the Governance Rules.

The AC assists the Board in discharging its responsibilities concerning financial reporting, external and internal audits and controls, including:

- reviewing and monitoring the integrity of the Company's annual and interim financial statements,
- reviewing and monitoring the extent of the non-audit work undertaken by external auditors,
- advising on the appointment of external auditors,
- overseeing the relationship with the external auditors,
- reviewing the effectiveness of the external audit process, and
- reviewing the effectiveness of the Company's Internal Audit function.

The AC takes appropriate steps to ensure that the Company's external auditors are independent of the Company and intends to obtain written confirmation from the Company's auditors that they will comply with guidelines on independence issued by the relevant accountancy and auditing bodies.

The Governance Guide requires that the Audit Committee must comprise at least three Members who are Non-Executive Directors and have knowledge and expertise in financial and accounting matters, and at least two Members must be Independent. One of the Independent Members must be appointed as the Chairperson of the AC. The Company complies with these provisions and details of membership are defined hereafter.

Name	Position
Aref Ahli	Chairperson
Ahmed Alqassim	Member
Amit Kaushal	Member

The AC held six (6) meetings during the financial year ending 31 December 2023.

Date of Audit Committee meeting	Number of attendees in person	Number of attendees by proxy	Names of absent members
1 February 2023	3	–	–
8 February 2023	3	–	–
1 May 2023	3	–	–
31 July 2023	3	–	–
30 October 2023	3	–	–
7 December 2023	3	–	–

BOARD COMMITTEES CONTINUED

Risk Committee

"As Chairperson of the Risk Committee at TECOM Group, I am committed to ensuring the effectiveness of our risk management and sustainability strategies. We focus on maintaining robust internal controls and aligning our risk management framework with the highest governance standards, thereby safeguarding the Company's long-term interests."

Aref Ahli
Chairperson, Risk Committee

Key focus areas/achievements in 2023

- Appointed the Director of Risk and Compliance.
- Approved 2023 revised ERM plan.
- Reviewed and considered the quarterly risk reports.
- Approved 2024 plan and budget for Risk and Compliance.
- Considered and debated the corporate risks.
- Approved Crisis Communication Policy.
- Considered sustainability strategy and its implementation.

Mr. Aref Ahli, Chairperson of the RC, acknowledges his responsibility for the committee system in the Company, his review of its work mechanism and ensuring its effectiveness.

The RC assists the Board in discharging its duties concerning risk management and sustainability including:

- ensuring that appropriate systems and procedures are in place for effective risk management within the Company,
- analysing, evaluating and approving the effectiveness of internal risk management procedures and internal controls regularly,
- reviewing and recommending the risk management target operating model, framework, policies, risk appetite and tolerance to the Board,
- assessing whether the Company has appropriate up-to-date contingency, business continuity and disaster recovery plans, and
- ensuring that an effective sustainability strategy is in place and overseeing its implementation.

The Governance Guide requires that the Risk Committee must be comprised of at least three (3) Non-Executive Directors of which two (2) must be Independent Directors.

The Chairperson must be an Independent Director elected by the Committee.

The Company complies with these provisions and details of membership are defined hereafter.

Name	Position
Aref Ahli	Chairperson
Ahmed Alqassim	Member
Amit Kaushal	Member

The RC held five (5) meetings during the financial year ending 31 December 2023.

Date of Risk Committee meeting	Number of attendees in person	Number of attendees by proxy	Names of absent members
8 February 2023	3	–	–
1 May 2023	3	–	–
31 July 2023	3	–	–
30 October 2023	3	–	–
7 December 2023	3	–	–

Nomination and Remuneration Committee

"As Chairperson of the Nomination and Remuneration Committee at TECOM Group, I am dedicated to guiding the strategic composition and remuneration framework of our Board and senior management. We are pivotal in ensuring a balanced mix of skills and experience on the Board, and in establishing remuneration policies that align with the Company's goals and governance standards."

Ahmed Alqassim,
Chairperson, Nomination and Remuneration Committee

Key focus areas/achievements in 2023

- Reviewed and endorsed the Board Remuneration Policy.
- Reviewed and considered the discretionary increments during the year.
- Considered and recommended the Board remuneration for 2022.
- Reviewed and considered annual recruitment and Emiratisation.
- Reviewed the independence declarations of the Board Members and reported to the Board.
- Considered and endorsed the Board composition and skillset guidelines.

Mr. Ahmed Alqassim, Chairperson of the NRC, acknowledges his responsibility for the committee system in the Company, his review of its work mechanism and ensuring its effectiveness.

The NRC assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any Committees of the Board.
It is responsible for:

- evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and its Committees,
- monitoring the independent status of the Independent Non-Executive Directors, and
- reviewing periodically the Board's structure and identifying potential candidates to be appointed as Directors or Committee Members as the need may arise.

In addition, the NRC assists the Board in determining its responsibilities concerning remuneration, including:

- making recommendations to the Board on the Company's policy on executive remuneration,
- setting the over-arching principles, parameters and governance framework of the Remuneration Policy, and
- determining the individual remuneration and benefits package of each of the Company's Directors and senior management.

The Governance Rules require that the Nomination and Remuneration Committee must comprise of at least three (3) Members who are Non-Executive Directors, of whom at least two (2) must be Independent Directors. One of the Independent Members must be appointed as the Chairperson of the NRC. The Company complies with these provisions and details of membership are defined hereafter.

Name	Position
Ahmed Alqassim	Chairperson
Aysha Miran	Member
Fatima Hussain	Member
Omar Karim	Member

The NRC held four (4) meetings during the financial year ending 31 December 2023.

Date of Nomination and Remuneration Committee meeting	Number of attendees in person	Number of attendees by proxy	Names of absent members
7 February 2023	4	–	–
17 April 2023	4	–	–
31 July 2023	4	–	–
6 December 2023	4	–	–

BOARD COMMITTEES CONTINUED

Insider and Disclosure Committee

"As Chairperson of the Insider and Disclosure Committee of TECOM Group, I am committed to maintaining the transparency and integrity of the Group's trading activities by ensuring that all applicable laws in relation to disclosure and insider trading are adhered to. In addition, it is also my responsibility to provide guidance and educate our employees about disseminating any possible sensitive information, in order to safeguard and prevent any malpractice while trading TECOM Group's shares."

Haissam Baydoun,
Chairperson, Insider and Disclosure Committee

Haissam Baydoun, Chairperson of the Insiders and Disclosure Committee (IDC), acknowledges his duty to assist the Board with the oversight of the Company's obligations arising out of applicable laws and regulations in relation to insider trading, disclosure and transparency. Its responsibilities include:

- developing and implementing procedures to regularly review and update the Corporate Disclosure Policy and Share Dealing Policy while also monitoring the compliance for the same,
- identifying and establishing what constitutes material non-public information,
- determining the disclosure treatment of material and potential inside information and, where appropriate, ensuring its timely and accurate communication with the relevant authorities,
- educating our employees and reminding them about their responsibilities about treatment of such information,
- identifying employees and external consultants who have regular access to material non-public information and creating an insider list which is regularly updated,
- notifying SCA and DFM annually about the insider list. In addition, submitting a copy of the list to the authorities at any given time upon request, and
- preparing quarterly trading reports including concerns over any of the trades and submitting it to the Audit Committee.

Key Activities during 2023

- Reviewed the share dealing policy which was subsequently approved by the Board.
- Communicated to our employees about what constitutes material non-public information while also providing guidance regarding the adherence to the disclosure and transparency regulations in line with SCA and DFM requirements.
- Regularly reviewed, monitored and updated the insider list and the disclosure in line with the market regulations.
- Reviewed the quarterly trading reports while confirming that there were no abnormalities to report.
- Prepared the annual report for the Board summarising the activities carried by the Committee during the year.

The Insider and Disclosure Committee consists of:

Name	Job Title	Position
Haissam Baydoun	VP Corporate Finance	Chairperson
Matthew Madanat	Director Risk and Compliance	Member
Elizabeth Board	VP Legal	Member

The IDC held four (4) meetings during the financial year ending 31 December 2023.

Date of Meeting	Number of Attendees in Person	Number of Attendees by Proxy	Names of absent members
17 April 2023	2*	0	0
15 September 2023	3	0	0
30 November 2023	3	0	0
21 December 2023	3	0	0

* Note: The Director – Risk & Compliance joined TECOM Group in Q2 2023. He assumed his role as an IDC Member effective 1 June 2023.

OUR EXECUTIVE MANAGEMENT

Organisational Structure

TECOM Group has a dynamic management team comprised of seasoned executives with a proven track record and operating experience in the real estate industry.

Abdulla Belhoul Chief Executive Officer

Ammar Al Malik
Executive Vice President – Commercial Leasing

Saud Abu Alshawareb
Executive Vice President – Industrial Leasing

Ahmad Al Mheiri
Senior Vice President – Business Services

Michael Wunderbaldinger
Chief Financial Officer

Haif Zamzam
Senior Vice President – Strategy and Marketing

Abdulla Bahroozyan
Senior Vice President – Engineering

Dubai Knowledge Park

OUR EXECUTIVE MANAGEMENT CONTINUED

Executive Biographies

Abdulla Belhoul
Chief Executive Officer

Before he was appointed as Chief Executive Officer, Abdulla was the Chief Commercial Officer of DHAM, where he managed an extensive portfolio of 10 business districts, 20 leading retail destinations and 15 residential communities.

Abdulla was appointed Chief Executive Officer of Dubai Industrial City in 2013 and Chief Commercial Officer of TECOM Group in 2018.

Between 2007 and 2013, Abdulla held various leadership positions in Dubai Holding, overseeing the construction of key projects that make up Dubai's skyline today. From 2002 to 2007, he held various managerial positions at Dubai World Trade Centre and the Dubai Department of Civil Aviation's Engineering.

Michael Wunderbaldinger
Chief Financial Officer

Michael joined TECOM Group in 2014 as the Chief Financial Officer and served as the Chief Financial Officer of DHAM from 2020 to June 2022. Before joining TECOM Group, Michael was the Chief Financial Officer at Unibail-Rodamco-Westfield from 2007 to 2013, a listed and fully integrated commercial real estate conglomerate in Europe, where he was responsible for operations in Central and Eastern Europe. Between 1997 and 2007, Michael held various chief financial officer and chief operating officer roles at General Electric (GE Capital) with various responsibilities for European wide operations in the banking and real estate industries.

Ammar Al Malik
Executive Vice President (Commercial Leasing)

Ammar is responsible for the growth and development of nine business communities and for building an innovative ecosystem for companies and individuals.

Ammar joined the TECOM Group in 2005 and held a variety of leadership positions including Managing Director of Dubai Internet City and Dubai Outsource City, where he assumed the leadership of the technology sector within the Group's portfolio and established the position of those districts until they have become the region's leading technology hub.

Saud Abu Alshawareb
Executive Vice President (Industrial Leasing)

Saud is responsible for nurturing relationships with customers and attracting new business, determining Dubai Industrial City's strategic vision, and planning and implementing long-term business strategies to develop the sector as Dubai becomes a major destination for local, regional and global industrial and logistics companies. Saud has extensive experience and expertise in the food and beverage, machinery and equipment, transportation, minerals, base metals and chemical sectors.

Saud joined TECOM Group in 2006. He previously held the positions of Managing Director and Chief Operating Officer of Dubai Industrial City.

Haif Zamzam
Senior Vice President (Strategy and Marketing)

Haif joined TECOM Group in July 2020. Between 2016 and 2020, Haif held various leadership positions in Abu Dhabi National Oil Company (ADNOC), including as Vice President Transformation & Business Support and Vice President Group Strategy.

From 2015 to 2016, Haif was responsible for overseeing and managing the energy assets within Mubadala Development Company's portfolio. Prior to that, she worked with Boston Consulting Group on a range of projects in the GCC region (for public and private sectors). Haif began her career in 2008 at Masdar Group, where she was an active private equity investor and asset manager.

Abdulla Bahroozyan
Senior Vice President (Engineering)

Abdulla is responsible for the provision of state-of-the-art services and value-added engineering management solutions to TECOM Group in the areas of sustainable building solutions, facilities management, HSE, project delivery, interior design and overall property management. Abdulla joined TECOM Group in 2012 as Director of Facilities Management. Before that, Abdulla was in charge of facilities maintenance at National Petroleum Construction Company where he was also responsible for executing construction of offshore and onshore camp accommodation, office renovation and refurbishment. Abdulla commenced his career in 2007 as a Civil Engineer at Dubai Technology and Media Free Zone Authority.

Ahmad Al Mheiri
Senior Vice President (Business Services)

Ahmad joined the TECOM Group in 2017 as an Executive Director in axs and was responsible for leading digital transformation initiatives and the adoption of the state-of-the-art technologies, enabling the platform to provide a smooth 24/7 experience. Before 2017, Ahmad was the Executive Director of Business Development, Real Estate and Government Services at twofour54. Ahmad has extensive experience with over 15 years of working within free zones in the UAE, including Khalifa Industrial Zone and Jebel Ali Free Zone Authority.

> **"The Management team's experience and expertise is contributing to the sustainable, long-term expansion of TECOM Group's specialised business communities."**
>
> **Abdulla Belhoul**
> Chief Executive Officer

OUR EXECUTIVE MANAGEMENT CONTINUED

Executive Remuneration

The details of the executive management, their jobs, date of appointment and total salaries for the fiscal year 2023 are defined hereafter. The bonuses for 2023 will be considered by the NRC and approved by the Board in H1 2024.

Name	Position	Appointment date	Total salaries and allowances paid for 2023 (AED)	Total bonuses paid during 2023* (AED)	Any other cash/ in-kind bonuses for 2023 or due in the future
Abdulla Belhoul	Chief Executive Officer	7-Jan-2007	2,400,000	2,400,000	0
Michael Wunderbaldinger	Chief Financial Officer	1-Apr-2014	2,040,000	1,445,000	0
Ammar Al Malik	Executive Vice President (Commercial Leasing)	4-Sep-2005	1,200,000	800,000	0
Saud Abu Alshawareb	Executive Vice President (Industrial Leasing)	28-Aug-2006	1,200,000	800,000	0
Haif Zamzam	Senior Vice President (Strategy and Marketing)	1-Jul-2020	1,080,000	360,000	0
Abdulla Bahroozyan	Senior Vice President (Engineering)	1-Apr-2012	1,020,000	340,000	0
Ahmad Al Mheiri	Senior Vice President (Business Services)	4-Sep-2017	1,020,000	340,000	0

* Bonuses paid for 2022 as approved by the NRC during Q1 2023.

RELATED PARTY TRANSACTIONS

The Company has not entered into any transaction with related parties under the definitions provided for these terms in the Governance Guide: "The Chairman and Members of the Company Board, members of the senior executive management of the Company, employees of the Company and the companies in which any of such persons holds 30% or more of its capital, as well as subsidiaries or sister companies or affiliate companies".

Please refer to Note 10 in the notes to the audited financial statements, as it provides the key related party transactions as such term is defined in the International Financial Reporting Standards (IFRS) and which are already reflected in the consolidated financial statements for the year 2023, and carried out during the year in the normal course of business on the terms agreed between the parties.

INTERNAL CONTROLS AND COMPLIANCE

The Board's responsibility is to establish a robust framework that ensures the effectiveness of the internal control system. The AC and RC support the Board by reviewing the effectiveness of the Company's internal control and risk management systems, as well as assessing emerging and principal risks.

TECOM Group operates a three lines of defence model, enabling us to achieve effective risk management and internal control across the organisation.

FIRST LINE
Management

The first line, represented by business and process owners, plays a critical role in managing risks. They establish and maintain appropriate structures and processes for the management of operations and risk, including internal control. The first line is accountable for the ongoing management of risks through direct assessment, control and mitigation, and building an efficient control system for their functions.

SECOND LINE
Risk and Compliance

The second line helps ensure that the first line is properly designed, established and operating effectively. These functions complement the risk activities of the business through their monitoring and reporting responsibilities. The Risk function reports to the RC, while Compliance is overseen by the AC.

THIRD LINE
Independent Assurance

The Internal Audit ("IA") department provides the AC and management with independent and objective assurance on the effectiveness of governance, risk management and internal controls. This includes the way in which the first and second lines achieve risk management and control objectives. The IA Department reports to the Board via the AC to ensure the independence of the Department and its staff in carrying out their entrusted duties and responsibilities.

For more on TECOM Group's approach to risk management, please see page 86-93.

The IA Department is headed by Jahangir Ali Muhammad (Vice President – Internal Audit) since 1 July 2022. He has more than 23 years of experience in internal and external auditing, risk management, corporate governance, compliance and fraud investigations. He is a Fellow Chartered and Certified Accountant (FCCA), Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE) and UAE Chartered Accountants (UAECA).

The IA Department assists the Company in achieving its goals by employing a systematic and disciplined approach to evaluate and enhance risk management, internal control systems and governance processes. In the event of identifying a major problem within the scope of the IA process, the IA team collaborates with other functions/ departments within the Company to develop and implement a plan to effectively address the issue. This plan may involve introducing new controls or procedures, providing employee training or implementing other corrective actions. As per the approved annual audit plan, the IA Department has not encountered any significant issues within the Company that require disclosure in 2023.

During 2023, IA has issued 16 reports, including special reviews, and submitted four quarterly IA reports to the AC, summarising the key findings from the audits and reviews conducted during each quarter, the status of the audit log and key outstanding issues, and the status of the audit plan.

No violations were committed by the Company during 2023.

INTERNAL CONTROLS AND COMPLIANCE CONTINUED

Governance in Action

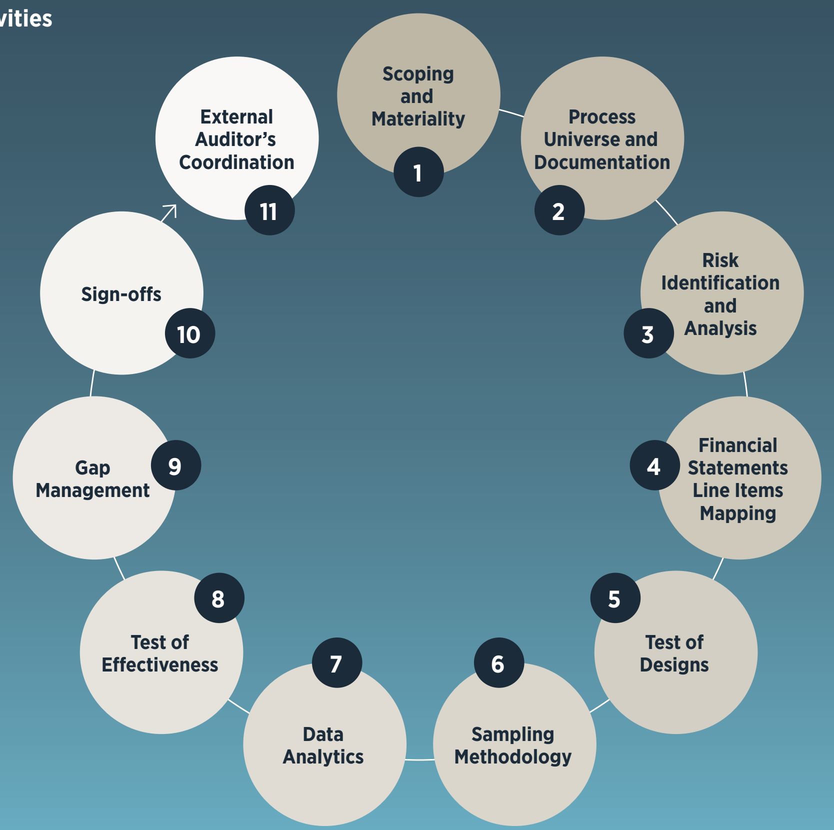
ICFR Implementation Supporting TECOM Group's Sustainable Growth and Ethical Corporate Culture

TECOM Group's transition to a publicly traded company in 2022 marked a significant milestone in its growth journey. Recognising the critical importance of robust internal controls over financial reporting (ICFR), the Board and management embarked on a strategic initiative to strengthen these controls. This move ensures the accuracy and reliability of our financial statements and is essential in boosting investor confidence.

Implementing ICFR
Our journey to formalise and implement an effective ICFR framework involved a structured approach, which included stakeholder meetings, risk assessment, operations assessment, document reviews and control design reviews.

After assessing various base frameworks, we adopted the COSO framework. Its comprehensive guidance materials, widespread regional adoption and compatibility with International Financial Reporting Standards (IFRS) made it the most suitable choice.

ICFR Activities



Meetings with stakeholders
40+

Risks and controls evaluated
235+

Documents reviewed
450+

One of the
pioneers in the region's real estate sector
to adopt ICFR

Voluntary adoption
of ICFR guidelines

TECOM Group ICFR Governance
The ICFR framework provides a clear governance structure, delineating roles and responsibilities across the organisation. This structure ensures that everyone understands and executes their responsibilities effectively.

Our ICFR framework outlines various activities to be performed throughout the year, aiming to achieve defined objectives. These activities, supported by detailed guidelines, provide a solid basis for consistent and reliable financial reporting.

Board of Directors
Oversee the system of internal controls within the organisation, approve the annual report and the financial statements

Internal Audit
Provide support to internal control team

Risk and Compliance
Provide support to internal control team

External Audit
Issue an opinion on the ICFR of the Company

Audit Committee
- Monitor the annual ICFR program to ensure compliance with accounting, statutory, legal and regulatory requirements.

Senior Management
- Establish strong control environment by providing leadership and direction to the entity.
- Sign the representation for ICFR of the entity.

ICFR PMO Team
- Lead the ICFR project and provide guidance to all internal control team and process owners.
- Coordinate with auditors and senior management.
- Periodic update and project management.

Internal Control Team
- Interim review of RCM and report to ICFR PMO.
- Liaison with process owners.
- Report to ICFR PMO team on status of each ICFR review and implementation.

Process Owners
- Responsible for implementation of entity policies, procedures, guidelines, standards and manual to ensure effective ICFR.
- Responsible for implementation of remediation of control gaps.

Benefits of ICFR Implementation
The implementation of the ICFR framework at TECOM Group has brought about several key benefits:
- **Enhanced Compliance:** Aligning with regulatory standards and best practices in financial reporting.
- **Higher Efficiency:** Streamlining processes and reducing the risk of errors in financial reporting.
- **Positive Audit Outcomes:** Facilitating smoother audits with fewer discrepancies.
- **Improved Shareholder Trust:** Building confidence among investors and stakeholders in the reliability and integrity of our financial statements.

The successful implementation of the ICFR framework is a testament to our dedication to upholding the highest standards of financial integrity and transparency.

INTERNAL CONTROLS AND COMPLIANCE CONTINUED

Compliance Officer
Matthew Madanat joined the Company on 25 May 2023 as Risk and Compliance Director. He brings a wealth of experience in compliance and risk management to the role. With a solid background in the real estate industry, Matthew has a track record spanning over a decade.

Previously, Matthew spent around seven years at Deloitte, followed by a four-year stint at PwC from February 2019 to May 2023 before moving to TECOM Group. During this time, Matthew gained valuable experience in compliance and risk management, working with a variety of organisations, including public, listed and private entities.

Matthew has been actively involved in establishing compliance programmes and functions with different entities, contributing to the security and regulatory adherence of the organisations he has worked with. This extensive experience equips Matthew with the knowledge and skills necessary to lead TECOM Group's compliance efforts effectively.

As Compliance Director, Matthew is committed to upholding the highest compliance standards, leveraging his substantial expertise to navigate the complex regulatory landscape on behalf of TECOM Group.

External Auditor
Deloitte in the UAE is part of Deloitte & Touche (M.E.). Deloitte & Touche (M.E.) is a member firm of Deloitte Touche Tohmatsu Limited (DTTL).

A core practice within the Middle East region, today Deloitte has over 7,000 professionals. They are a full-service firm in the UAE, and have well-developed practices serving leading enterprises and institutions in banking and financial services, real estate, leisure and hospitality, construction, public sector activities, trading, manufacturing, telecom, retail, and energy and resources.

Their clients include many of the United Arab Emirates' largest entities and clients in energy and resources, financial services institutions, real estate, construction, trading, and manufacturing in the public and governmental sectors.

Name of the audit office and partner auditor	**Deloitte & Touche (M.E.)** Partner: Firas Anabtawi
Number of years served as the Company external auditor	Five years (2019-2023)
The number of years that the partner auditor spent auditing the Company's accounts	One Year
Total audit fees for 2023 (AED)	AED 1,500,000
Fees and costs of other private services other than auditing the financial statements for 2023 (AED), if any, and in case of absence of any other fees, this shall be expressly stated.	AED 360,000 To issue an opinion on the effectiveness of the Internal Controls over Financial Reporting (ICFR)
Details and nature of the other services (if any). If there are no other services, this matter shall be stated expressly.	Nil
Statement of other services that an external auditor other than the Company accounts auditor provided during 2023 (if any). In the absence of another external auditor, this matter is explicitly stated.	No other external auditor provided services during 2023.

There were no reservations that Deloitte & Touche (M.E.) included in the interim financial statements and the annual financial statements for 2023.

ENGAGING AND INFORMING OUR SHAREHOLDERS

At TECOM Group, we place immense value on fostering transparent and robust engagement with our investors.

Our commitment to this endeavour is deeply rooted in the belief that a well-informed investment community is fundamental to understanding our strategic direction and the unique value proposition we offer.

We aim to ensure that our shareholders and potential investors are not just observers but informed participants in our journey. Throughout the year, we have actively participated in several investor conferences, conducted numerous investor meetings and hosted quarterly earnings calls. These initiatives are designed to provide comprehensive insights into the key drivers of our financial and operational performance, framed within the context of broader macroeconomic and operational conditions. Such transparency guides us in building trust and interest in the TECOM Group story, thereby widening our shareholder base.

For more information about how TECOM Group engages its shareholders.

Read more on page 94

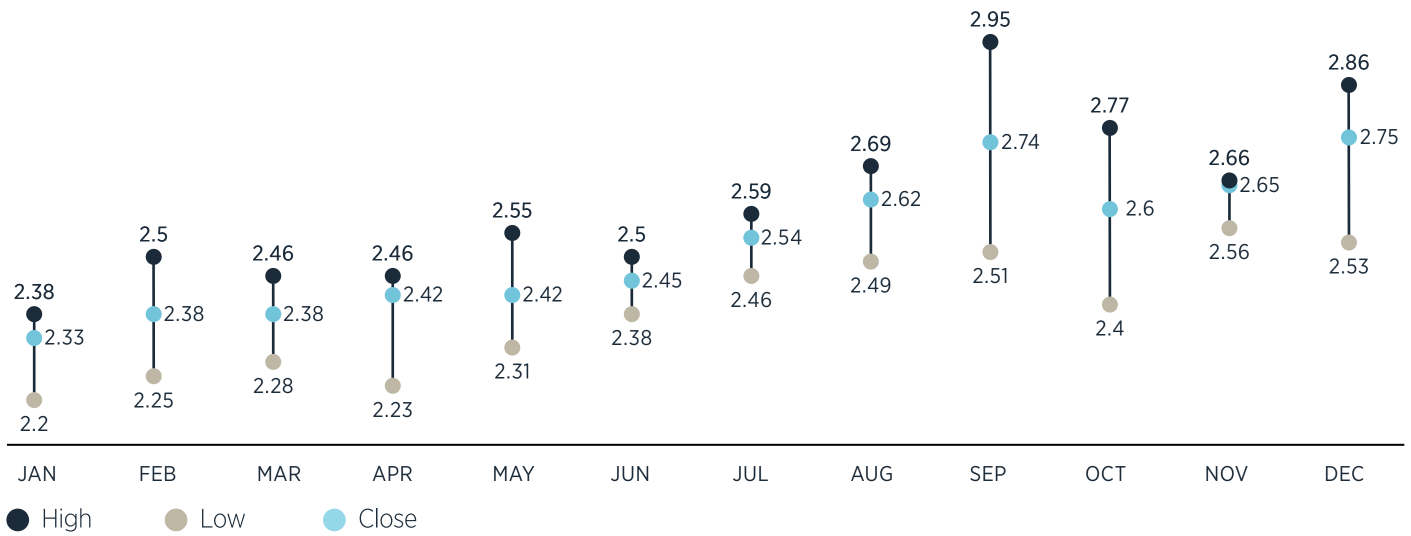
Our Investor Relations Policy guides our relationship with our shareholders to ensure that we fulfilment our obligations towards them, preserving their rights and providing them with the required information to make informed decisions, as well as establishing sound relations with them in accordance with regulatory requirements and best practices.

Mr. Ghaith Zghaibi was appointed Head of Investor Relations on 27 June 2022. He has over 17 years of experience in finance and investment management working at renowned private and listed companies in the UAE, including more than 10 years in Investor Relations and capital markets. He holds a Master's degree in Business Administration from the American University in Dubai.

Contact information:
Mr. Ghaith Zghaibi, Head of Investor Relations
Telephone: +97145682571
Email: ir@tecomgroup.ae

Shareholders can reach the investor relations page on the Company's website **www.tecomgroup.ae/investor-relations**

Share Price Activity during 2023
TECOM Group PJSC was admitted to trading on DFM on 5 July 2022. The share price activity defined hereafter is for the period 1 January to 31 December 2023.



ENGAGING AND INFORMING OUR SHAREHOLDERS CONTINUED

The Company's comparative performance with the general market index and sector index to which it belongs during 2023.

2023 Monthly Performance of TECOM Group Shares

2023	TECOM	DFMGI	Real Estate
January	2.33	3,303.27	5,143.180
February	2.38	3,437.76	5,207.380
March	2.38	3,406.72	5,413.710
April	2.42	3,544.79	5,664.520
May	2.42	3,567.30	5,821.150
June	2.45	3,791.99	6,187.360
July	2.54	4,059.27	6,662.400
August	2.62	4,082.87	6,865.630
September	2.74	4,163.58	7,457.100
October	2.60	3,877.08	6,394.480
November	2.65	3,992.36	7,071.570
December	2.75	4,059.80	7,324.140

Shareholders ownership distribution as of 31 December 2023

	Percentage of Owned Shares				
Shareholders Classification	Individuals	Companies	Banks	Government	Total
Local	2.01%	91.40%	0.45%	1.32%	95.18%
Arab	0.09%	0.00%	0.00%	0.00%	0.09%
GCC	0.36%	2.37%	0.01%	0.00%	2.74%
Foreign	0.23%	1.76%	0.00%	0.00%	1.99%
Total	**2.69%**	**95.53%**	**0.46%**	**1.32%**	**100.00%**

Shareholders owning 5% or more of the Company's capital as of 31 December 2023

Name	Number of Owned Shares	Percentage of Owned Shares of the Company's Capital
DHAM L.L.C.	4,235,000,000	86.50%

Shareholders Distribution
TECOM Group Shareholders according to the Size of the Ownership Stake as of 31 December 2023

Category	Number of Investors	Owned Quantity	Owned Quantity (%)
Less than 50,000	6,886	15,605,953	0.312
Between 50,000 and 500,000	184	31,690,846	0.634
Between 500,000 and 5,000,000	80	133,754,969	2.675
Greater than 5,000,000	26	4,818,948,232	96.379
Total	**7,176**	**5,000,000,000**	**100.000**

SUPPORTING OUR SOCIETY AND ENVIRONMENT

TECOM Group remains a force for positive change, partnering with worthy organisations and supporting outstanding charitable initiatives to contribute to the wellbeing and improvement of our local communities and the natural environment.

During 2023, cash and cash-in-kind contributions included:

Initiative	Funds Raised/Donations (AED)	Recipient
The Good Store	90,700	Emirates Red Crescent
Iftar Meals	180,000	Beit Al Khair Society
WeWalk	87,310	Dubai Autism Centre
Total	**358,010**	

Awareness campaigns

- Colon Cancer Campaign, and
- Pink Caravan

For more information about these activities and TECOM Group's broader ESG commitments and initiatives.

Read more on page 96

WeWalk at Dubai Science Park

DRIVING INNOVATION AND ENGAGEMENT

TECOM Group's reputation as a dynamic centre of innovation was reinforced during 2023, as we continued to identify and implement novel, differentiated products and services across our ecosystems to meet changing industry dynamics and customer needs. As business requirements change and the ways of working evolve, proactive innovation is a critical component of our future sustainable growth.

Innovation in Action

Launch of in5 Science

TECOM Group, in collaboration with Dubai Science Park, launched In5 Science in May 2023 to spur further innovation in Dubai. The incubator will facilitate entrepreneurship and investment for science-based start-ups, and also provide them with sector-specific support and facilitate access to investment for founders to set up and scale new businesses.

Active startups at in5

380

RelphaCare | Greener Crop | Sentient Labs

in5 Science has curated a holistic ecosystem for businesses in the life sciences, healthcare, wellness, food and agriculture, energy and environment sciences segments. in5 Science will also present a curated calendar of networking events, panel discussions and educational forums to cover pertinent topics by thought leaders in the science industry. Collaborating with Dubai Science Park allows in5 to tap into a global ecosystem of MNEs and regional SMEs across pharmaceuticals, healthcare, energy and environment, research, and development for partnership opportunities and access to specialised facilities.

There are currently several startups at in5 Science, and they are working towards solving pertinent issues, including:

Greener Crop

A start-up enabling vertical farming in the Middle East and Africa by offering a range of services, from farm set-up and maintenance to growth management, harvesting and produce sales. The start-up has customers across the US, UAE, Oman and Qatar.

Sentient Labs

The start-up employs advanced technologies such as robotics, artificial intelligence and the Internet of Things (IoT) to promote sea clean-up.

RelphaCare Technologies

A social healthcare tracking platform that enables real-time communication and monitoring by doctors and family.

We4Recycle

A mobile app-based door-to-door valet trash service that simplifies waste segregation at home and strives to increase the awareness of sustainable and environmentally conscious lifestyles.

Key 2023 events

TECOM Group and our vibrant communities across Dubai continued to set the pace in 2023, organising, hosting and taking part in a plethora of events and programs covering a wide range of key issues and exciting initiatives, including:

JANUARY	**Arab Health 2023** Dubai Science Park participated in the region's leading healthcare event, alongside industry key players.
FEBRUARY	**Step Conference** Step Conference, one of the region's leading tech focused events, kicked off its 11th edition, presented by Dubai Internet City. in5 showcased 20 innovative start-ups at the event. **Gulfood 2023** Dubai Industrial City participated in this year's edition of the world largest food exhibition that took place in DWTC, where it announced the expansion of one of its biggest customers into the Indian market.
MARCH	**Dubai Lynx** Dubai Lynx, region's creative festival, and Dubai Media City brought the brightest minds and creative talent together. **Dubai Fashion Week** First official Dubai Fashion Week at Dubai Design District (d3) recorded over 50% growth. **Annual General Assembly Meeting** TECOM Group PJSC held its Annual General Assembly Meeting at one of its major business parks, Dubai Internet City. During the meeting, shareholders approved the Group's financial statements for the year ended 31 December 2022 and a recommendation by the Board of Directors to distribute a cash dividend of AED 200 million in April 2023, bringing the total amount of dividend distributions for the second half of 2022 to AED 400 million. The shareholders resolved by a special resolution to amend the Company's articles of association which were subsequently approved by SCA and published in the official gazette.
APRIL	**The Good Store**
MAY	**Make Brilliance** Dubai Industrial City launched Make Brilliance campaign, synergising objectives with Make it in the Emirates and UAE's efforts to boost the manufacturing industry. Dubai Industrial City signed key strategic partnerships with MoIAT, MOCCAE, EDB and Dubai's DET to promote and grow UAE manufacturing sector. **CABSAT** Dubai Studio City participated at the event and was proud to bring together industry leaders across two informative sessions to explore the latest trends shaping the regional media and entertainment landscape.
JUNE	**Make It In The Emirates** Dubai Industrial City participated in the 2023 edition of Make it in the Emirates, which brought together the largest industrial players and enablers to boost local manufacturing. Dubai Industrial City confirmed almost AED 1 billion in investments at Make it in the Emirates Forum. **in5 Science Launch**
SEPTEMBER	**Anuga 2023** Dubai Industrial City participated in Anuga 2023 in Germany, spotlighting the importance of food security globally and locally.
OCTOBER	**GITEX Global 2023** Dubai Internet City participated in GITEX Global 2023. **North Star 2023** in5 revealed 20% growth in funding for its start-ups at the ultimate super connector event for global start-ups and investors, North Star 2023. **Dubai Fashion Week**
NOVEMBER	**WeWalk** The annual charitable walkathon focused on Autism empowerment. **Dubai Design Week** In strategic partnership with d3, Dubai Design Week and Downtown Design were organised. in5 presented region's largest 3D printed event stand at Dubai Design Week. **d3 Architecture Exhibition** d3 teamed up with the esteemed Royal Institute of British Architects (RIBA) Gulf Chapter to curate and launch what marks the fourth instalment of its architectural showcase, with the theme of this year's exhibition being Sustainability – Past, Present and Future. **Global Media Congress** Dubai Media City participated at the event and in panel discussion.
DECEMBER	**COP 28** Dubai Science Park shed the light on UAE's commitment to healthcare resilience and sustainability at COP28. in5 announced that its plastic recycling start-up Midori raised USD 200,000 in funding at COP28. **Sole DXB** Highly anticipated youth and contemporary culture festival in the region, organised in strategic partnership with d3.

Financial Statements

Delivering continuous growth and outstanding value creation for our shareholders.

Contents

BOARD OF DIRECTORS' REPORT

Dear Shareholders and Readers

The Board of Directors of TECOM Group PJSC (the "Company") has the pleasure in submitting their report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2023.

Board of Directors
The Board of Directors comprised of:

Chairman	Mr. Malek Sultan Rashed Al Malek
Vice Chairman	Mr. Ahmed Al Qassim
Members	Mr. Amit Kaushal
	Mr. Omar Karim
	Ms. Fatma Hussain
	Ms. Aisha Abdulla Miran
	Mr. Aref Abdulrahman Ahli

Principal activities
The principal activities of the Group are property leasing, development, facilities management and services.

Financial highlights
2023 was a successful year for the Group where exemplary growth in our top line revenue and net profit validated the strength of our strategy, building the Company's confidence and driving momentum. The Group emerged stronger, leaner and better equipped to advance its growth agenda.

Net Profit for the year increased by 49% to AED 1,078 million, compared to AED 726 million in 2022. This is mainly driven by solid revenue growth of 10% as Revenue in 2023 stood at a record high level of AED 2,169 million compared to AED 1,973 million achieved in 2022. This revenue growth was achieved across the board and was evident in all business segments and products.

In accordance with the Articles of Association of the Company and applicable UAE Federal Law, an apportionment of AED 22 million is made to legal reserve from the profits of the subsidiaries of the Group.

On 30 January 2024, the Board of Directors has recommended cash dividend of AED 400 million (AED 0.08 per share), which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company. The balance of the distributable profit after considering appropriation to legal reserve and proposed dividend will be transferred to retained earnings.

As at 31 December 2023, total equity attributable to owners of the Company amount to AED 6,329 million (2022: AED 5,968 million), total liabilities of AED 8,485 million (2022: AED 8,587 million), Cash and bank balances of AED 1,535 million (2022: AED 1,261 million) and total assets of AED 14,814 million (2022: AED 14,555 million). Investment properties of the Group were fair valued at AED 22,935 million (2022: AED 21,289 million).

Transactions with related parties
The audited consolidated financial statements disclose related party transactions and balances in note 10. All transactions are carried out in compliance with applicable laws and regulations.

Implementation of Governance Framework
During 2023, the Group has adopted Committee of Sponsoring Organization (COSO) framework to further strengthen the Group's ability to implement a strong internal control environment over financial reporting.

Outlook 2024
Over the past 12 months, the real estate market in UAE has shown a bullish trend and has demonstrated great growth potential. We believe that we are well-positioned and have the right infrastructure, resources and technical know-how to continue capturing these growth opportunities.

As part of our growth strategy, we will be looking to enhance our commercial offerings by a combination of strategic acquisitions and new developments. Further we will be looking to expand our land bank to cater high demand especially in Industrial leasing sector.

As we move forward, we remain dedicated to sustaining this positive momentum and delivering remarkable growth underpinned by strong business sentiment.

Auditors
The consolidated financial statements for the year ended 31 December 2023 have been audited by Deloitte & Touche (M.E.).

For the Board of Directors

Malek Sultan Rashed Al Malek
Chairman

Dubai, United Arab Emirates
30 January 2024

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TECOM Group PJSC

Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of TECOM Group PJSC (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated balance sheet as at 31 December 2023, and the consolidated statement of income, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of investment properties

Key audit matter	How the matter was addressed in our audit
The Group's investment properties portfolio is carried at AED 11,865 million in the consolidated balance sheet. Investment properties are carried at cost less accumulated depreciation and accumulated impairment, if any. The Group undertakes a review of indicators of impairment and, wherever indicators of impairment exist, an impairment assessment is performed by determining if the recoverable amount based on qualitative and quantitative factors, exceeds or is equal to its carrying amount. Ascertaining the value of these properties is a significant judgement area and is underpinned by a number of assumptions. The determination of the recoverable amount of these investment properties is based on external valuations using the income approach and sales comparable approach for its assets. The Group's income approach requires valuers to make significant estimates and assumptions related to future occupancy levels, growth rates, rental rates, and discount rates. The sales comparable approach requires the valuers to examine and analyse market transaction/data and requires adjustments to be made for the data to account for individual characteristics. Further, the Group allocates common infrastructure costs (including cost to complete) on properties in the portfolio on a systematic basis. Accordingly, the allocation of estimated infrastructure cost and valuation of its underlying assets is a significant judgement area based on a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any bias or error in determining the cost base of investment properties and its recoverable amount could lead to a material misstatement in the consolidated financial statements. We considered the valuation of investment properties as a key audit matter because of the quantitative materiality of the balance and the significant judgements applied and estimates made in determining the fair value. Refer to notes 4 (d), 4 (e) and 6 for more information regarding the impairment assessment of investment property.	We assessed the controls in the process over the determination of the valuation of investment property to determine if they had been appropriately designed and implemented. We assessed the valuer's competence, capabilities, independence and objectivity and read their terms of engagement with the Group to determine that the scope of their work was sufficient for audit purposes. We tested the data provided to the valuer by the Group, on a sample basis by agreeing the data to the Group's accounting records. We involved our internal real estate valuation specialist to review selected properties and assessed whether the valuation of the properties was performed in accordance with IFRS Accounting Standards. We assessed and challenged the underlying key assumptions used in the recoverable amount assessment and estimation of cost to complete infrastructure work. We performed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of fair values. We reperformed the arithmetical accuracy of the determination of infrastructure cost allocations and recoverable amounts. We assessed the disclosures made relating to this matter to determine if they were in accordance with the IFRS Accounting Standards.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated financial statements and our auditor's report thereon. We obtained the Board of Directors' Report, at the date of our auditors' report, and we expect to obtain the remaining sections of the Annual report after the date of the auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2023:

- we have obtained all the information we considered necessary for the purposes of our audit;

- the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;

- the Group has maintained proper books of account;

- the financial information included in the Board of Directors report is consistent with the books of account of the Group;

- the Group has not purchased or invested in any shares during the financial year ended 31 December 2023;

- note 10 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;

- note 26 to the consolidated financial statements discloses social contributions made during the year; and

- based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2023, any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2023.

Deloitte & Touche (M.E.)

Firas Anabtawi
Registration No.: 5482
30 January 2024
Dubai
United Arab Emirates

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet

As at 31 December 2023

	Notes	2023 AED'000	2022 AED'000
ASSETS			
Non-current assets			
Property and equipment	5	**93,459**	96,995
Intangible assets		**20,427**	18,944
Investment property	6	**11,864,542**	11,873,927
Derivative financial instruments	7	**221,995**	315,519
Other receivables	8	**14,215**	17,024
Unbilled receivables	9	**802,057**	726,421
		13,016,695	13,048,830
Current assets			
Other receivables	8	**124,803**	65,575
Trade receivables	9	**102,159**	150,515
Due from related parties	10	**35,425**	29,899
Cash and bank balances	11	**1,535,183**	1,260,514
		1,797,570	1,506,503
Total assets		**14,814,265**	14,555,333
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Share capital	12	**500,000**	500,000
Legal reserve	13	**458,410**	436,321
Hedge reserve		**218,995**	336,647
Retained earnings		**5,151,602**	4,695,416
Total equity		**6,329,007**	5,968,384
LIABILITIES			
Non-current liabilities			
Trade and other payables	14	**3,304**	—
Borrowings	15	**4,351,767**	4,341,982
Advances from customers	16	**623,533**	645,326
Project liabilities	17	**829,445**	869,271
Derivative financial instruments	7	**3,000**	2,817
Employees' end of service benefits	18	**43,912**	43,909
Provision for other liabilities and charges	19	**902,807**	881,124
		6,757,768	6,784,429
Current liabilities			
Trade and other payables	14	**348,523**	410,036
Advances from customers	16	**836,605**	767,207
Project liabilities	17	**460,533**	401,047
Due to related parties	10	**60,244**	203,691
Provisions for other liabilities and charges	19	**21,585**	20,539
		1,727,490	1,802,520
Total liabilities		**8,485,258**	8,586,949
Total equity and liabilities		**14,814,265**	14,555,333

These consolidated financial statements were approved by the Board of Directors on 30 January 2024 and were signed on its behalf by:

Malek Sultan Rashed Al Malek
Chairman

Abdulla Khalifa Belhoul
Chief Executive Officer

Michael Wunderbaldinger
Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Income

For the year ended 31 December 2023

	Notes	2023 AED'000	2022 AED'000
Revenue	21	**2,169,197**	1,973,368
Direct costs	22	**(760,382)**	(767,854)
Gross profit		**1,408,815**	1,205,514
Other operating income	23	**47,162**	41,986
		1,455,977	1,247,500
Expenses			
General and administrative	24	**(154,104)**	(245,363)
Marketing and selling	26	**(42,823)**	(41,547)
		(196,927)	(286,910)
Operating profit		**1,259,050**	960,590
Finance income	27	**81,592**	77,213
Finance costs	27	**(262,367)**	(312,185)
Finance costs — net		**(180,775)**	(234,972)
Profit for the year		**1,078,275**	725,618
Earnings per share attributable to the owners of the Company			
Basic and diluted (AED)	28	**0.22**	0.19

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 AED'000	2022 AED'000
Profit for the year		**1,078,275**	725,618
Items that may be subsequently reclassified to consolidated statement of income			
Fair value (loss)/gain on cash flow hedges		**(93,707)**	373,214
Less: Cumulative gain arising on cash flow hedges reclassified to profit and loss	7	**(23,945)**	(44,008)
Other comprehensive (loss)/income for the year		**(117,652)**	329,206
Total comprehensive income for the year		**960,623**	1,054,824

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Notes	Attributable to owners of the company				
		Share capital AED'000	Legal reserve AED'000	Hedge reserve AED'000	Retained earnings AED'000	Total equity AED'000
At 1 January 2022		300	171,518	7,441	5,434,003	5,613,262
Profit for the year		—	—	—	725,618	725,618
Other comprehensive income for the year		—	—	329,206	—	329,206
Total comprehensive income for the year		—	—	329,206	725,618	1,054,824
Transactions with owners:						
Increase in share capital		499,700	—	—	(499,700)	—
Capital contribution	10(d)	—	—	—	404,293	404,293
Dividends declared	20	—	—	—	(1,103,995)	(1,103,995)
Transfer to legal reserve	13	—	264,803	—	(264,803)	—
		499,700	264,803	—	(1,464,205)	(699,702)
At 31 December 2022		500,000	436,321	336,647	4,695,416	5,968,384
At 1 January 2023		**500,000**	**436,321**	**336,647**	**4,695,416**	**5,968,384**
Profit for the year		**—**	**—**	**—**	**1,078,275**	**1,078,275**
Other comprehensive loss for the year		**—**	**—**	**(117,652)**	**—**	**(117,652)**
Total comprehensive income for the year		**—**	**—**	**(117,652)**	**1,078,275**	**960,623**
Transactions with owners:						
Dividends declared	20	**—**	**—**	**—**	**(600,000)**	**(600,000)**
Transfer to legal reserve	13	**—**	**22,089**	**—**	**(22,089)**	**—**
		—	**22,089**	**—**	**(622,089)**	**(600,000)**
At 31 December 2023		**500,000**	**458,410**	**218,995**	**5,151,602**	**6,329,007**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 AED'000	2022 AED'000
Cash flows from operating activities			
Cash generated from operations	29	**1,634,959**	1,507,386
Payment of employees' end of service benefits	18	**(4,174)**	(3,684)
Net cash generated from operating activities		**1,630,785**	1,503,702
Cash flows from investing activities			
Purchase of property and equipment	5	**(7,711)**	(9,271)
Purchase of intangible assets		**(13,977)**	(4,743)
Payments for investment property, net of advances to contractors, project liabilities and related provisions		**(411,227)**	(592,612)
Due to related party		**(150,000)**	—
Movement in fixed deposits with maturities greater than three months		**58,547**	(445,632)
Interest received		**47,568**	9,622
Net cash used in investing activities		**(476,800)**	(1,042,636)
Cash flows from financing activities			
Interest paid		**(166,973)**	(209,060)
Issuance cost paid		**(53,796)**	—
Net proceeds from borrowings		**—**	371,279
Repayment of borrowings		**—**	(64,215)
Dividends paid		**(600,000)**	(1,050,000)
Restricted cash against borrowing facility	11	**60,000**	(60,000)
Exit from cash flow hedges		**—**	59,413
Net cash used in financing activities		**(760,769)**	(952,583)
Net increase/(decrease) in cash and cash equivalents		**393,216**	(491,517)
Cash and cash equivalents, beginning of the year	11	**276,666**	768,183
Cash and cash equivalents, end of the year	11	**669,882**	276,666
Significant non-cash transactions:			
Retained earnings capitalised into share capital of the company		**—**	499,700
Capital contribution adjusted against due to related parties	10(d)	**—**	404,293
Settlement of dividend against due from the parent company	10(c)	**—**	53,995

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. LEGAL STATUS AND ACTIVITIES

TECOM Group PJSC (the "Company") is a public joint stock with trade license number 577858 issued by the Department of Economy and Tourism in Dubai.

The Company was initially established as a limited liability company on 14 February 2006. The legal status of the Company has been converted to a public joint stock company on 30 June 2022 by virtue of Company's shareholders resolution.

On 5 July 2022, the Company listed its 12.5% ordinary shares on the Dubai Financial Market ("DFM" or the "Exchange") through an Initial Public Offering ("IPO").

The Company is domiciled in the United Arab Emirates (UAE) and its registered head office address is P.O. Box 66000, Umm Suqeim, Dubai, United Arab Emirates.

The principal activities of the Group are property leasing, development, facilities management and services.

The parent company is DHAM LLC (the "Parent Company"), which is a fully owned subsidiary of Dubai Holding Commercial Operations Group LLC (the "Intermediate Parent Company"), The Intermediate Parent Company is a fully owned subsidiary of Dubai Holding LLC (the "Ultimate Parent Company"). The "Ultimate Shareholder" of the Company was His Highness Sheikh Mohammed Bin Rashid Al Maktoum till 8 January 2023. On 8 January 2023, the Ultimate Shareholder and Ruler of Dubai issued Law No. 1 of 2023, transferring his direct ownership in the Ultimate Parent Company to the Government of Dubai. The Company and its subsidiaries are collectively referred to as the Group (the "Group").

The Group consolidates investments in the following principal subsidiaries:

		Ownership %	
Name of the entity	Nature of business	**2023**	2022
TECOM Investments FZ LLC	Develop and lease properties	**100**	100
Dubai Industrial City LLC*	Develop and lease properties	**100**	100
Dubai Design District FZ LLC	Develop and lease properties	**100**	100
Tamdeen LLC*	Project management engineering and feasibility studies	**100**	100
Dubai Design District Hospitality FZ LLC	Develop and lease properties and real estate services	**100**	100
AXS FZ LLC	Incorporation and visa related services	**100**	100
DMC Butterfly Building FZ LLC	Real estate services	**100**	100
Innovation Hub FZ-LLC	Real estate services	**100**	100
IN5 FZ LLC	Regional headquarters for real estate services	**100**	100
DIC 1 FZ LLC	Develop properties and real estate services	**100**	100
DIC 2 FZ LLC	Develop properties and real estate services	**100**	100
DKV 1 FZ LLC	Develop properties and real estate services	**100**	100
Innovation Hub Phase 1 FZ-LLC	Real estate services	**100**	100
Master Project 1 FZ-LLC	Real estate services	**100**	100
Dquarters FZ LLC	Regional headquarters for real estate services	**100**	100

* The ownership percentage represents the beneficial ownership of the Group in these subsidiaries.

The Group only operates in the UAE and has no subsidiaries in foreign jurisdictions.

The Group has not purchased or invested in any shares during the financial year ended 31 December 2023.

On 3 October 2022, the UAE Ministry of Finance ("MoF") issued Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023.

The entities within the Group will be subject to a corporate tax rate ranging from 0% to 9% on taxable income above a threshold of AED 375,000 for periods beginning on or after 1 June 2023.

The CT Law is considered enacted for reporting purposes and the management has concluded that there is no deferred tax impact on the reporting date.

The Group has not identified any material risks or uncertainties in the structure from a corporate perspective and will continuously monitor further developments that could impact the tax profile.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") issued by the International Accounting Standards Board (IASB) and applicable requirements of the law of the UAE.

2.2 Basis of preparation

The consolidated financial statements are presented in United Arab Emirates (AED) which is the Company's functional currency and the Group's presentation currency. All amounts have been rounded to the nearest AED thousands ('000s), unless stated otherwise.

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying IFRS Accounting Standards. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Certain comparative information have been reclassified to conform with the current year's presentation.

2.3 Application of new and revised IFRS Accounting Standards

(a) New and revised IFRS Accounting Standards applied with no material effect on the consolidated financial statements

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these consolidated financial statements. The application of these revised IFRS Accounting Standards has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors* — Definition of Accounting Estimates
- Amendment to IFRS 17 *Insurance contracts*
- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgments* — Disclosure of Accounting Policies
- Amendments to IAS 12 *Income Taxes* relating to deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 12 Income Taxes — International Tax Reform — Pillar Two Model Rules

(b) New and revised IFRS Accounting Standards in issue but not yet effective

The Group has not early adopted the following new and revised standards that have been issued but are not yet effective. The management is in the process of assessing the impact of the new requirements.

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendments to IFRS 16 Leases — Lease Liability in as Sale and Leaseback	1 January 2024
Amendments to IAS 1 *Presentation of Financial Statements relating to classification of liabilities as current or non-current*	1 January 2024
Amendments to IAS 1 *Presentation of Financial Statements* — Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* — Supplier Finance Arrangements	1 January 2024
Amendment to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* relating to treatment of sale or contribution of assets from investors	Effective deferred indefinitely

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

2.4 Principles of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION continued

2.4 Principles of consolidation continued

(a) Subsidiaries continued

incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of income.

Business combinations involving entities under common control do not fall under the scope of IFRS 3 "Business Combinations". Transfer of businesses under common control is accounted for under the uniting of interest method. Under the uniting of interest method, there is no requirement to fair value the assets and liabilities of the transferred entities and hence no goodwill is created as the balances remain at book value. The results and cash flows of the entities/businesses under common control are consolidated prospectively from the date of transfer without restatement of the consolidated income statement and the consolidated balance sheet comparatives.

Where settlement of any part of the net identifiable assets acquired is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowings could be obtained from independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in the consolidated statement of income.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of income.

(b) Eliminations on consolidation

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Changes in ownership interests in subsidiaries without change in control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated statement of income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to consolidated statement of income.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional and Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income, except when deferred in other comprehensive income and accumulated in equity as qualifying cash flow hedges and qualifying net investment hedges.

Balances and transactions denominated in US dollars ("USD") have been translated into the presentation currency at a fixed rate as the exchange rate of AED to USD has been pegged since 1981.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of income within 'Finance income/costs'. All other foreign exchange gains and losses are presented in the consolidated statement of income within 'Other operating income'. Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the consolidated statement of income, and other changes in carrying amount are recognised in other comprehensive income. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated statement of income as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as fair value through other comprehensive income are included in other comprehensive income.

2.6 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic earnings per share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment, if any. The cost of property and equipment is its purchase cost together with any incidental costs of acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance costs are charged to the consolidated statement of income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using straight-line method, at rates calculated to reduce the cost of assets to their estimated residual value over their expected useful lives, as follows:

Type of assets	Years
Buildings	20 – 50
Building interior improvements, furniture and fixtures	3 – 10
Computer hardware	3 – 5
Motor vehicles	5
Other assets	3 – 5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'Other operating income' in the consolidated statement of income.

2.8 Investment property

Investment property comprises property held for capital appreciation, rental yields or both, and is carried at cost less accumulated depreciation and impairment losses, if any. Investment property also includes related infrastructure and property that is being constructed or developed for future use as investment property. In addition, land held for undetermined use is classified as investment property and is not depreciated. The Group engages professionally qualified external valuers at least once every three years to determine the fair values for disclosure purposes. The fair values for all other years are updated by management by using models and bases similar to the external valuers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION continued

2.8 Investment property continued

When the development of investment property commences, it is classified under capital work in progress until development is complete, at which time it is transferred to the respective category, and depreciated on the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Type of assets	Years
Buildings and infrastructure	20 – 50

Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance and is expensed in the period in which it is incurred.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale or becomes owner-occupied, the property is transferred to property held for development sale or property and equipment respectively.

When investment property is sold, gains and losses on disposal are determined by reference to its carrying amount and are recognized in the consolidated statement of income.

Capital work in progress are properties or assets in the course of construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the acquisition of the property including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate investment property category and is accounted in accordance with the Group's policies.

2.9 Intangible assets

(a) Computer software

The Group's computer software comprises software acquired or software developed by the Group entities. Acquired computer software licenses are capitalised on the basis of the costs incurred to bring to use the specific software. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Computer software are carried at cost less accumulated amortisation and impairment losses, if any.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

i) it is technically feasible to complete the software product so that it will be available for use;
ii) management intends to complete the software product and use or sell it;
iii) there is an ability to use or sell the software product;
iv) it can be demonstrated how the software product will generate probable future economic benefits;
v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
vi) the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. These costs are amortised over their estimated useful lives of 3 years. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Intangible assets which are in the course of development, are carried at cost, less any recognised impairment losses, if any. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate intangible asset category and is accounted in accordance with the Group's policies.

(b) Licenses

Separately acquired software licenses are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses, if any.

(c) Masterplans

The costs of developing the Group's masterplans are capitalised and are subject to amortisation. These are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount and is included in the consolidated statement of income within 'Other operating income'. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash generating units").

2.10 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its property and equipment, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the consolidated statement of income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of income to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

2.11 Investments and other financial assets

2.11.1 Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the consolidated statement of income or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt instruments only when its business model for managing those assets changes.

2.11.2 Recognition and derecognition

Purchases and sales of financial assets are recognised on the date on which the Group commits to purchase or sell the asset. The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the consolidated statement of income.

2.11.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of income.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION continued

2.11 Investments and other financial assets continued

2.11.3 Measurement continued

Debt instruments continued

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of income and presented in 'Other operating income'.

Impairment losses are presented under 'General and administrative expenses' in the consolidated statement of income.

Fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income.

Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated statement of income.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the consolidated statement of income and recognised in 'Other operating income'. Interest income from these financial assets is included in 'Finance income' using the effective interest rate method. Exchange gains and losses are presented in 'Other operating income' and impairment losses are presented under 'General and administrative expenses' in the consolidated statement of income.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the consolidated statement of income within 'Other operating income' in the year they arise.

Equity instruments

The Group subsequently measures all equity investments at fair value. The Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated statement of income under other operating income when the Group's right to receive payment is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other operating income' in the consolidated statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

2.11.4 Impairment of financial assets

IFRS 9 requires the Group to record an allowance for expected credit losses (ECLs) for all trade and unbilled receivables, contract assets, loans and other debt financial assets not held at fair value through profit or loss (FVTPL). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and unbilled receivables and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtor's general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting day, including time value of money where appropriate.

(i) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor.
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(ii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event (see (ii) above)
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- The disappearance of an active market for that financial asset because of financial difficulties

(iii) Write-off policy

The Group writes off a financial asset considering various factors which includes but not limited to the information indicating debtor's severe financial difficulty and no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the consolidated statement of income.

(iv) Measurement and recognition of expected credit losses

The measurement of ECLs is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount of guaranteed debt that has been drawn down as at the reporting date, together with any additional guaranteed amounts expected to be drawn down by the borrower in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECLs is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

The Group recognises an impairment gain or loss in the consolidated statement of income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve and does not reduce the carrying amount of the financial asset in the consolidated balance sheet.

2.12 Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the consolidated statement of income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in the consolidated statement of income to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in the consolidated statement of income incorporates any interest paid on the financial liability and is included in the 'Finance costs' line item in the consolidated statement of income.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for- trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION continued

2.12 Financial liabilities and equity continued

Financial liabilities continued

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of income.

2.13 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.14 Trade receivables

Trade receivables are amounts due from customers for properties leased or services performed in the ordinary course of business. Trade receivables are recognised initially in line with IFRS 15 and 16 and subsequently measured at amortised cost using the effective interest method, less loss allowance.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances in current accounts, call accounts and term deposits with original maturity of three months or less with no withdrawal restrictions and which are subject to an insignificant risk of changes in value and cash pledged against guarantees.

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less from the balance sheet date (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Contract advances include instalments received from customers for lease and services. These are subsequently released to the consolidated statement of income once the revenue recognition criteria are met (Note 2.21).

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of income.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed. Borrowings are classified as payable within 12 months unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised as interest expense. Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2.19 Employee benefits

(a) End of service benefits to non-UAE nationals

Provision is made for the end of service benefits due to employees in accordance with the UAE Labour Law for their periods of service up to the balance sheet date.

(b) Pension and social security policy within the UAE

The Group is a member of the pension scheme operated by the Federal Pension General and Social Security Authority. Contributions for eligible UAE National employees are made and charged to the consolidated statement of income, in accordance with the provisions of Federal Law No. 7 of 1999 relating to Pension and Social Security Law. The Group has no further payment obligations once the contributions have been paid.

2.20 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedge) or hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. Derivatives are only used by the Group for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria under IFRS Accounting Standards, they are classified as 'held for trading' for accounting purposes only. The fair values of various derivative instruments used for hedging are disclosed in Note 3.3. Movements in the hedging reserve is disclosed in the consolidated statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability when expected to be settled within 12 months; otherwise, they are classified as non-current.

The Group uses interest rate swaps for hedging, which are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of interest rates (for example, fixed rate for floating rate). No exchange of principal takes place. The Group's credit risk represents the potential cost to replace the interest rate swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market.

(a) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of income within 'Finance income/costs'.

Amounts accumulated in equity are recycled in the consolidated statement of income in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the consolidated statement of income within 'Finance income/costs'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example inventory or fixed assets), the gains and losses previously recorded in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in direct costs.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss and deferred costs of hedging existing in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset (such as inventory) and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of income within 'Finance income/costs'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION continued

2.20 Derivative financial instruments and hedging activities continued

(b) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any of these derivative instruments are recognised immediately in the consolidated statement of income within 'Finance income/costs'.

2.21 Revenue recognition

The Group recognises revenue from contracts with customer based on five step model as outlined under IFRS 15:

Step 1 Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.
Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.
Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.
Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5 Recognise revenue as and when the Group satisfies a performance obligation.

The Group recognises revenue over time if any one of the following criteria is met:
- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance obligation completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied. When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance — unbilled receivables. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability — advances from customers.

Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the consolidated financial statements to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if and when applicable, can be measured reliably.

(a) Service charges

For investment property held primarily to earn operating lease income, the Group enters as a lessor into lease agreements that fall within the scope of IFRS 16. Certain lease agreements include certain services offered to tenants (i.e., customers) including common area services (such as security, cleaning, maintenance, utilities) as well as other support services (e.g., customer service and management). The consideration charged to tenants for these services includes fees charged based on a percentage of the operating lease income and reimbursement of certain expenses incurred. These services are specified in the lease agreements and separately invoiced.

The Group has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15. The contracts of the Group specifically highlight stand-alone price for the services. In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Group. The Group applies the time elapsed method to measure progress.

Income arising from cost recharged to tenants is recognised in the period in which the cost can be contractually recovered. The Group arranges for third parties to provide some of these services to its tenants. The Group concluded that it acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Group records revenue on a gross basis.

(b) Service income

Services revenue relates to outsourcing services provided to a government authority in relation to incorporation, government and other related services. The revenue is recognised at a point in time when the services are rendered.

2.22 Leases

(a) The Group as Lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for the Group for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset — this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, where the contract is not separable into lease and non-lease component then the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). For calculation of IBR, the Group has taken appropriate benchmarks after adjusting for Group's specific risk, term risk and underlying asset risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION continued

2.22 Leases continued

(b) The Group as a Lessor

The Group enters into lease arrangements as a lessor with respect to its investment property. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

Operating lease income

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all the risks and rewards incidental to ownership of an investment property. In addition, the Group subleases investment property acquired under head leases with lease terms exceeding 12 months at commencement. Subleases are classified as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying investment property. All the Group's subleases are classified as operating leases.

Operating lease income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the consolidated statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the underlying asset and recognised as an expense over the lease term on the same basis as the lease income.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the consolidated statement of income when the right to receive them arises.

Finance leases

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying assets. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Lease payments are payments made by a lessee to a lessor relating to the right to use an underlying asset during the lease term, comprising the fixed payments, less any lease incentives; variable lease payments; the exercise price for a purchase option if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

Amounts from leases under finance lease are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholder.

2.24 Segment reporting

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the reportable segments, has been identified as the Group's Chief Executive Officer that makes strategic decisions.

2.25 Interest income

Interest income is recognised in the consolidated statement of income on a time proportion basis using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivable is recognised using the original effective interest rate.

2.26 Dividend income

Dividend income is recognised when the right to receive the dividend is established.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the functional currency of the particular Group entity. The Group has no significant exposure to foreign exchange risk as majority of its transactions are in the respective functional currencies of the Group companies.

ii) Cash flow and interest rate risk

The Group is exposed to interest rate risk on its interest-bearing assets and liabilities. Borrowings at variable rates expose the Group to cash flow interest rate risk.

Based on the various scenarios, the Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating to fixed rates. In the case of long-term borrowings from banks and financial institutions, the Group generally borrows funds at floating rates and swaps them into fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

At 31 December 2023, if interest rates on interest bearing financial assets had been 200 basis points (2022: 200 basis points) higher/lower with all other variables held constant, post-tax profit for the year would have been AED 19,306,000 (2022: AED 18,477,000) higher/lower, mainly as a result of higher/lower interest income. In addition, at 31 December 2023 had the Group not entered in any interest rate swap agreements, if interest rates on borrowings had been 200 basis points (2022: 200 basis points) higher/lower with all other variables held constant, post-tax profit for the year would have been AED 87,035,000 (2022: AED 86,840,000) lower/higher, mainly as a result of higher/lower interest expense.

(b) Credit risk

The Group is exposed to credit risk in relation to its monetary assets, mainly trade receivables, lease receivables, derivatives, due from related parties, unbilled receivables and cash and bank balances.

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. When such an event happens, it is considered as a default event. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has established policies under which each new customer is analysed for creditworthiness before Group's standard payment and service delivery terms and conditions are offered.

The credit review can include customer reputation, customer segmentation, business plans, bank references and external credit worthiness databases when available. Derivative financial instruments and bank deposits are limited to high-credit-quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

The credit quality of cash and bank balances at the balance sheet date can be assessed by reference to external credit ratings as illustrated in the table below:

	2023 AED'000	2022 AED'000
A1	**374,749**	159,575
A2	**329,610**	320,345
A3	**358,033**	406,503
Aa3	**6**	8
Ba1	**100,017**	31
Baa1	**372,070**	373,402
	1,534,485	1,259,864

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2023

3. FINANCIAL RISK MANAGEMENT continued

3.1 Financial risk factors continued

(b) Credit risk continued

The rest of the consolidated balance sheet item, 'cash and bank balances' is cash on hand. The Group's exposure to credit risk arising from trade and unbilled receivables is disclosed in Note 9.

With respect to the credit risk arising from other financial assets of the Group, which comprise due from related parties, other receivables and deposits and financial assets at fair value through other comprehensive income, the Group's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these assets.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available. Management reviews cash flows at regular intervals.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant:

	Notes	Less than 3 months AED'000	Between 3 months and 1 year AED'000	Between 1 and 5 years AED'000	More than 5 years AED'000
31 December 2023					
Borrowings		**38,867**	**121,970**	**4,963,400**	**—**
Trade payables and other liabilities		**—**	**1,037,643**	**420,152**	**821,785**
Derivative financial instruments	7	**—**	**—**	**3,000**	**—**
Due to related parties	10	**60,244**	**—**	**—**	**—**
		99,111	**1,159,613**	**5,386,552**	**821,785**
31 December 2022					
Bank borrowings		45,505	134,155	5,070,111	—
Trade payables and other liabilities		—	1,020,914	415,865	924,508
Derivative financial instruments	7	—	—	—	2,817
Due to related parties	10	203,691	—	—	—
		249,196	1,155,069	5,485,976	927,325

Trade payables and other liabilities exclude operating lease advances and contract advances.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of gross debt (borrowings of the Group disclosed in Note 15) and total equity of the Group.

The Group has a target to keep its gearing ratio below 65%, which is determined as a proportion of gross debt to total capital (equity plus gross debt).

The gearing ratios at 31 December 2023 and 2022 were as follows:

	Notes	2023 AED'000	2022 AED'000
Total borrowings	15	**4,351,767**	4,341,982
Total equity		**6,329,007**	5,968,384
Total capital		**10,680,774**	10,310,366
Debt to total capital/gearing ratio		**40.74%**	42.11%

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is based on valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, these instruments are included in level 2. All derivative financial instruments held by the Group have been categorised as level 2 as shown below, where the fair valuation of such instruments has been determined based on discounting future cash flows using observable discount factors. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. There is no change in the valuation technique in comparison to prior years.

If one or more of the significant inputs is not based on observable market data, these instruments are included in level 3.

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2023 and 2022:

	Level 2 AED'000
2023	
Assets	
Derivatives designated as cash flow hedges	**221,995**
Liabilities	
Derivatives designated as cash flow hedges	**3,000**

	Level 2 AED'000
2022	
Assets	
Derivatives designated as cash flow hedges	315,519
Liabilities	
Derivatives designated as cash flow hedges	2,817

There were no transfers between the levels for recurring fair value measured during the year.

The carrying value of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. Other receivables and payables approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2023

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Provision for infrastructure costs

The Group recognises provisions for infrastructure based on assessments by third party specialists. This requires the use of significant estimates and judgements to determine the quantum of infrastructure required, the costs and time related to the construction, and the expected share of costs that may be recharged to the master developer. Infrastructure developed or under development by third parties or government authorities will be recharged to the master developer and subsequently to the Group based on its share of such costs. The significant components of infrastructure include construction of roadworks and power stations to service the master planned communities.

The provision for infrastructure costs are based on management's best estimate of the future costs of construction of the related infrastructure facilities and the total costs to be actually incurred will be determined based on inputs from the relevant authorities and cost structures prevalent at each such future date. Hence, the Group's actual cost of infrastructure may be materially different to the current estimates as advised by third party specialists.

Change in accounting estimate

In 2022, the Group's periodical assessment of the infrastructure cost estimates using third party specialists resulted in a reduction in the carrying value of investment property and provision for infrastructure cost by AED 1,262,622,000.

Provisions are recorded at the present value of the expected cash outflows required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the obligation.

Revisions to key assumptions and inputs have contributed to the change in estimates. The expected timing of incurring the infrastructure cost is one such key variable which has been revised. In this regard, management estimates the present value of cost to be incurred over a period of up to 15 years in a phased manner and would be non-interest bearing. For roadworks related infrastructure estimates, key variables used are information from traffic impact studies performed by third party specialists. For power stations related infrastructure estimates, the key variables used are the historical costs of constructing similar infrastructure assets and the stage of development of the master planned communities to which the infrastructure costs relate.

(b) Calculation of loss allowance

The Group assesses the impairment of its financial assets based on the ECL model. Under the ECL model, the Group accounts for ECLs and changes in those ECLs at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Group measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. There has been no change in the estimation techniques or significant assumptions in assessing the ECL during the current year.

(c) Useful lives of investment property

Management reviews the residual values and estimated useful lives of investment property at the end of each annual reporting period in accordance with IAS 40. Management determined that current year expectations do not differ from previous estimates based on its review.

(d) Valuation of investment property

The fair value of investment property is determined by an independent registered valuer or the internal valuation performed by the Group's finance department.

The fair values have been determined by taking into consideration market comparable and/or the discounted cash flows where the Group has on-going lease arrangements and operations. In this regard, the Group's current lease arrangements, which are entered into on an arm's length basis and which are comparable to those for similar properties in the same location, have been taken into account.

In case where the Group does not have any on-going lease arrangements, fair values have been determined, where relevant, having regard to recent market transactions for similar properties in the same location as the Group's investment property. These values are adjusted for differences in key attributes such as property size.

The key assumptions on which management has based its cash flow projections when determining the fair value of the assets are as follows:

- Discount rate based on the Group's weighted average cost of capital with a risk premium reflecting the relative risks in the markets in which the businesses operate.
- Growth rate based on long-term rate of growth.

Management of the Group has reviewed the assumption and methodology used by the independent registered valuer and/or internal specialist and in their opinion these assumptions and methodology seems reasonable as at the reporting date considering the current economic and real estate outlook in UAE.

(e) Impairment of non-financial assets

Asset recoverability is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the recoverable amount, which is the higher of the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate ("value in use"), and the assets' fair value less costs to sell.

No impairment charge has been recognised against property and equipment, investment property and intangible assets.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Identification of a cash generating unit

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group determines the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs (the asset's cash-generating unit). Where a reasonable and consistent basis of allocation can be identified, corporate assets (infrastructure costs) are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

In identifying whether cash inflows from an asset (or group of assets) are largely independent of the cash inflows from other assets (or groups of assets), the Group considers various factors including how management monitors the Group's operations or how management makes decisions about continuing or disposing of the Group's assets and operations.

Certain assets developed to enhance the ecosystem of master planned communities do not generate cash inflows that are largely independent and generate incidental revenue only. Because these assets do not generate largely independent cash inflows, the recoverable amount of these assets cannot be determined. As a consequence, if there is an indication that these assets may be impaired, recoverable amount is determined for the cash-generating unit or group of cash-generating units to which these assets belong, and is compared with the carrying amount of this cash-generating unit or group of cash-generating units.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2023

5. PROPERTY AND EQUIPMENT

	Notes	Buildings AED'000	Building interior improvements, furniture and fixtures AED'000	Computer hardware AED'000	Motor vehicles AED'000	Other assets AED'000	Capital work in progress AED'000	Total AED'000
2023								
Cost								
At 1 January 2023		**137,840**	**124,873**	**45,415**	**1,364**	**14,137**	**390**	**324,019**
Additions		**—**	**1,778**	**839**	**—**	**4,940**	**154**	**7,711**
Transfers from investment property — net	6	**—**	**1,664**	**—**	**—**	**—**	**(390)**	**1,274**
Transfers to related parties		**—**	**—**	**(18)**	**—**	**—**	**—**	**(18)**
Disposal		**—**	**—**	**(55)**	**—**	**—**	**—**	**(55)**
At 31 December 2023		**137,840**	**128,315**	**46,181**	**1,364**	**19,077**	**154**	**332,931**
Accumulated depreciation								
At 1 January 2023		**52,115**	**118,611**	**43,997**	**456**	**11,845**	**—**	**227,024**
Depreciation charge for the year		**3,496**	**2,920**	**838**	**530**	**3,060**	**—**	**10,844**
Transfers from investment property	6	**—**	**1,664**	**—**	**—**	**—**	**—**	**1,664**
Transfers to related parties		**—**	**—**	**(5)**	**—**	**—**	**—**	**(5)**
Disposal		**—**	**—**	**(55)**	**—**	**—**	**—**	**(55)**
At 31 December 2023		**55,611**	**123,195**	**44,775**	**986**	**14,905**	**—**	**239,472**
Net book value at 31 December 2023		**82,229**	**5,120**	**1,406**	**378**	**4,172**	**154**	**93,459**
2022								
Cost								
At 1 January 2022		135,056	127,705	44,625	1,379	10,824	5,926	325,515
Additions		—	3,169	938	—	7	5,157	9,271
Transfers to investment property	6	—	(74)	—	—	—	(10,693)	(10,767)
Reclassifications		2,784	(5,927)	(148)	(15)	3,306	—	—
At 31 December 2022		137,840	124,873	45,415	1,364	14,137	390	324,019
Accumulated depreciation								
At 1 January 2022		46,631	119,764	41,834	469	8,521	—	217,219
Depreciation charge for the year		2,700	4,774	2,311	2	18	—	9,805
Reclassifications		2,784	(5,927)	(148)	(15)	3,306	—	—
At 31 December 2022		52,115	118,611	43,997	456	11,845	—	227,024
Net book value at 31 December 2022		85,725	6,262	1,418	908	2,292	390	96,995

The depreciation charge for the year is recognised under general and administrative expenses amounting to AED 10,844,000 (2022: AED 9,805,000).

6. INVESTMENT PROPERTY

	Notes	Land AED'000	Buildings AED'000	Infrastructure AED'000	Capital work in progress AED'000	Total AED'000
2023						
Cost						
At 1 January 2023		**3,687,468**	**10,355,799**	**3,244,663**	**3,405,743**	**20,693,673**
Additions		**—**	**—**	**—**	**382,041**	**382,041**
Transfers to related parties	10	**—**	**—**	**—**	**(20,421)**	**(20,421)**
Transfers to property and equipment — net	5	**—**	**(1,664)**	**—**	**390**	**(1,274)**
Transfers within other captions of investment property		**—**	**167,856**	**—**	**(167,856)**	**—**
At 31 December 2023		**3,687,468**	**10,521,991**	**3,244,663**	**3,599,897**	**21,054,019**
Accumulated depreciation and impairment						
At 1 January 2023		**1,946,344**	**4,303,841**	**1,043,833**	**1,525,728**	**8,819,746**
Depreciation charge for the year	22	**—**	**312,260**	**59,135**	**—**	**371,395**
Transfers to property and equipment	5	**—**	**(1,664)**	**—**	**—**	**(1,664)**
At 31 December 2023		**1,946,344**	**4,614,437**	**1,102,968**	**1,525,728**	**9,189,477**
Net book value at 31 December 2023		**1,741,124**	**5,907,554**	**2,141,695**	**2,074,169**	**11,864,542**
2022						
Cost						
At 1 January 2022		3,941,421	9,635,273	4,686,963	4,365,430	22,629,087
Additions		—	287,371	1,174	210,345	498,890
Transfers to related parties	10	(253,953)	(112)	(1,923,437)	995,053	(1,182,449)
Transfers from property and equipment	5	—	74	—	10,693	10,767
Transfers within other captions of investment property		—	433,193	479,963	(913,156)	—
Cost adjustments*		—	—	—	(1,262,622)	(1,262,622)
At 31 December 2022		3,687,468	10,355,799	3,244,663	3,405,743	20,693,673
Accumulated depreciation and impairment						
At 1 January 2022		1,946,344	4,006,242	1,321,753	1,986,588	9,260,927
Depreciation charge for the year	22	—	297,599	60,277	—	357,876
Transfers to related parties	10	—	—	(338,197)	(460,860)	(799,057)
At 31 December 2022		1,946,344	4,303,841	1,043,833	1,525,728	8,819,746
Net book value at 31 December 2022		1,741,124	6,051,958	2,200,830	1,880,015	11,873,927

* Effective from 1 January 2022, the Group revised its estimated provision for infrastructure cost measured at the present value of the expected cash outflows (Note 4(a)). The change in estimate decreased the carrying value of investment property by AED 1,262,622,000.

The capital work in progress includes buildings under construction, land and infrastructure under construction for investment property.

The depreciation charge for the year is recognised under direct costs amounting to AED 371,395,000 (2022: AED 357,876,000).

As at 31 December 2023, no investment property have been pledged as security against loan facilities obtained by the Group (2022: certain investment property having a net book value of AED 993,208,000 was pledged as security against the previous loan facilities of the Group) (Note 15).

The following amounts have been recognised in the consolidated statement of income in respect of investment property:

	Notes	2023 AED'000	2022 AED'000
Operating lease income	21	**1,929,534**	1,751,663
Direct costs (including depreciation) arising from investment property that generated operating lease income		**668,423**	662,210

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2023

6. INVESTMENT PROPERTY continued

Valuation techniques underlying management's estimation of fair value

The Income capitalisation and residual price methods have been applied for the fair valuation of income generating properties.

The sales comparison and income capitalisation methods have been applied for the valuation of land held by the Group.

Income capitalisation method is a growth implicit valuation technique. The term (current/passing) income is based on the gross income generated from the contracted lease agreement(s) in place (including any anticipated changes at future rent reviews) and the reversionary income stream is based on the estimated market rent of the property at the valuation date. The hypothetical purchaser's operating costs associated with ownership of the property (including current and future anticipated void periods) are deducted to arrive at the term and reversionary net operating income streams ("NOI"). The NOI streams are then capitalised over the term of the lease agreement(s) in place or in perpetuity respectively using a market related yield. The significant unobservable inputs used in the fair value measurement categorised within level 3 of the fair value hierarchy using income capitalisation method are stabilised average monthly market rent and capitalisation rate.

Sales comparison method involves determination of the value of the investment property with reference to comparable market transactions for properties in close proximity. These values are adjusted for differences in key attributes such as size, gross floor area and location. The valuation method adopted for these properties fall under level 3. The significant unobservable input used in the fair value measurement categorised within level 3 of the fair value hierarchy using sales comparison method is sales rate per Gross Floor Area ("GFA").

Residual price method involves determination of the estimated selling price of a project development on the respective plots of land; reduced by the estimated construction and other costs to completion that would be incurred by a market participant and an estimated profit margin that a market participant would require to hold and develop the plots to completion. The significant inputs into this valuation approach are the estimated selling prices, costs to complete and developers' margins. The significant inputs into this valuation approach are the estimated selling prices, costs to complete and developers' margins. The valuation method adopted for these land plots fall under level 3.

There were no changes to the valuation techniques during the years presented.

For all investment properties, their current use approximately equates to the highest and best use.

As at 31 December 2023, the estimated fair value of the Group's investment property is AED 22,934,827,000 (2022: AED 21,288,814,000).

7. DERIVATIVE FINANCIAL INSTRUMENTS

	Notional amount AED'000	Assets AED'000	Liabilities AED'000
At 31 December 2023			
Designated as cash flow hedges			
Interest rate swap contracts	**3,990,747**	**221,995**	**3,000**
Total	**3,990,747**	**221,995**	**3,000**
At 31 December 2022			
Designated as cash flow hedges			
Interest rate swap contracts	4,907,871	315,519	2,817
Total	4,907,871	315,519	2,817

The Group uses derivatives only for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria under IFRS, they are classified as 'held for trading' for accounting purposes as required by IFRS. In particular, the Group uses interest rate swaps to minimise the effect of interest rate fluctuations on its borrowings. The contracts entered into by the Group are principally denominated in AED. The fair values of these contracts are recorded in the consolidated balance sheet and is determined by reference to valuations by reputable external financial institutions.

Interest rate swaps are commitments to exchange one set of cash flows for another. The swaps result in an economic exchange of interest rates, no exchange of principal takes place. These swap transactions entitle the Group to receive or pay amounts derived from interest rate differentials between an agreed fixed interest rate and the applicable floating rate prevailing at the beginning of each interest period.

At 31 December 2023, the fixed interest rates vary from 1.52% to 4.37% per annum (2022: 1.52% to 4.37% per annum). The floating rates are linked to Emirates Interbank Offered Rate ("EIBOR").

Changes in the fair market values of interest rate swaps that are considered effective and designated as cash flow hedges are recognised in the hedge reserve in other comprehensive income. Amounts are reclassified to the consolidated statement of income when the associated hedged transaction affects the consolidated statement of income. There was no ineffectiveness to be recorded from the cash flow hedges. The change in fair values of interest rate swaps designated as cash flow hedges for the year ended 31 December 2023 amounted to a loss of AED 93,707,000 (2022: gain of AED 373,214,000).

During the year, certain derivatives designated as hedging instruments were settled, and therefore hedge accounting is discontinued prospectively on these items. The amount of AED 23,945,000 (2022: AED 44,008,000) that had been accumulated in the hedge reserve has been recycled through the consolidated statement of income.

8. OTHER RECEIVABLES

	2023 AED'000	2022 AED'000
Advances to contractors and suppliers	**71,778**	25,730
Finance lease receivables	**18,336**	21,146
Prepayments	**19,902**	22,837
Other receivables	**29,002**	12,886
	139,018	82,599
Less: non-current	**(14,215)**	(17,024)
Current	**124,803**	65,575

Finance lease receivables relate to property leases with a lease term of up to 50 years. The lease term generally provides an option to lessees to buy the properties after initial period (usually 10 years). The leases carry interest rate linked to LIBOR.

A summary of the gross repayment schedule for the finance lease receivable is presented below:

	2023 AED'000	2022 AED'000
Within one year	**4,121**	4,121
After one year but not more than five years	**14,475**	17,335
	18,596	21,456
Unearned future finance income on finance leases	**(260)**	(310)
Net investment in finance leases	**18,336**	21,146

Fair value of long-term finance receivables has been estimated by discounting the gross value of finance lease receivables using a borrowing rate of 6% (2022: 6%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2023

9. TRADE AND UNBILLED RECEIVABLES

	2023 AED'000	2022 AED'000
Trade receivables	193,814	270,298
Less: loss allowance	(91,655)	(119,783)
	102,159	150,515
Less: non-current	—	—
Current	102,159	150,515
Unbilled receivables — operating leases	958,987	893,186
Less: loss allowance	(156,930)	(166,765)
	802,057	726,421
Less: non-current	(802,057)	(726,421)
Current	—	—
Trade and unbilled receivables		
Current	102,159	150,515
Non-current	802,057	726,421
	904,216	876,936

The fair values of trade and unbilled receivables approximate their carrying amounts.

Unbilled receivables arise on revenue recognition based on straight lining which is mainly driven by rent free periods and rent escalation as per the contracts.

The Group has a broad base of customers with no concentration of credit risk within trade receivables at 31 December 2023 and 2022.The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

	2023 AED'000	2022 AED'000
Trade receivables and unbilled receivables		
Not past due	958,987	898,438
Up to 3 months	59,244	89,392
3 to 6 months	9,877	42,378
Over 6 months	124,693	133,276
	1,152,801	1,163,484

	2023 AED'000	2022 AED'000
Loss allowance against trade receivables and unbilled receivables		
Not past due	156,930	166,931
Up to 3 months	8,129	19,259
3 to 6 months	7,392	14,434
Over 6 months	76,134	85,924
	248,585	286,548

The provision against not past due receivables reflects loss allowance against specific customers considered having a higher probability of default. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The majority of the Group's trade and unbilled receivables are denominated in AED.

The movement in the Group's loss allowance on trade receivables is as follows:

	2023 AED'000	2022 AED'000
At 1 January	119,783	153,353
(Reversal)/loss allowance	(28,128)	5,760
Transfer to the Parent Company	—	(39,330)
At 31 December	91,655	119,783

The movement in the Group's loss allowance on unbilled receivables is as follows:

	2023 AED'000	2022 AED'000
At 1 January	166,765	261,805
Loss allowance	1,747	51,874
Receivables written off	(11,582)	—
Transfer to the Parent Company	—	(146,914)
At 31 December	156,930	166,765

There has been no change in the estimation techniques or significant assumptions made in assessing the ECL during the current year.

10. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties comprise shareholders, ultimate parent company, parent company and key management personnel and businesses which are controlled directly, by the shareholders or key management personnel. Related parties also includes entities over which the ultimate parent company has control or significant influence.

(a) Due from related parties

	2023 AED'000	2022 AED'000
Intermediate Parent Company	49	—
Parent Company	1,691	—
Other subsidiaries of the Parent Company	14,774	925
Other related parties	18,911	28,974
	35,425	29,899

The amount due from related parties as at 31 December 2023 and 2022 are classified as current in the consolidated balance sheet. The receivables are unsecured in nature and bear no interest. The maximum exposure to credit risk at the reporting date is the fair value of each of the amount receivable from related parties.

The fair values of due from related parties approximate their carrying amounts and are fully performing at 31 December 2023 and 2022.

Due from and due to related party balances are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the due from and due to balances simultaneously.

(b) Due to related parties

	2023 AED'000	2022 AED'000
Ultimate Parent Company	9,111	7,358
Parent Company	—	149,368
Other subsidiaries of the Parent Company	11,520	11,108
Other related parties	39,613	35,857
	60,244	203,691

The payables to related parties arise mainly from purchase transactions and are non-interest bearing, and payable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2023

10. BALANCES AND TRANSACTIONS WITH RELATED PARTIES continued

(c) Related party transactions

Break up of other significant transactions with related parties in the normal course of the business is as follows:

	2023 AED'000	2022 AED'000
Transactions between related parties:		
Dividends declared to the Parent Company	**525,000**	1,078,995
Transfer of intangible assets to Parent Company	**227**	1,593
Transfer of investment property to Parent Company	**20,421**	383,392
Capital contribution	**—**	404,293
Transfer of end of service benefits	**—**	37,513
Transfer of trade receivable from customers (net of provisions)	**—**	30,940
Services provided to related parties included in revenue:		
Operating lease income from fellow subsidiaries and other related parties	**29,303**	22,338
Cost recovery income	**18,242**	19,614
Services income from the Parent Company and fellow subsidiaries	**5,291**	2,930
Services provided by related parties included in expenses:		
Direct costs — operation and maintenance costs		
— Entities under common control	**99,488**	100,303
— Ultimate Parent Company	**—**	6,200
— Parent Company	**2,615**	—
— Other related parties	**52,160**	52,054
General and administrative expenses — cost recharged		
— Ultimate Parent Company	**1,752**	22,256
— Parent Company	**45,360**	17,974
— Other related parties	**3,795**	—

In 2022, a dividend of AED 53,995,000 had been adjusted against the balance receivable from the Parent Company.

(d) Capital contribution

In 2022, capital contribution amounting to AED 404,293,000 represented dividends declared from entities previously under the Group but were transferred out for the purpose of the IPO and was adjusted against balance payable to the related parties.

(e) Remuneration of key management personnel

The compensation to key management personnel for employee services is shown below:

	2023 AED'000	2022 AED'000
Salaries and other short-term employee benefits	**18,170**	15,702
End of service, termination and other post-employment	**732**	2,971
Board of Directors' remuneration	**1,926**	5,000
	20,828	23,673

Board of Directors' remuneration for the year ended 31 December 2023 is recorded in Accrued expenses under 'Trade and other payables' in the consolidated financial statements and will be approved in the next Annual General Meeting.

11. CASH AND BANK BALANCES

	2023 AED'000	2022 AED'000
Cash on hand	**698**	650
Cash at banks		
— Current account	**569,184**	336,016
— Fixed deposits	**965,301**	923,848
	1,535,183	1,260,514

Cash and cash equivalents include the following for the purposes of the consolidated statement of cashflows:

	2023 AED'000	2022 AED'000
Cash and bank balances	**1,535,183**	1,260,514
Fixed deposits with maturities greater than three months	**(865,301)**	(923,848)
Restricted cash against a bank facility	**—**	(60,000)
	669,882	276,666

Bank accounts are held with locally incorporated banks and branches of international banks. Fixed deposits carry interest in the range of 3.11% to 5.75% (2022: 0.85% to 5.25%) per annum.

12. SHARE CAPITAL

The total authorised and issued share capital of the Company comprises 5,000,000,000 shares (2022: 5,000,000,000 shares) of AED 0.10 each. All shares were fully paid-up.

13. LEGAL RESERVE

In accordance with the UAE Federal Decree Law No. (32) of 2021 and Articles of Association, 10% of the profit for the year of the public joint stock company and 5% of the profit for the year of each UAE limited liability registered company are transferred to a legal reserve, which is not distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the paid-up share capital of the respective companies. Transfers to the legal reserve have accordingly been made by the individual entities within the Group.

As at 31 December 2023, legal reserve of the Company amounted to AED 250,000,000 (2022: AED 250,000,000). The remaining amount pertains to the subsidiaries of the Group.

14. TRADE AND OTHER PAYABLES

	2023 AED'000	2022 AED'000
Accrued expenses	**222,589**	252,389
Trade payables	**72,489**	94,309
Other payables	**56,749**	63,338
	351,827	410,036
Less: non-current	**(3,304)**	—
	348,523	410,036

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2023

15. BORROWINGS

	2023 AED'000	2022 AED'000
Bank borrowings	**4,400,000**	4,400,000
Unamortised transaction costs	**(48,233)**	(58,018)
Carrying amount	**4,351,767**	4,341,982
Less: non-current	**(4,351,767)**	(4,341,982)
Current	**–**	–

On 14 June 2023, the Group refinanced its existing bank facilities through a new facility aggregating to AED 7,600,000,000 with multiple tranches from consortium of banks, in exchange of settlement of existing obligation. On account of the settlement, the Group has derecognised the existing liability which has resulted in the release of unamortised issue costs of AED 52,183,000 in finance costs. The issue cost incurred on the new facility amounted to AED 53,796,000, of which the unamortised portion as at 31 December 2023 is AED 48,233,000.

The purpose of the new loan facility is to repay existing facilities and for general corporate purposes of the Group. The new facility is repayable in a single bullet payment in 2028.

As at 31 December 2023, the Group has undrawn floating rate borrowing amounting to AED 3,200,000,0000 from the above facility (2022: AED 3,200,000,000).

The Group has sufficient headroom to enable it to conform to covenants on its existing borrowings and sufficient working capital and undrawn financing facilities to service its operating activities and ongoing investments as at 31 December 2023 and 2022.

Below are major financial covenants as required by the terms of the facility:

i) Leverage for each period not to exceed certain ratios as specified in the facility agreement.
ii) Debt Service Cover Ratio not to be less than 1.20:1.
iii) Minimum Net Worth in respect of any relevant period not to be less than AED 3,673,000,000 (or its equivalent in any other currency).

The Group has complied with all covenants in line with the borrowing facility agreements at each reporting period. The Group has not had any defaults of principal, interest or redemption amounts during the periods on its borrowed funds. Interest rate on the above bank borrowings ranged from 6.12% to 6.39% (2022: ranged from 2.74% to 6.39%) per annum.

Total borrowings of AED 4,400,000,000 (2022: AED 4,400,000,000) are subject to re-pricing within three months of the consolidated balance sheet date.

The maturity profile of the borrowings is as follows:

	2023 AED'000	2022 AED'000
Within one year	**–**	–
After one year but not more than five years	**4,400,000**	4,400,000
More than five years	**–**	–
	4,400,000	4,400,000

The Group's borrowings are denominated in AED.

16. ADVANCES FROM CUSTOMERS

	2023 AED'000	2022 AED'000
Operating lease advances	**1,187,616**	1,159,525
Contract advances	**42,144**	35,809
Refundable deposits	**230,378**	217,199
	1,460,138	1,412,533
Less: non-current	**(623,533)**	(645,326)
Current	**836,605**	767,207

Operating lease advances and contract advances represents amounts collected from customers in advance which are subsequently released to the consolidated statement of income once the revenue recognition criteria are met.

The movement of contract advances is as follows:

	2023 AED'000	2022 AED'000
At 1 January	**35,809**	40,823
Amount billed	**146,668**	132,945
Revenue recognised	**(140,333)**	(137,959)
At 31 December	**42,144**	35,809

17. PROJECT LIABILITIES

	2023 AED'000	2022 AED'000
Project payables	**1,158,574**	1,159,426
Retentions payable	**131,404**	110,892
	1,289,978	1,270,318
Less: non-current	**(829,445)**	(869,271)
Current	**460,533**	401,047

Project payables include amount contracted with a government authority to pay its share of costs of roadworks serving the Group's developments with present value of AED 923,675,000 (2022: AED 968,099,000). These costs are paid based on agreed annual fixed installments and are recorded at the present value of the expected cash outflows required to settle the obligation.

18. EMPLOYEES' END OF SERVICE BENEFITS

	2023 AED'000	2022 AED'000
At 1 January	**43,909**	71,990
Charge for the year	**4,177**	13,116
Payments	**(4,174)**	(3,684)
Transfers	**–**	(37,513)
At 31 December	**43,912**	43,909

19. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Notes	2023 AED'000	2022 AED'000
Provision for infrastructure cost	4(a)	**902,807**	881,124
Provision for terminations and legal claims		**21,585**	20,539
		924,392	901,663
Less: non-current		**(902,807)**	(881,124)
Current		**21,585**	20,539

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2023

20. DIVIDENDS

On 14 June 2022, the shareholders approved to distribute dividends of AED 903,995,000.

At the general assembly meeting held on 14 November 2022, the shareholders approved the recommendation of the Board of Directors to distribute dividends of AED 200,000,000 (AED 0.04 per share).

At the Annual General Meeting held on 14 March 2023, the shareholders approved the recommendation of the Board of Directors to distribute dividends of AED 200,000,000 (AED 0.04 per share).

On 1 August 2023, the shareholders approved the recommendation of the Board of Directors to distribute interim dividends of AED 400,000,000 (AED 0.08 per share).

On 30 January 2024, the Board of Directors has recommended cash dividend of AED 400,000,000 (AED 0.08 per share), which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

21. REVENUE

	Notes	2023 AED'000	2022 AED'000
Operating lease income	6	**1,929,534**	1,757,003
Service income		**239,663**	216,365
		2,169,197	1,973,368

The payments for service income are received in advance and have no significant financing component.

The aggregate amount of sale price allocated to performance obligations that are unsatisfied/partially satisfied as at 31 December 2023 amounted to AED 42,144,000 (2022: AED 35,809,000). The Group expects to recognise revenue from these unsatisfied performance obligations over a period of 2 years.

22. DIRECT COSTS

	Notes	2023 AED'000	2022 AED'000
Depreciation	6	**371,395**	357,876
Operation and maintenance costs		**338,015**	354,749
Payroll and related costs	25	**50,972**	55,229
		760,382	767,854

23. OTHER OPERATING INCOME

	2023 AED'000	2022 AED'000
Cost recovery	**18,242**	19,614
Lease termination and other penalties	**15,039**	11,539
Liabilities written back	**12,589**	8,138
Others	**1,292**	2,695
	47,162	41,986

Cost recovery income relates to expenses recharged based on a cost sharing agreement with related parties.

24. GENERAL AND ADMINISTRATIVE EXPENSES

	Notes	2023 AED'000	2022 AED'000
Payroll and related costs	25	**71,279**	92,161
Management fees and consultancy		**60,950**	48,369
(Reversal)/loss allowance on trade and unbilled receivables	9	**(26,381)**	57,634
Depreciation and amortisation		**23,111**	28,328
Professional memberships		**3,877**	7,442
Communication		**3,825**	5,431
Others		**17,443**	5,998
		154,104	245,363

25. PAYROLL AND RELATED COSTS

	2023 AED'000	2022 AED'000
Salaries and allowances	**121,178**	133,459
End of service benefits and pension	**6,908**	20,475
	128,086	153,934

Payroll and related costs are split as follows:

	Notes	2023 AED'000	2022 AED'000
Direct costs	22	**50,972**	55,229
General and administrative expenses	24	**71,279**	92,161
Marketing and selling expenses	26	**5,835**	6,544
		128,086	153,934

26. MARKETING AND SELLING EXPENSES

	Notes	2023 AED'000	2022 AED'000
Promotions		**31,546**	30,817
Payroll and related costs	25	**5,835**	6,544
Advertising		**5,442**	4,186
		42,823	41,547

Promotions include social contributions amounting to AED 358,000 (2022: AED 311,000)."

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2023

27. FINANCE COSTS — NET

	Notes	2023 AED'000	2022 AED'000
Interest (expense)/income on:			
Bank borrowings		**(292,953)**	(180,454)
Derivative financial instruments		**127,772**	(30,473)
Amortisation of transaction costs		**(64,323)**	(69,726)
Unwinding of discount on non-current liabilities		**(32,863)**	(31,532)
		(262,367)	(312,185)
Interest earned on:			
Bank fixed deposits		**27,090**	4,933
Islamic deposits		**14,888**	4,090
Current accounts		**14,367**	7,881
Gains on derivatives		**23,945**	59,413
Other finance income		**1,302**	896
		81,592	77,213
		(180,775)	(234,972)

28. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing consolidated profit for the year attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical. The calculation of basic and diluted earnings per share attributable to the owners of the company is based on the following data:

	2023	2022
Earnings		
Earnings for the purpose of basic and diluted earnings per share (consolidated profit for the year attributable to owners of the company) rounded to the nearest AED'000	**1,078,275**	725,618
Weighted average number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**5,000,000,000**	3,780,821,991
Basic and diluted earnings per share attributable to owners of the company rounded to the nearest Fil	**0.22**	0.19

29. CASH GENERATED FROM OPERATIONS

	Notes	2023 AED'000	2022 AED'000
Profit for the year		**1,078,275**	725,618
Adjustments for:			
Depreciation and amortisation		**394,506**	386,204
(Reversal)/loss allowance on trade and unbilled receivables	9	**(26,381)**	57,634
Provisions for end of service benefits and other liabilities and charges		**5,223**	11,442
Liabilities written back	23	**(12,589)**	(8,138)
Finance income	27	**(81,592)**	(77,213)
Finance costs	27	**262,367**	312,185
		1,619,809	1,407,732
Changes in operating assets and liabilities:			
Trade and other receivables, before provision and write offs		**(9,552)**	(33,146)
Trade payables and other liabilities, excluding project liabilities		**3,014**	59,482
Due from related parties		**15,135**	560,365
Due to related parties		**6,553**	(487,047)
Cash generated from operations		**1,634,959**	1,507,386

30. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the following line items:

	Notes	Financial assets at amortised cost AED'000	Financial assets at fair value through other comprehensive income AED'000	Total AED'000
Assets				
31 December 2023				
Derivative financial instruments	7	**—**	**221,995**	**221,995**
Trade and other receivables		**942,070**	**—**	**942,070**
Due from related parties	10	**35,425**	**—**	**35,425**
Cash and bank balances	11	**1,535,183**	**—**	**1,535,183**
		2,512,678	**221,995**	**2,734,673**
31 December 2022				
Derivative financial instruments	7	—	315,519	315,519
Trade and other receivables		907,473	—	907,473
Due from related parties	10	29,899	—	29,899
Cash and bank balances	11	1,260,514	—	1,260,514
		2,197,886	315,519	2,513,405

Trade and other receivables exclude advances to contractors and suppliers, prepayments and other receivables.

	Notes	Derivatives used for hedging AED'000	Other financial liabilities AED'000	Total AED'000
Liabilities				
31 December 2023				
Trade payables and other liabilities		**—**	**1,872,183**	**1,872,183**
Derivative financial instruments	7	**3,000**	**—**	**3,000**
Due to related parties	10	**—**	**60,244**	**60,244**
Borrowings	15	**—**	**4,351,767**	**4,351,767**
		3,000	**6,284,194**	**6,287,194**
31 December 2022				
Trade payables and other liabilities		—	1,897,553	1,897,553
Derivative financial instruments	7	2,817	—	2,817
Due to related parties	10	—	203,691	203,691
Borrowings	15	—	4,341,982	4,341,982
		2,817	6,443,226	6,446,043

Trade payables and other liabilities exclude operating lease advances and contract advances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2023

31. NET DEBT RECONCILIATION

	Notes	2023 AED'000	2022 AED'000
Cash and bank balances	11	**1,535,183**	1,260,514
Borrowings — repayable after one year	15	**(4,351,767)**	(4,341,982)
		(2,816,584)	(3,081,468)

	Cash and bank* AED'000	Borrowing due within 1 year AED'000	Borrowing due after 1 year AED'000	Total AED'000
Net debt as at 1 January 2023	**1,260,514**	**—**	**(4,341,982)**	**(3,081,468)**
Cash flows	**274,669**	**—**	**53,796**	**328,465**
Other non-cash movement	**—**	**—**	**(63,581)**	**(63,581)**
Net debt as at 31 December 2023	**1,535,183**	**—**	**(4,351,767)**	**(2,816,584)**
Net debt as at 1 January 2022	1,246,399	(302,015)	(3,663,105)	(2,718,721)
Cash flows	14,115	64,215	(371,279)	(292,949)
Other non-cash movement	—	237,800	(307,598)	(69,798)
Net debt as at 31 December 2022	1,260,514	—	(4,341,982)	(3,081,468)

* The presentation of cash and bank balances within the net debt reconciliation is a voluntary inclusion in addition to the reconciliation of liabilities arising from financing activities as disclosed in the consolidated statement of cashflows.

32. COMMITMENTS

(a) Capital commitments

	2023 AED'000	2022 AED'000
Property and equipment	**4,679**	2,094
Intangible assets	**5,606**	6,377
Investment property	**612,463**	289,554

(b) Operating lease arrangements — the Group as lessor

Operating non-cancellable leases relate to the investment property owned by the Group with lease terms of between 1 to 5 years for building leases and between 20 to 50 years for land leases.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2023 AED'000	2022 AED'000
Later than five years	**12,157,819**	11,767,418
Later than one year and not later than five years	**2,818,047**	2,930,035
Not later than one year	**798,861**	858,220
	15,774,727	15,555,673

(c) Letter of credit

Letters of credit of AED 96,602,000 (2022: AED 20,295,000) issued for construction of certain infrastructure costs.

33. SEGMENT REPORTING

Information regarding the Group's reportable segments is set out below in accordance with IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's Chief Executive Officer, as the chief operating decision maker, in order to allocate resources to the segment and to assess its performance. Information reported to the Group's Chief Executive Officer for the purpose of resource allocation and assessment of segment performance focuses on the financial performance of each business segments only. No information that includes the segments' assets and liabilities are reported to the Group's Chief Executive Officer.

The Group is organised into four reportable segments: (i) commercial leasing, (ii) industrial leasing, (iii) land leasing and (iv) services and others. The following describes the types of properties, products or services that fall within each of our financial segments:

- Commercial leasing consists of built-to-lease and built-to-suit properties. Built to lease properties are our commercial properties which are typically developed for multiple tenants and are leased out to customers, and include office, retail space and business centres (built to lease). Built to suit properties typically represent our commercial properties where we were able to identify customers in advance of developing the property in order to build a single-tenant customised property that meet a customer's specifications, which are then leased out to them upon completion or similar properties (built to suit).
- Industrial leasing consists of warehouses and staff accommodation (housing for businesses to use to accommodate their workers).
- Land leasing consists of land leases. Our land leases represent land available within our business districts that already has or is expected to develop the necessary infrastructure (such as connecting roads, water, electricity and sewage) that allows us to lease the land. We have intentionally retained such land in order to be able to lease it to customers to suit their specific needs, such as manufacturing, commercial, retail, residential or academic purposes.
- Services consist of fees from the services that we provide, including those generated from our AXS platform, venue management services, property management and leasing agreements and our in5 platform.
- Other segments include businesses that individually do not meet the criteria of a reportable segment. These segments include operations and support functions.

The Group operates primarily in United Arab Emirates and accordingly no further geographical analysis of revenue and profit are given. Segment revenue reported represents revenue generated from customers and there were no intersegment sales.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represents the profit earned by each segment before interest, depreciation and amortisation. This is the measure reported to the Group's Chief Executive Officer for the purpose of resource allocation and assessment of segment performance.

Information regarding these segments are as follows:

	Commercial leasing AED'000	Land leasing AED'000	Industrial leasing AED'000	Services and others AED'000	Total AED'000
31 December 2023					
Revenue	**1,123,536**	**501,716**	**304,282**	**239,663**	**2,169,197**
Direct cost	**(231,551)**	**(3,772)**	**(66,629)**	**(36,063)**	**(338,015)**
Other operating income	**46,426**	**—**	**630**	**106**	**47,162**
Other expenses	**(166,246)**	**(16,774)**	**(17,854)**	**(23,914)**	**(224,788)**
Segment results before interest and depreciation and amortisation	**772,165**	**481,170**	**220,429**	**179,792**	**1,653,556**
Depreciation and amortisation	**(323,748)**	**—**	**(65,000)**	**(5,758)**	**(394,506)**
Unallocated net finance cost	**—**	**—**	**—**	**—**	**(180,775)**
Profit for the year	**448,417**	**481,170**	**155,429**	**174,034**	**1,078,275**
31 December 2022					
Revenue	1,047,422	435,877	273,704	216,365	1,973,368
Direct cost	(244,036)	(18)	(56,678)	(54,017)	(354,749)
Other operating income	38,062	—	814	3,110	41,986
Other expenses	(184,911)	(68,923)	(47,642)	(12,335)	(313,811)
Segment results before interest and depreciation and amortisation	656,537	366,936	170,198	153,123	1,346,794
Depreciation and amortisation	(316,178)	—	(65,045)	(4,981)	(386,204)
Unallocated net finance cost	—	—	—	—	(234,972)
Profit for the year	340,359	366,936	105,153	148,142	725,618

Management primarily relies on net finance cost, not the gross finance income and finance cost in managing all segments and does not allocate to segments. Therefore, unallocated net finance cost is disclosed.

No single customer contributed 10% or more to the Group's revenue.

Innovation Hub

EPRA Reporting

TECOM Group PJSC is a member of EPRA since its listing on Dubai Financial Market (DFM) in 2022 and among the few real estate companies in the GCC region to adopt the EPRA BPR disclosures.

EPRA REPORTING

The European Public Real Estate Association (EPRA) founded in 1999, is a not-for-profit association widely recognized for setting framework and best practices for Property investment companies.

The EPRA Best Practices Recommendations (BPR) Guidelines focus on those areas of reporting that are of most relevance to investors and enhance quality, comparability, and overall transparency of the listed Real estate sector. These standardised EPRA performance measures provide additional relevant earnings, balance sheet and operational metrics which facilitate simple and effective comparison of performance-related information across the industry.

TECOM Group PJSC (the Group) is a member of EPRA since its listing on Dubai Financial Market (DFM) in 2022 and among the few real estate companies in the GCC region to voluntarily adopt the EPRA BPR disclosures.

The Group applies EPRA BPR Guidelines (last published in February 2022) for the reporting of EPRA Performance Measures which are presented in this section for the first time (Page 203 to Page 206).

For more information about EPRA and EPRA's best practice policies please visit EPRA's web site (www.epra.com).

EPRA PERFORMANCE MEASURES

Summary table EPRA performance measures

Measure	Definition	Purpose	2023	2022
1 EPRA EARNINGS	Earnings from operational activities.	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	1,501,853	1,024,081
2 EPRA NAV METRICS	**EPRA Net Reinstatement Value:** Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	The EPRA NAV set of metrics make adjustments to the NAV per the IFRS financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under different scenarios.	17,180,297	15,070,569
	EPRA Net Tangible Assets: Assumes that entities buy and sell assets, hereby crystallising certain levels of unavoidable deferred tax.		17,159,870	15,051,625
	EPRA Net Disposal Value: Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.		17,399,292	15,383,271
3(i) EPRA NET INITIAL YIELD (NIY)	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.	6.75%	6.55%
(ii) EPRA "TOPPED-UP" NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).		7.01%	6.66%
4 EPRA VACANCY RATE	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	A 'pure' (%) measure of investment property space that is vacant, based on ERV.	10.95%	16.78%
5 EPRA COST RATIOS	Administrative & operating costs (including costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs.	12.87%	22.71%
	Administrative & operating costs (excluding costs of direct vacancy) divided by gross rental income.		10.31%	18.67%
6 EPRA LTV	Debt divided by market value of the property.	A key (shareholder-gearing) metric to determine the percentage of debt comparing to the appraised value of the properties.	25.32%	29.30%

The details for the calculation of the EPRA performance measures are shown in the following tables.

EPRA PERFORMANCE MEASURES CONTINUED

1. EPRA Earnings

(Amounts in AED 000)	2023	2022
Earnings per IFRS income statement	**1,078,275**	725,618
Adjustments to calculate EPRA Earnings, exclude:		
Changes in value of investment properties, development properties held for investment and other interests	**(371,395)**	(357,876)
Profits or losses on disposal of investment properties, development properties held for investment and other interests	**—**	—
Profits or losses on sales of trading properties including impairment charges in respect of trading properties.	**—**	—
Tax on profits or losses on disposals	**—**	—
Negative goodwill/goodwill impairment	**—**	—
Changes in fair value of financial instruments and associated close-out costs	**(52,183)**	59,413
Acquisition costs on share deals and non-controlling joint venture interests	**—**	—
Deferred tax in respect of EPRA adjustments	**—**	—
Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	**—**	—
Non-controlling interests in respect of the above	**—**	—
EPRA Earnings	**1,501,853**	1,024,081
Basic number of shares	**5,000,000**	5,000,000
EPRA Earnings per Share (EPS)	**0.30**	0.20

2. EPRA Net Asset Value (NAV) Metrics

	2023			2022		
(Amounts in AED 000)	EPRA NRV	EPRA NTA	EPRA NDA	EPRA NRV	EPRA NTA	EPRA NDA
IFRS Equity attributable to shareholders	**6,329,007**	**6,329,007**	**6,329,007**	5,968,384	5,968,384	5,968,384
Include/Exclude*:						
Hybrid instruments	**—**	**—**	**—**	—	—	—
Diluted NAV	**6,329,007**	**6,329,007**	**6,329,007**	5,968,384	5,968,384	5,968,384
Include:						
Revaluation of IP (if IAS 40 cost option is used)	**11,070,285**	**11,070,285**	**11,070,285**	9,414,887	9,414,887	9,414,887
Revaluation of IPUC[1] (if IAS 40 cost option is used)	**—**	**—**	**—**	—	—	—
Revaluation of other non-current investments	**—**	**—**	**—**	—	—	—
Revaluation of tenant leases held as finance leases	**—**	**—**	**—**	—	—	—
Revaluation of trading properties	**—**	**—**	**—**	—	—	—
Diluted NAV at Fair Value	**17,399,292**	**17,399,292**	**17,399,292**	15,383,271	15,383,271	15,383,271
Exclude:						
Deferred tax in relation to fair value gains of IP	**—**	**—**		—	—	
Fair value of financial instruments	**(218,995)**	**(218,995)**		(312,702)	(312,702)	
Goodwill as a result of deferred tax	**—**	**—**	**—**	—	—	—
Goodwill as per the IFRS balance sheet		**—**	**—**		—	—
Intangibles as per the IFRS balance sheet		**(20,427)**			—18,944	
Include:						
Fair value of fixed interest rate debt			**—**			—
Revaluation of intangibles to fair value	**—**		**—**	—		—
Real estate transfer tax	**—**	**—**		—	—	
NAV	**17,180,297**	**17,159,870**	**17,399,292**	15,070,569	15,051,625	15,383,271
Fully diluted number of shares	**5,000,000**	**5,000,000**	**5,000,000**	5,000,000	5,000,000	5,000,000
NAV per share	**3.44**	**3.43**	**3.48**	3.01	3.01	3.08

[1] Difference between development property held on the balance sheet at cost and fair value of that development property

3. EPRA Net Initial Yield (NIY) and EPRA "Topped-up" NIY

(Amounts in AED 000)	2023	2022
Investment property — wholly owned	**22,934,827**	21,288,814
Investment property — share of JVs/Funds	**—**	—
Trading property (including share of JVs)	**—**	—
Less: developments	**1,293,389**	*1,645,606*
Completed property portfolio	**21,641,438**	19,643,208
Allowance for estimated purchasers' costs	**726,973**	659,849
Gross up completed property portfolio valuation (B)	**22,368,411**	20,303,057
Annualised cash passing rental income	**1,905,703**	1,715,838
Property outgoings	**396,849**	385,780
Annualised net rents (A)	**1,508,854**	1,330,058
Add: notional rent expiration of rent free periods or other lease incentives	**58,164**	22,330
Topped-up net annualised rent (C)	**1,567,018**	1,352,388
EPRA NIY (A/B)	**6.75%**	6.55%
EPRA "topped-up" NIY (C/B)	**7.01%**	6.66%

4. EPRA Vacancy Rate

(Amounts in AED 000)	2023	2022
Estimated Rental Value of vacant space (A)	**233,011**	348,424
Estimated rental value of the whole portfolio (B)	**2,128,349**	2,076,042
EPRA Vacancy Rate (A/B)	**10.95%**	16.78%

5. EPRA Cost Ratios

(Amounts in AED 000)	2023	2022
Include:		
Administrative/operating expense line per IFRS income statement	**547,491**	640,553
Net service charge costs/fees	**121,601**	139,750
Management fees less actual/estimated profit element	**—**	—
Other operating income/recharges intended to cover overhead expenses less any related profits	**—**	—
Share of Joint Ventures expenses	**—**	—
Exclude (if part of the above):		
Investment property depreciation	**371,395**	357,876
Ground rent costs	**3,747**	—
Service charge costs recovered through rents but not separately invoiced	**78,904**	78,618
EPRA Costs (including direct vacancy costs) (A)	**215,046**	343,809
Direct vacancy costs	**42,697**	61,132
EPRA Costs (excluding direct vacancy costs) (B)	**172,349**	282,677
Gross Rental Income less ground rents — per IFRS	**1,750,361**	1,592,751
Less: service fee and service charge costs components of Gross Rental In-come (if relevant)	**78,904**	78,618
Add: share of Joint Ventures (Gross Rental Income less ground rents)	**—**	—
Gross Rental Income (C)	**1,671,457**	1,514,133
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**12.87%**	22.71%
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**10.31%**	18.67%

EPRA PERFORMANCE MEASURES CONTINUED

6. EPRA Loan-to-Value (LTV)

AS AT 31 DECEMBER 2023

(Amounts in AED 000)	Group as Reported	Share of Joint Ventures	Share of Material Associate	Non-controlling interests	Combined
Include:					
Borrowings from Financial Institutions	4,351,767				4,351,767
Commercial paper	—				—
Hybrids (including Convertibles, preference shares, debt, options, perpetuals)	—				—
Bond Loans	—				—
Foreign Currency Derivatives (futures, swaps, options and forwards)	—				—
Net Payables	3,051,832				3,051,832
Owner-occupied property (debt)	—				—
Current accounts (Equity characteristic)	—				—
Exclude:	—				—
Cash and cash equivalents	1,535,183				1,535,183
Net Debt (A)	5,868,416				5,868,416
Include:					
Owner-occupied property	—				—
Investment properties at fair value	22,934,827				22,934,827
Properties held for sale	—				—
Properties under development	—				—
Intangibles	20,427				20,427
Net Receivables	—				—
Financial assets	218,995				218,995
Total Property Value (B)	23,174,249				23,174,249
LTV (A/B)	25.32%				25.32%

AS AT 31 DECEMBER 2022

(Amounts in AED 000)	Group as Reported	Share of Joint Ventures	Share of Material Associate	Non-controlling interests	Combined
Include:					
Borrowings from Financial Institutions	4,341,982				4,341,982
Commercial paper	—				—
Hybrids (including Convertibles, preference shares, debt, options, perpetuals)	—				—
Bond Loans	—				—
Foreign Currency Derivatives (futures, swaps, options and forwards)	—				—
Net Payables	3,252,716				3,252,716
Owner-occupied property (debt)	—				—
Current accounts (Equity characteristic)	—				—
Exclude:	—				—
Cash and cash equivalents	1,260,514				1,260,514
Net Debt (A)	6,334,184				6,334,184
Include:					
Owner-occupied property	—				—
Investment properties at fair value	21,288,814				21,288,814
Properties held for sale	—				—
Properties under development	—				—
Intangibles	18,944				18,944
Net Receivables	—				—
Financial assets	312,702				312,702
Total Property Value (B)	21,620,460				21,620,460
LTV (A/B)	29.30%				29.30%

Dubai Internet City

GLOSSARY

ARM – Active Risk Manager

BTL – Built-to-lease: multi-tenant investment properties

BTS – Built-to-suit: purpose-built investment properties as per requirements of tenants

CAPEX – Capital expenditure

CBD – Central business district

CEO – Chief Executive Officer

CFE – Certified Fraud Examiner

CFO – Chief Finance Officer

CIA – Certified Internal Auditor

COSO – The Committee of Sponsoring Organizations of the Treadway Commission

CSR – Corporate social responsibility

Customer Retention – Value of leases renewed during a period divided by value of leases due for renewal during the period

Customers – Includes tenants, freelancers, and services clients

DDA – Dubai Development Authority

DFM – Dubai Financial Market

DHAM – Dubai Holding Asset Management

EBITDA – Earnings before interest, tax, depreciation, and amortisation

EITC – Emirates Integrated Telecommunications Company PJSC

Employee Retention – Percentage of high performing employees retained

EPRA – European Public Real Estate Association

EPRA BPR – EPRA best practice recommendations

EPRA Earnings – IFRS net profit adjusted mainly to remove impacts of depreciation and fair valuation in accordance with EPRA BPR

EPRA NAV – Net asset value calculated in accordance with EPRA BPR

EPRA NIY – EPRA net initial yield

EPS – Earnings per share (net profit divided by number of shares)

ERM – Enterprise Risk Management

ESG – Environmental, Social and Governance

FFO – Funds from operations (Funds generated from operations, including net finance costs paid, before working capital changes)

GDP – Gross domestic product

GLA – Gross leasable area

IMF – International Monetary Fund

IP – Investment property

IPPF – International Professional Practices Framework

KPI – Key Performance Indicator

KRI – Key Risk Indicator

LEED – Leadership in Energy and Environment Design

Leverage – Net debt divided by EBITDA

Like-for-Like Valuation gain – Percentage change in valuation of properties held at the beginning of the period

LTV – Loan to value ratio

MENA – Middle East and Northern Africa

MENAT – Middle East, North Africa and Turkey

MNC – Multi national company

MoIAT – Ministry of Industry and Advanced Technology

MOU – Memorandum of understanding

NAV – Net asset value

NCBD – Non-central business district

Net Debt – Gross debt minus cash and bank balances

OE – Oxford Economics

OpEx – Operating expenses

PMLA – Property management and leasing agreement

Report Currency – United Arab Emirates Dirham (AED)

RFCF – Recurring free cashflow (FFO minus enhancement and maintenance capital expenditure additions)

ROE – Return on equity

RPT – Related Party Transactions

SCA – Securities and Commodities Authority

TSR – Total Shareholder Return

UAECA – UAE Chartered Accountant

WALT – Weighted Average remaining Lease Term

Commercial Building 1
Dubai Studio City
Dubai
United Arab Emirates
Tel: 800 8 TECOM

tecomgroup.ae