



INVESTOR PRESENTATION

Q3 2022 FINANCIAL RESULTS

OCTOBER 2022

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AGENDA

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TECOM GROUP MANAGEMENT PRESENTING







MACROECONOMIC AND REAL ESTATE MARKET HIGHLIGHTS



Dubai's strong underlying macroeconomic fundamentals

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

Demand outpacing supply in Dubai's commercial real estate market

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

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

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



A COMPELLING INVESTMENT OPPORTUNITY



Leading player in Dubai's business hub proposition, with over

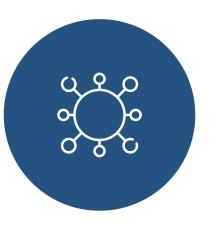
20 years
of experience



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



Robust and attractive financial profile supporting dividend payout



Exposure to

6 strategic sectors

primed for sustainable growth



Unique, diverse, high-quality portfolio of income-generating assets

strategically located across Dubai



Clear roadmap for growth



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



Dynamic management team

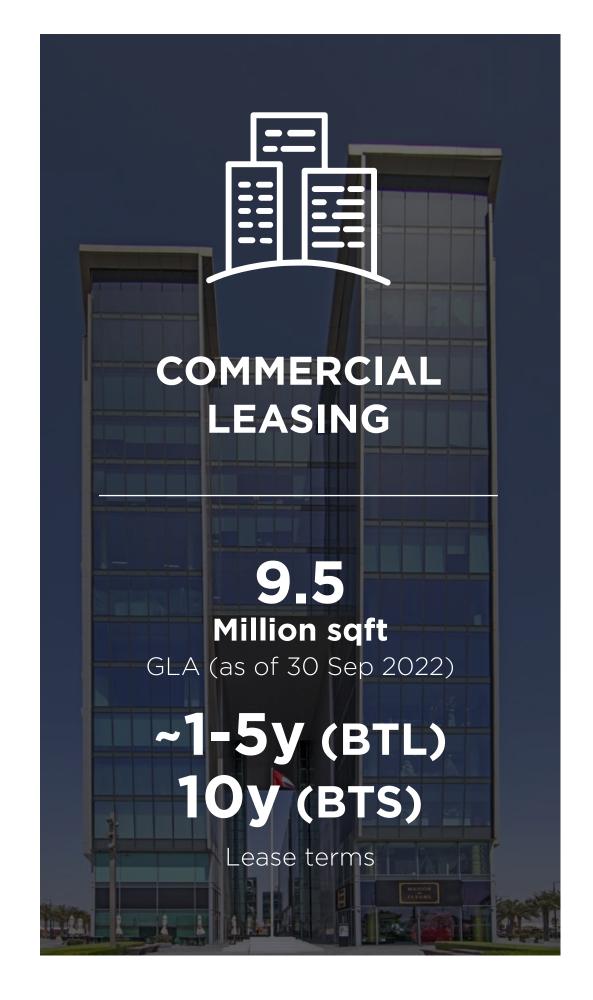
with proven track record and know how in creating and managing industry ecosystems

10 BUSINESS DISTRICTS STRATEGICALLY LOCATED

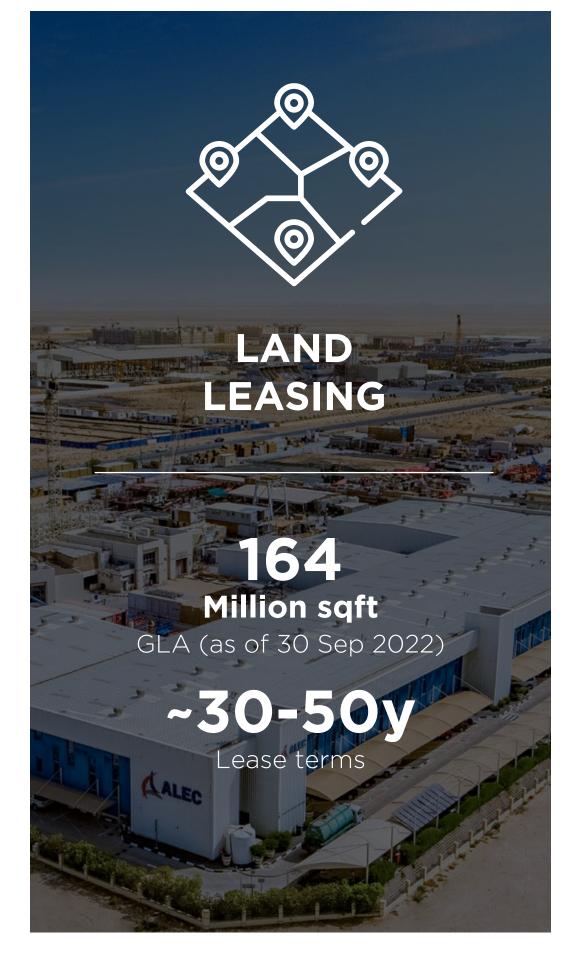
Dubai's strategic business enabler and creator of world's class business districts

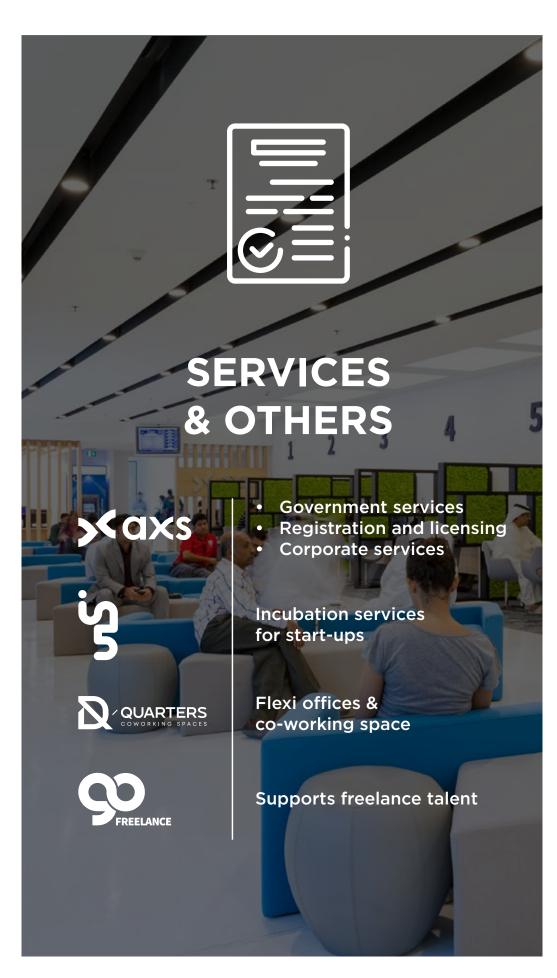


DELIVERING VALUE THROUGH OUR 4 BUSINESS SEGMENTS









CAPTURING GROWTH THROUGH OUR CLEAR AND ACTIONABLE STRATEGY

01. 02. 03. 04.

AMPLE ROOM
TO RAMP UP
OCCUPANCY

CAPITALISING
ON FAVOURABLE
MARKET
DYNAMICS

HEALTHY PIPELINE
OF DE-RISKED
BTS PROJECTS

ACTIVATING
AND ACCESSING
ADDITIONAL
LAND BANK



FINANCIAL HIGHLIGHTS (Q3)













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

^{1.} FFO: Cash flow from operations (including net financing costs) before changes in working capital

^{2.} FREE CASH: Excludes Restricted Cash AED 250 MN (FSRA, Visa Deposit, EOSB)

FINANCIAL HIGHLIGHTS (9 MONTHS)













OPERATING PERFORMANCE

83.5%

Consolidated Occupancy (Excluding Land Leasing)

2.8 Years

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

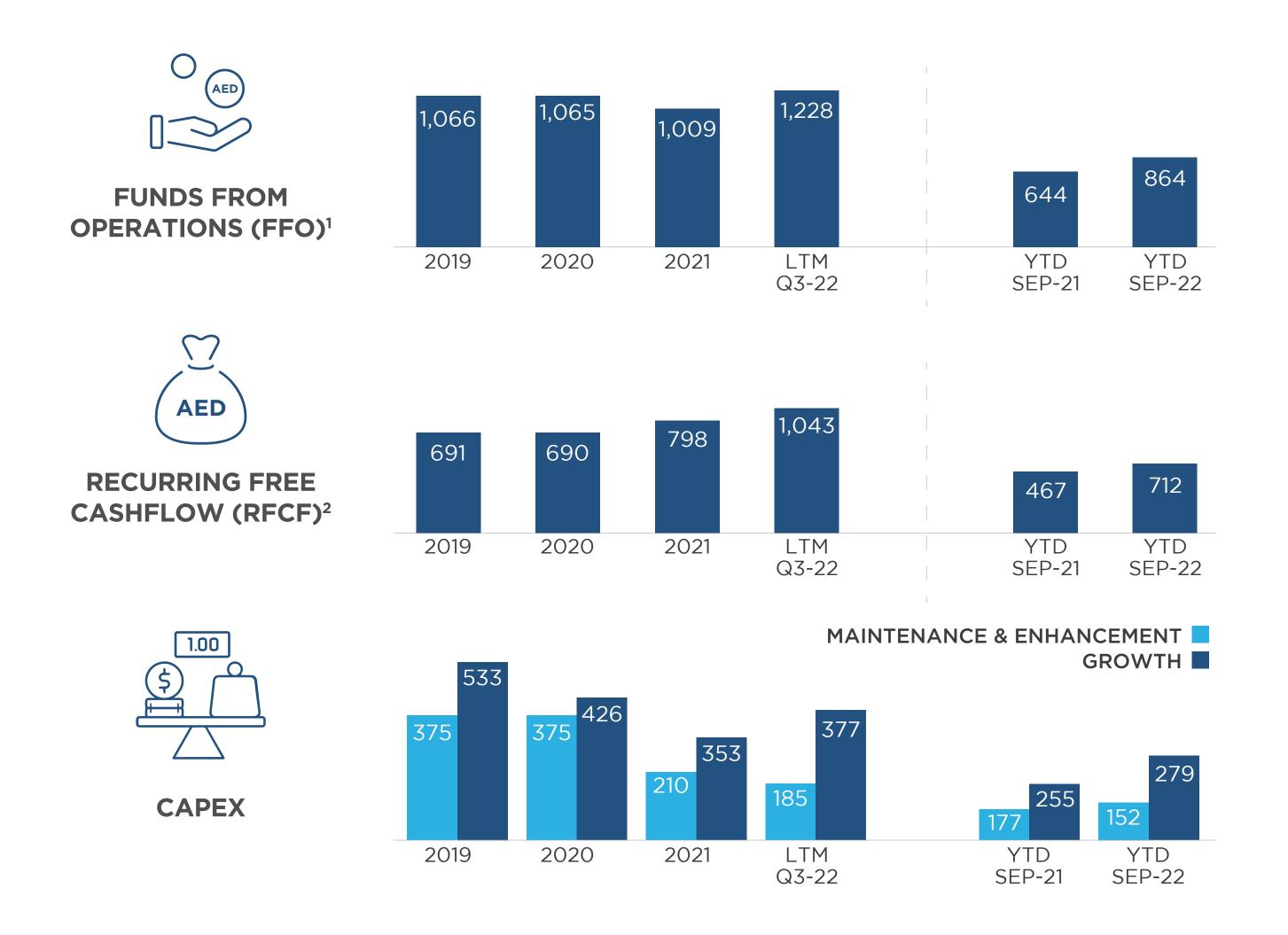
*WALT: Weighted Average Lease Term

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

^{1.} FFO: Cash flow from operations (including net financing costs) before changes in working capital

^{2.} FREE CASH: Excludes Restricted Cash AED 250 MN (FSRA, Visa Deposit, EOSB)

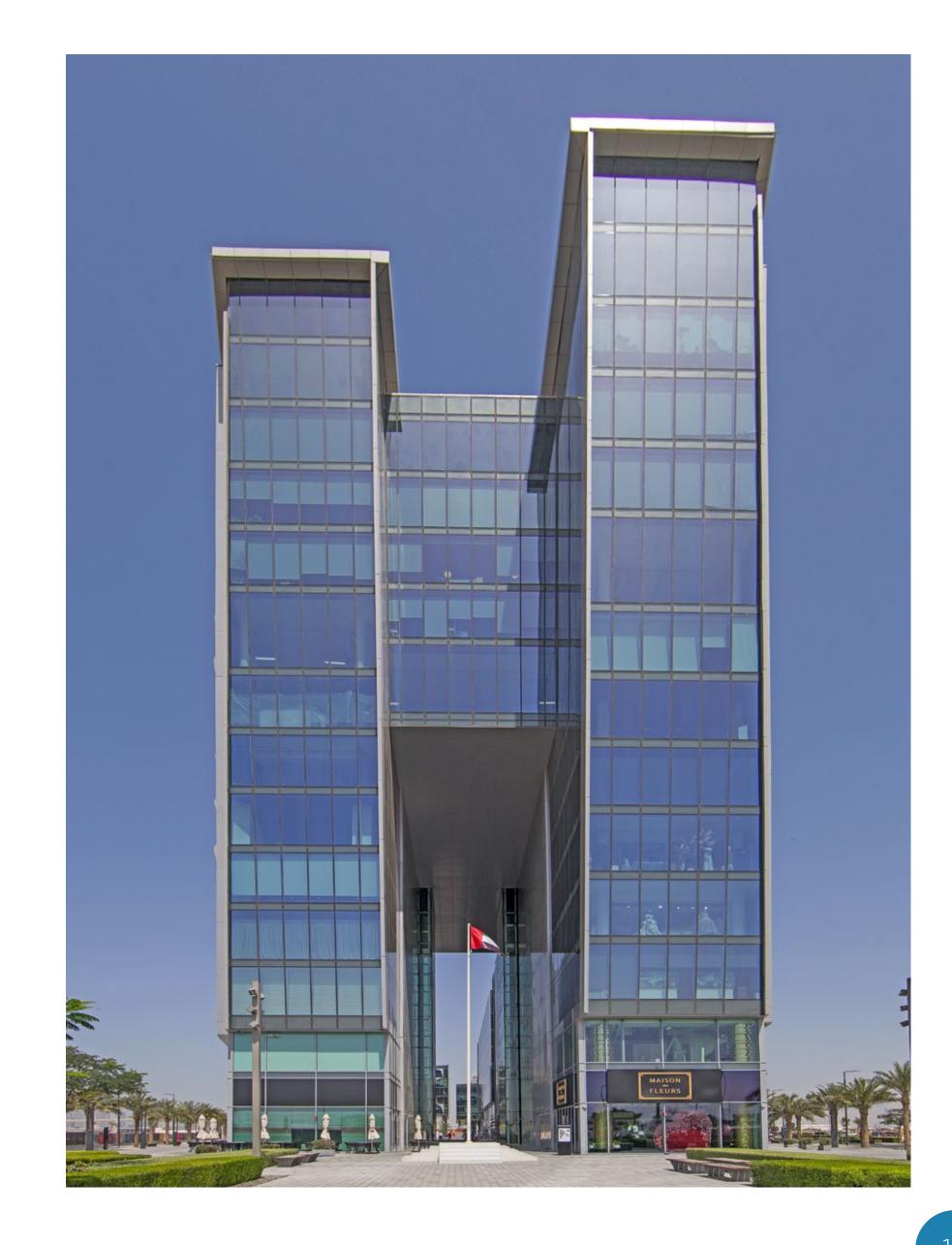
STRONG CASH FLOW GENERATION & INCREASE IN GROWTH CAPEX



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

ROBUST BALANCE SHEET

DESCRIPTION	30 SEPT 2022	31 DEC 2021
PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS	123	143
INVESTMENT PROPERTY	11,914	13,368
DERIVATIVE FINANCIAL INSTRUMENTS	305	73
TRADE, UNBILLED AND FINANCE LEASE RECEIVABLES	776	744
NON-CURRENT ASSETS	13,118	14,327
TRADE RECEIVABLES	144	202
OTHER RECEIVABLES	71	61
DUE FROM RELATED PARTIES	87	527
CASH AND BANK BALANCES	1,282	1,246
CURRENT ASSETS	1,583	2,037
TOTAL ASSETS	14,701	16,364
	F00	
SHARE CAPITAL	500 497	0 179
RESERVES	5,074	-
RETAINED EARNINGS		5,434
TOTAL EQUITY	6,070	5,613
BANK BORROWINGS	4,338	3,663
ADVANCES AND REFUNDABLE DEPOSITS FROM CUSTOMERS	645	671
OTHER LIABILITIES, DERIVATIVE FINANCIAL INSTRUMENTS AND EC)SB 899	1,082
PROVISION FOR OTHER LIABILITIES AND CHARGES	881	2,405
NON-CURRENT LIABILITIES	6,764	7,821
BANK BORROWINGS	0	302
TRADE AND OTHER PAYABLES	363	379
ADVANCES AND REFUNDABLE DEPOSITS FROM CUSTOMERS	783	687
OTHER LIABILITIES & PROVISIONS	423	466
DUE TO RELATED PARTIES	297	1,095
CURRENT LIABILITIES	1,866	2,930
TOTAL LIABILITIES	8,631	10,751
TOTAL EQUITY AND LIABILITIES	14,701	16,364

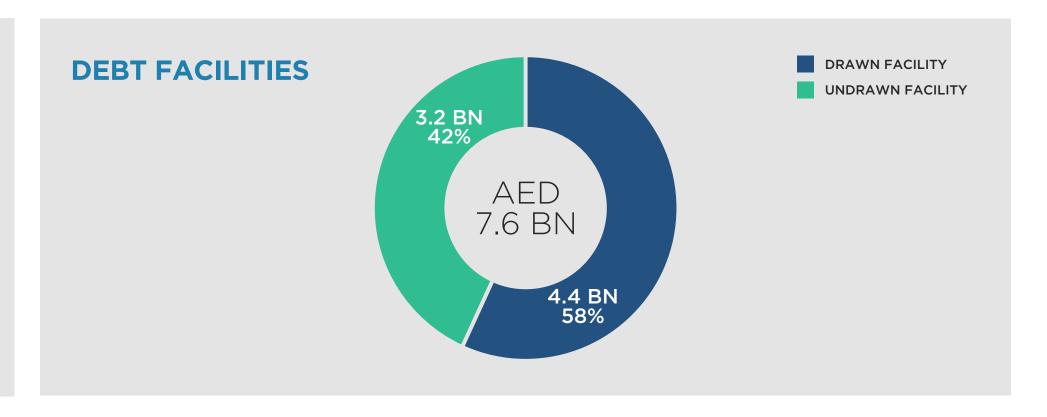


HEALTHY LEVERAGE POSITION SUPPORTING GROWTH AGENDA

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

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

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



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

PORTFOLIO VALUATION

OUR PORTFOLIO













FAIR VALUES BY SEGMENT



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

EPRA KPIs

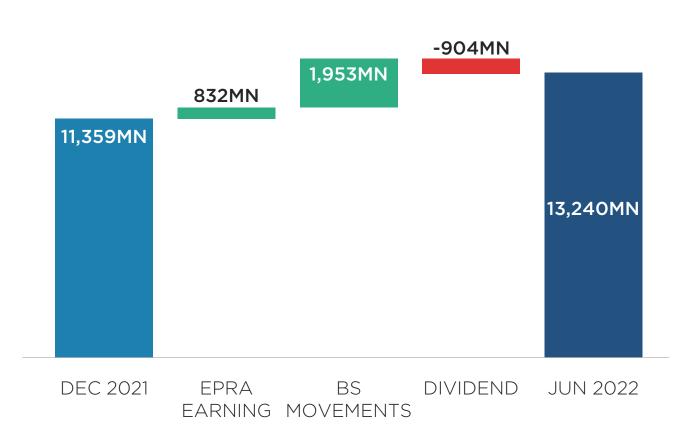
KPI	Q3 2022	H1 2022	Q1 2022
IFRS EARNINGS	639	428	190
EPRA EARNINGS	832	534	225
IFRS NET ASSETS	6,070	5,718	6,264
EPRA NET ASSET VALUE (NAV)	13,240	13,006	13,621
EPRA NIY	7.1%	7.1%	7.1%
EPRA "TOPPED-UP" NIY	7.2%	7.1%	7.2%

2021	2020	2019
569	579	634
898	944	984
5,613	6,168	6,131
11,359	12,035	12,705
6.8%	6.1%	7.0%
7.1%	6.6%	7.3%

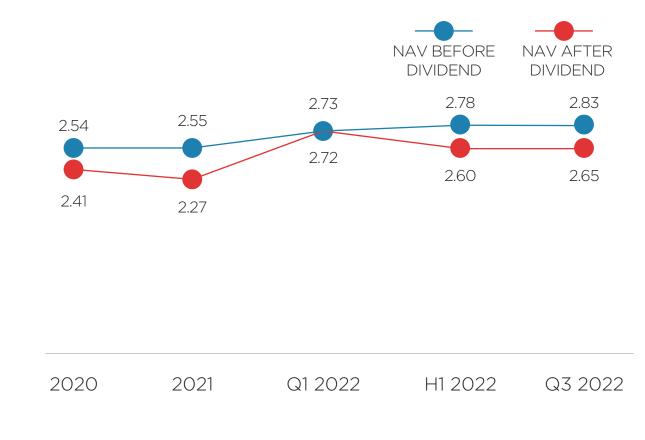
PER SHARE ANALYSIS	Q3 2022*	H1 2022*	Q1 2022*
NUMBER OF SHARES	5,000	5,000	5,000
EPRA EARNINGS PER SHARE	O.17	O.11	0.04
EPRA NET ASSET VALUE (NAV) EX DIVIDEND	2.65	2.60	2.72
EPRA NET ASSET VALUE (NAV) BEFORE DIVIDEND	2.83	2.78	2.73

2021	2020	2019
5,000	5,000	5,000
0.18	0.19	0.20
2.27	2.41	2.54
2.55	2.54	NA

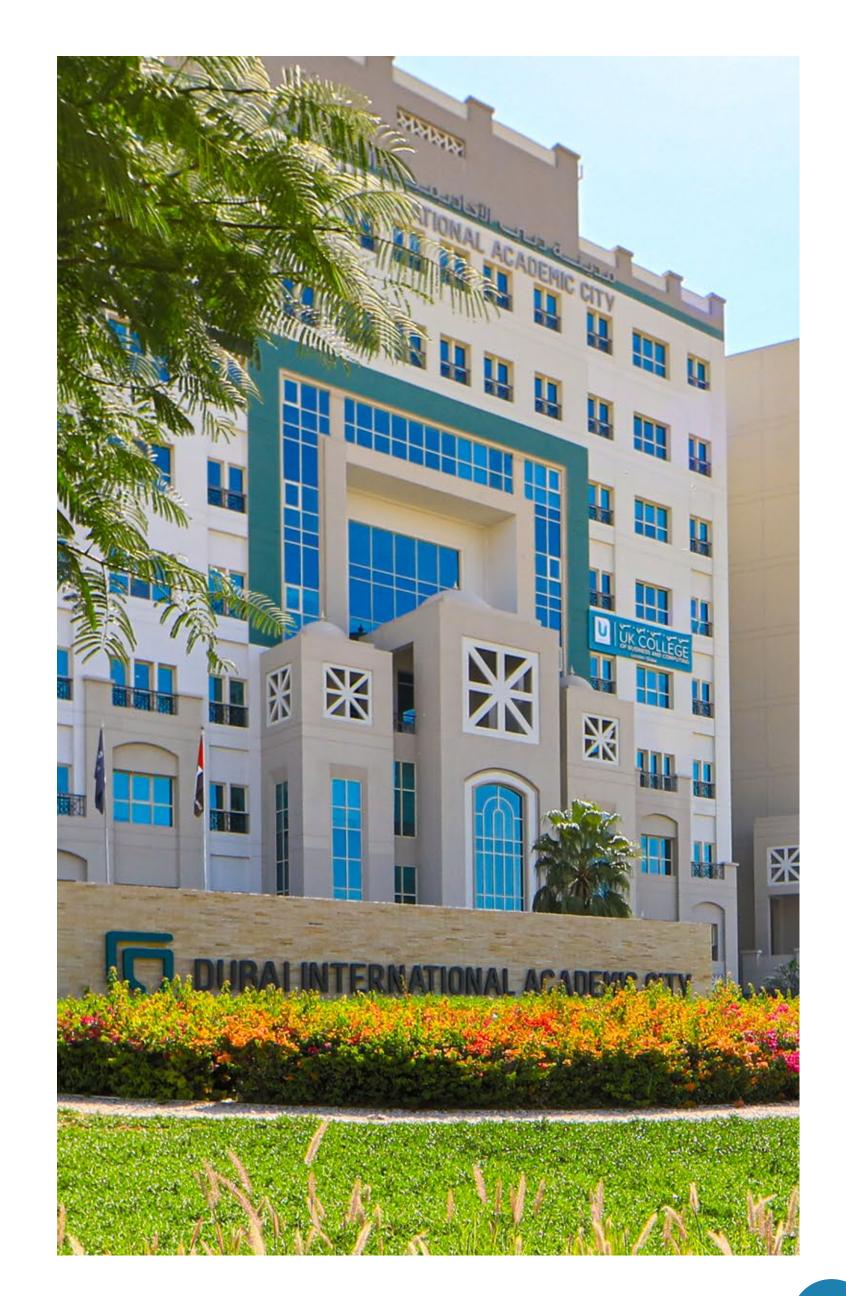
EPRA NAV BRIDGE



NAV MOVEMENT



^{**}Balance sheet Movements (BS Movements) primarily resulted from reduction in infrastructure provisions reducing the capitalized carrying values while Fair values remained stable. This resulted in Revaluation surplus (FV vs Carrying values)



^{*}EPRA Earnings per share for Q1 2022, H1 2022 and Q3 2022 not annualized

ANALYST COVERAGE REPORT

Goldman Sachs

7TH AUG 2022

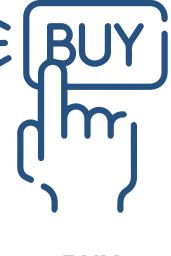
Morgan Stanley

8TH AUG 2022

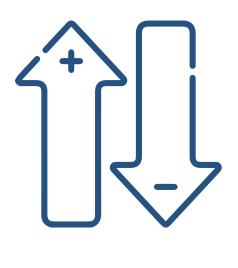


8TH AUG 2022

RATING



BUY



EQUAL-WEIGHT



BUY

ANALYST

HARSH MEHTA

Harsh.Mehta@gs.com

NIDA IQBAL

Nida.lqbal.Siddiqi@morganstanley.com

CHARLES BOISSIER

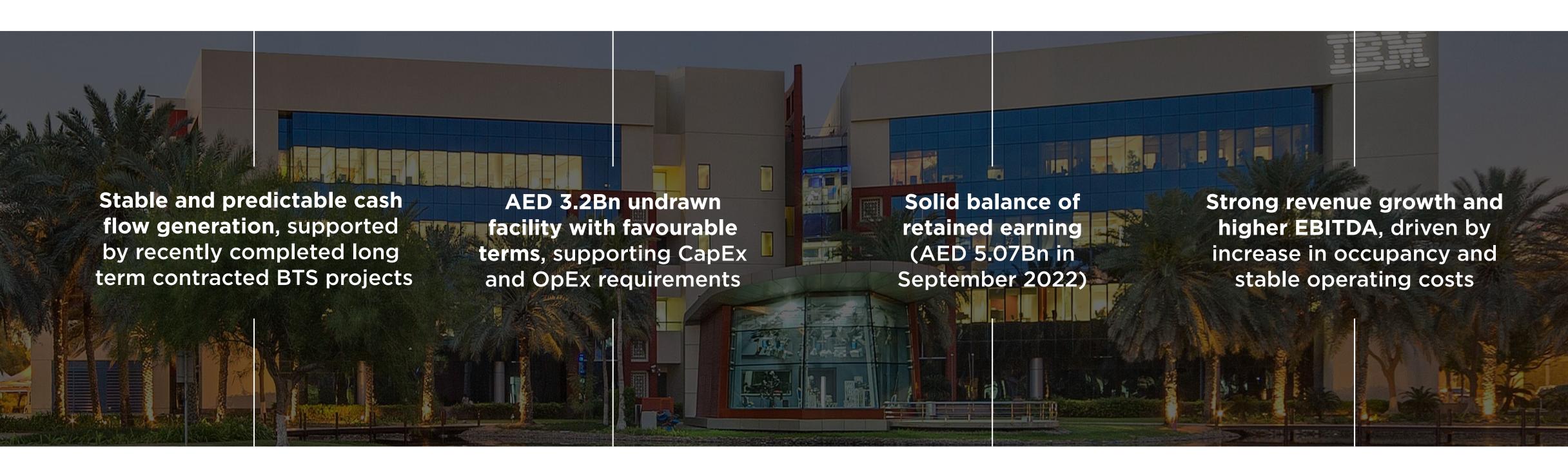
Charles.Boissier@ubs.com



DIVIDEND POLICY

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

ABILITY TO PAY DIVIDEND SUPPORTED BY:





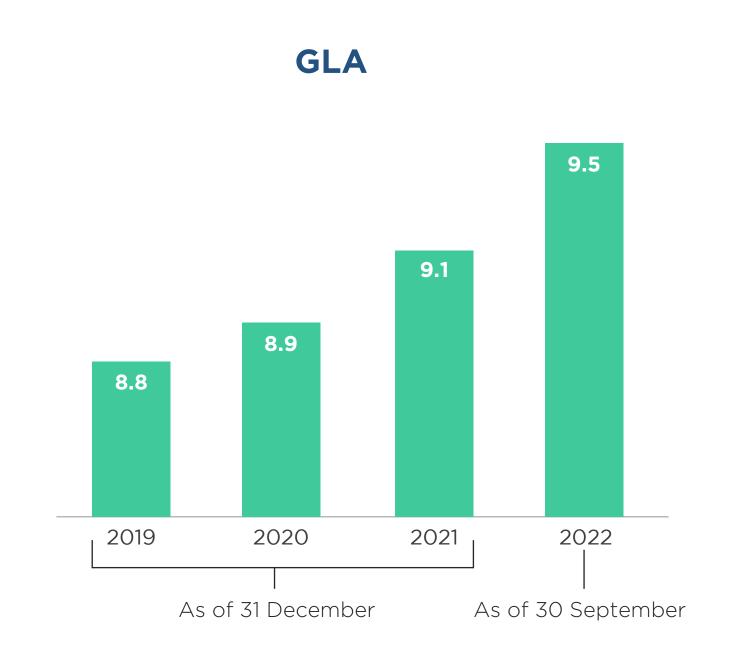
COMMERCIAL SEGMENT

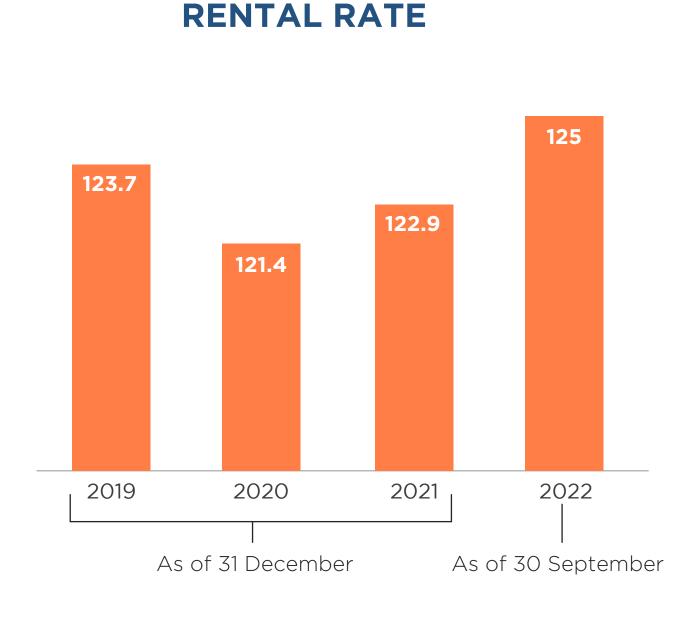
ENCOURAGING PERFORMANCE UNDERPINNED BY CONSTRUCTIVE DEMAND/SUPPLY DYNAMICS IN OFFICE PROPERTIES AND EXPANSIONARY DUBAI ECONOMY

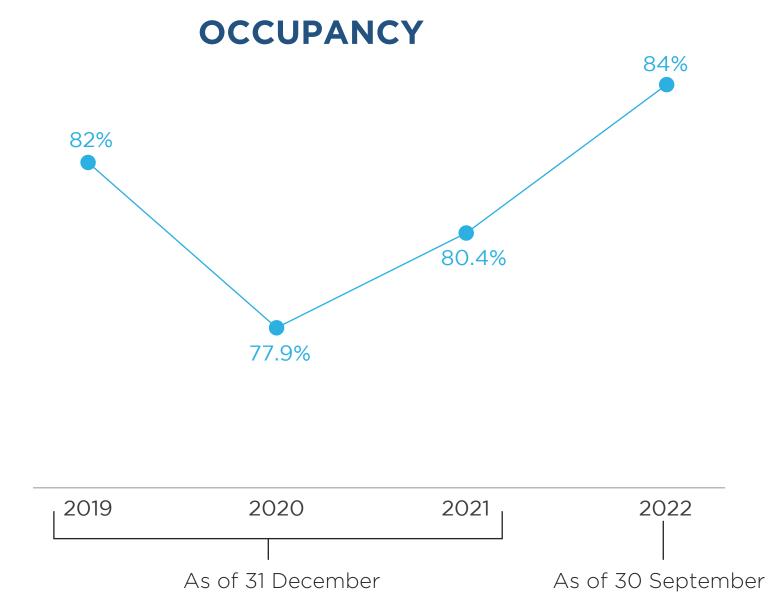
DESCRIPTION	Q3 2022	Q3 2021	% CHANGE YOY
REVENUE	258	224	15%
EBITDA	154	133	16%
EBIDTA MARGIN	60%	59%	0%

9 MONTHS 2022	9 MONTHS 2021	% CHANGE YOY
778	671	16%
516	417	24%
66%	62%	7%

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







INDUSTRIAL SEGMENT

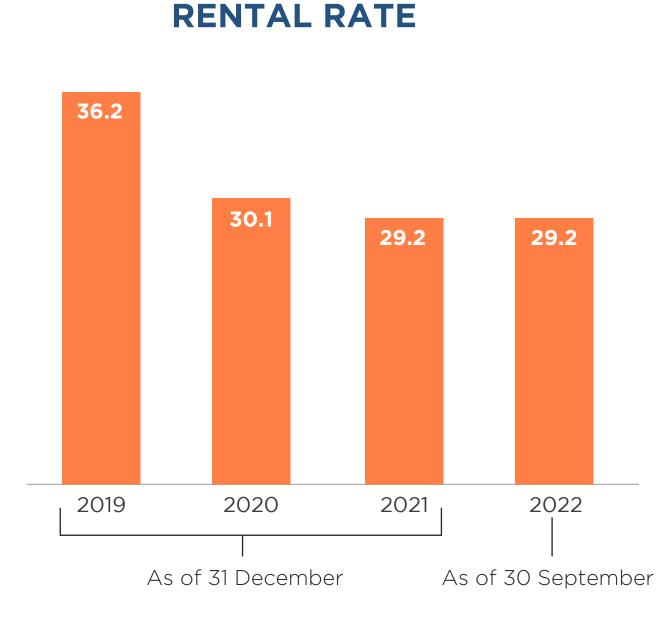
CONTINUED STRONG GROWTH MOMENTUM AS SEGMENT BENEFITS FROM STRUCTURAL LONG-TERM TAILWINDS IN THE INDUSTRIAL, CONSTRUCTION AND LOGISTICS AND E-COMMERCE SECTOR

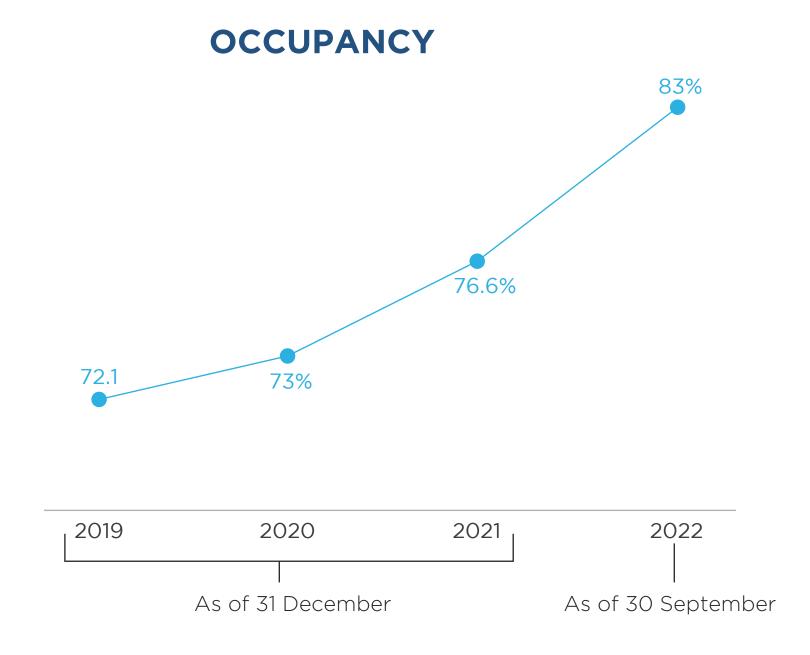
DESCRIPTION	Q3 2022	Q3 2021	% CHANGE YOY
REVENUE	70	61	14%
EBITDA	56	39	43%
EBIDTA MARGIN	81%	64%	26%

9 MONTHS 2022	9 MONTHS 2021	% CHANGE YOY
204	175	16%
143	120	19%
70%	69%	2%

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







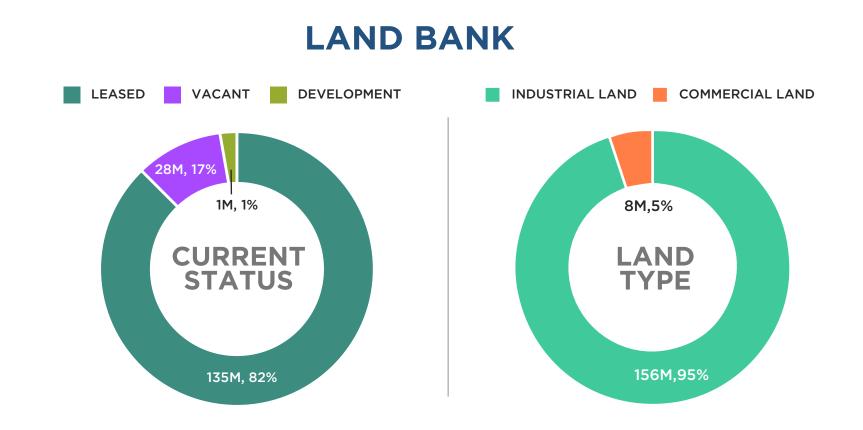
LAND LEASE SEGMENT

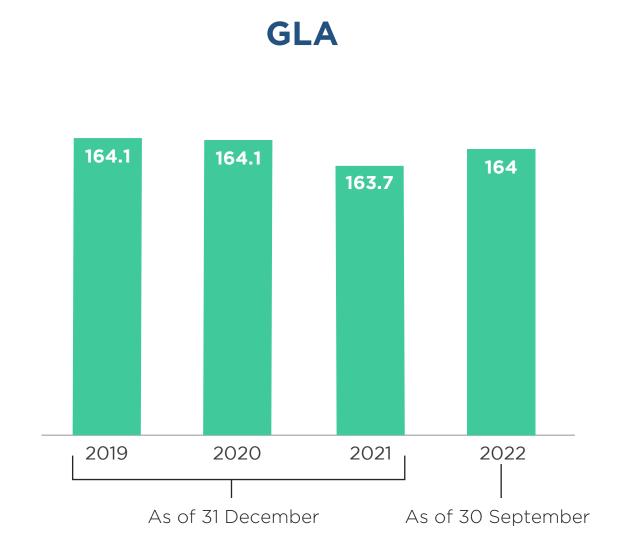
INCREASED REVENUE DRIVEN BY HIGHER LAND LEASE OF DPC AND BACKDATED ACTIVATION OF DIC LAND LEASE HIGHER EBITDA AND IMPROVING EBITDA MARGINS DRIVEN BY LOWER G&A AND LOWER PROVISIONS

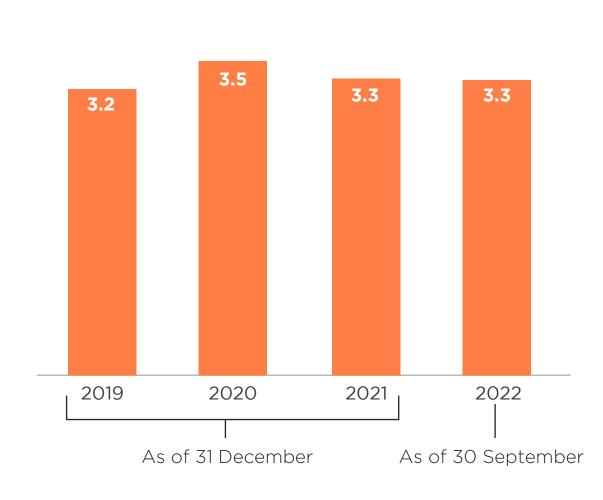
DESCRIPTION	Q3 2022	Q3 2021	% CHANGE YOY
REVENUE	111	109	2%
EBITDA	112	91	23%
EBIDTA MARGIN	101%	84%	20%

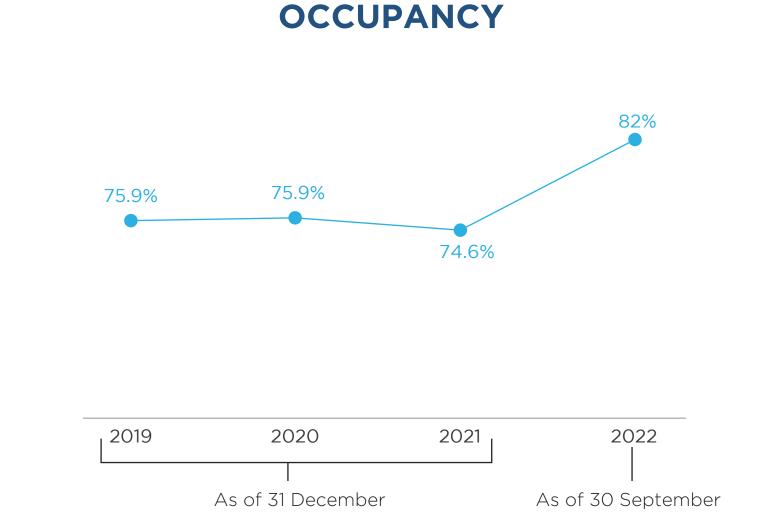
9 MONTHS 2022	9 MONTHS 2021	% CHANGE YOY
331	321	3%
303	267	13%
92%	83%	10%

RENTAL RATE









SERVICES & OTHER SEGMENT

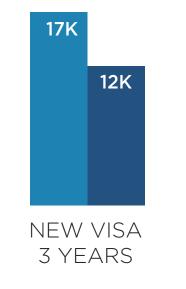
GROWING REVENUE STREAM GENERATED FROM COMPLEMENTARY SERVICES OFFERED IN BUSINESS DISTRICTS TO NEW AND EXISTING TENANTS/CUSTOMERS

DESCRIPTION	Q3 2022	Q3 2021	% CHANGE YOY
REVENUE	51	42	21%
EBITDA	42	25	71%
EBIDTA MARGIN	82%	58%	41%

9 MONTHS 2022	9 MONTHS 2021	% CHANGE YOY
168	124	35%
124	74	68%
74%	60%	24%

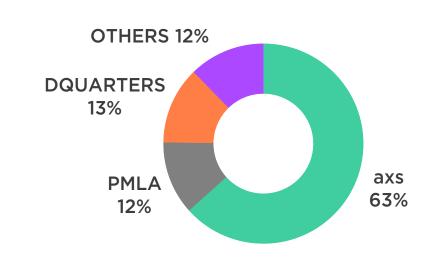
- Strong increase in revenue driven by higher government and registration services (axs) revenue due to increase in services as a result of easing COVID-19 restrictions
- Significant increase in EBITDA and improving EBITDA margins driven by improving top line and lower G&A due to operational efficiency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

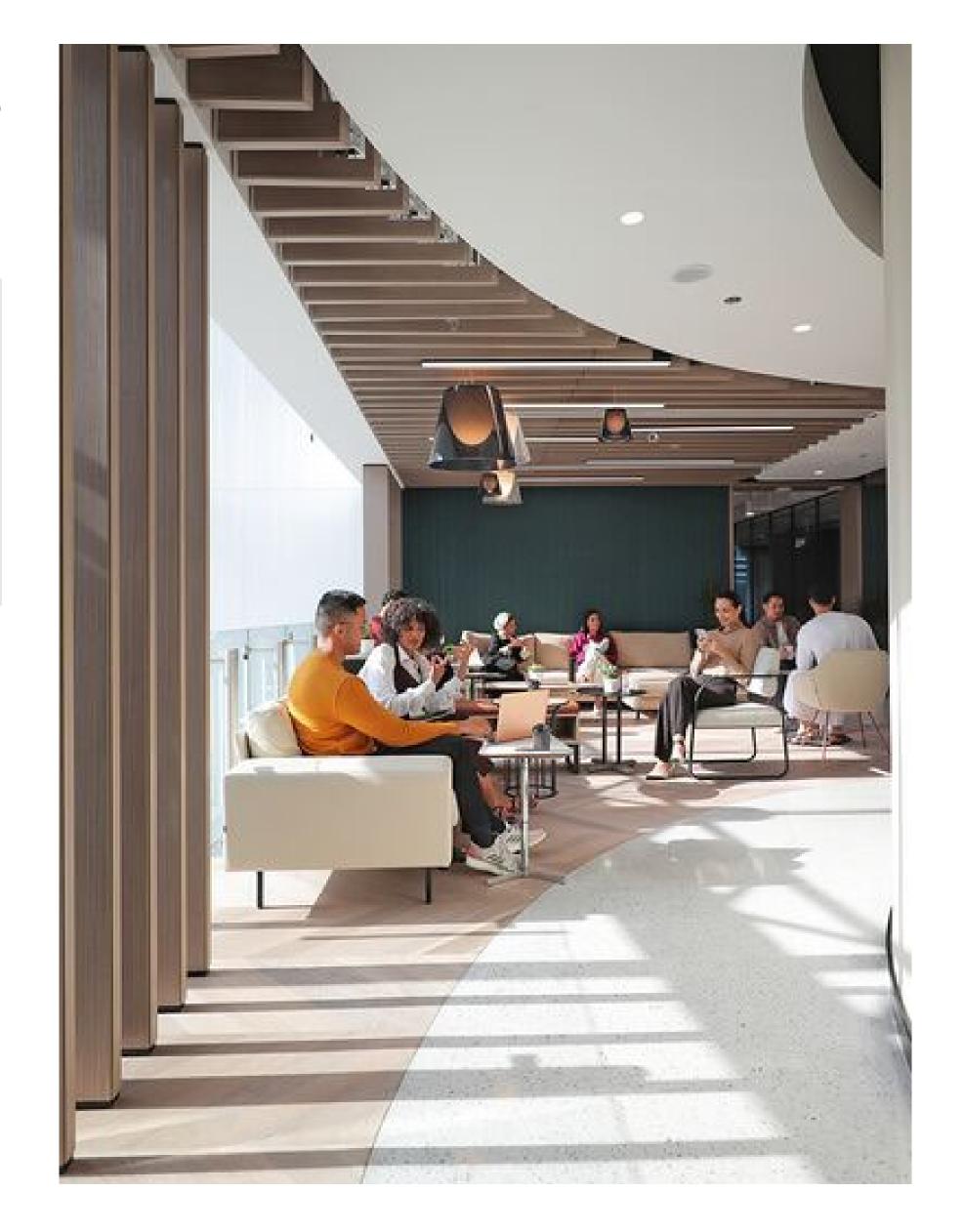
NO. OF TRANSACTIONS





REVENUE CONTRIBUTION







ENVIRONMENT & SUSTAINABILITY GOALS

Strategic objectives	OUR CORE PILLARS				National/international mandates
Stabilise core business		k Robust governance • Prudent risk management	 Responsible sourcing and procurement 	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH	UAE Centennial 2071
	ECONOMY	COMMUNITY	PEOPLE	ENVIRONMENT	2030 Dubai Integrated Energy Strategy
Develop differentiated value proposition	 Economic performance Incubating innovation Customer centricity	 Investing in local communities 	Safe & healthy workspacesTraining & development	Energy efficiencyWater efficiencyWaste managementReducing GHG emissions	UAE Net Zero 2050
	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH	3 GOOD HEALTH AND WELL-BEING	3 GOOD HEALTH AND WELL-BEING Outling Outling	7 AFFORDABLE AND GLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	UAE Green Growth Strategy 2015-2030
Build new sources of growth	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	5 GENDER EQUALITY	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH	12 RESPONSIBLE CONSUMPTION AND PRODUCTION COO 13 CLIMATE ACTION	UN Sustainable Development Goals

ESG UPDATE



ENERGY

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

TECOM Group total energy sourced from solar power YTD:

9.39 GwH

[vs. 6.2 GwH in 2021]

WASTE MANAGEMENT

e-Waste awareness raising campaign

Created Art Installation (in collaboration with Lebanese Upcycling Artist)

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

Launched installation (image) at Gitex Global 2022

2 more installations (Completion August 2023)



Emiratization rate
23%

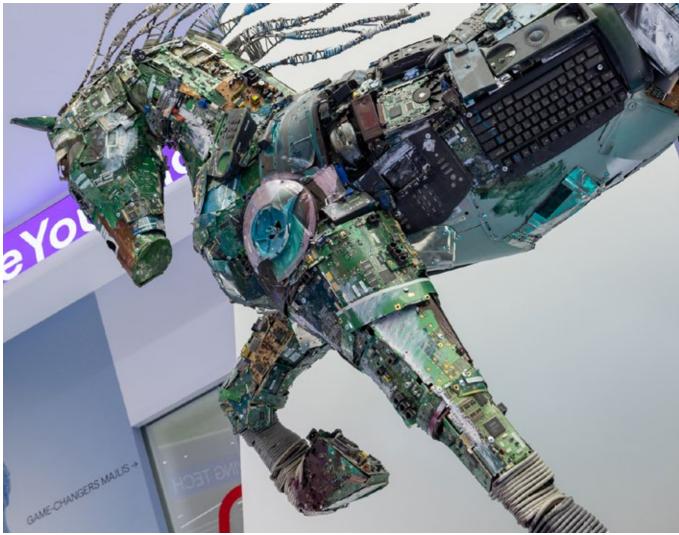
Current Emiratization rate

23%

35%

Female headcount







HIGHLY VISIBLE ORGANIC GROWTH DRIVERS

2022 TARGETS

Occupancy rate (end of period)

~85% (Commercial)

~83% (Industrial)

Revenue

~AED 1.9BN (~+8% YoY)

