

ROOM FOR MORE

TECOM GROUP: HIGH OCCUPANCY, VISIBLE EXPANSION AND AN ATTRACTIVE DIVIDEND YIELD

TECOM offers exposure to Dubai's commercial and industrial growth through a high-occupancy leasing portfolio. We expect rent reversion and capacity expansion to support earnings growth, with further potential from industrial land activation. Elevated development spending will weigh on near-term free cash flow, but we expect leverage to remain manageable and dividends to rise. We initiate coverage with a Buy rating and AED 4.20 fair value.

TECOM GROUP

بنك أبوظبي التجاري
ADCB

30 October 2026
Real Estate

Executive summary

A specialised platform across Dubai's growth sectors

TECOM Group owns and operates ten business districts across Dubai. Its portfolio serves companies in technology, media, education, science, design and manufacturing. The business generates income from commercial, industrial and land leasing, together with corporate and government services. Commercial leasing remains the largest contributor, while land and industrial leasing provide exposure to manufacturing and logistics growth. Occupancy across the leasing portfolio is close to full, creating a resilient income base but leaving limited scope for further occupancy-driven growth.

Supportive markets, with rental growth likely to moderate

Dubai's office and industrial property markets continue to benefit from business formation and limited availability of modern space. Office supply is likely to remain constrained in the near term, although the development pipeline is expected to improve tenant choice from 2027 and become more meaningful in 2028. Industrial demand remains firm and is increasingly driven by the manufacturing sector. New completions should ease supply constraints without creating oversupply. In our view, rental performance across both markets will become more dependent on location and asset quality. Modern properties in established districts should retain stronger pricing power than older or lower-specification assets.

Visible growth from new capacity and land activation

Our investment thesis rests on high occupancy, positive rent reversion and a capacity expansion pipeline that should increase commercial gross leasable area (GLA) through 2028e. The recent industrial land acquisition provides a second growth avenue through infrastructure development and the activation of new plots. We forecast c.9% revenue and EBITDA CAGRs over 2025-28e, with the EBITDA margin stable at c.77–78%. The ongoing investment programme should keep capex elevated and reported FCF relatively volatile, but we expect leverage to remain manageable. We highlight the company's strong cash generation, which supports an attractive shareholder return profile, with forecast dividend yields rising from 5.6% in 2026e to 6.8% in 2028e.

Initiate with a Buy rating and AED4.20 fair value

We derive our fair value from an equally weighted combination of DCF, P/FFO and dividend discount valuations. Our AED4.20 per share fair value implies c.34% upside from the current price. We believe earnings contributions from the capacity expansion pipeline and the industrial land bank support the investment case. Moreover, high occupancy provides downside protection. Key risks include weaker rental growth, delays in project delivery, slower land activation, higher development costs and a prolonged period of regional uncertainty.

TECOM Group (TECOM UH)

INITIATE AT Buy

Fair Value (AED)	Previous Fair Value (AED)
4.20	N/A
Current Price (AED)	**Upside/(Downside)**
3.14	33.8%

as of 26 October 2026

Market Data

Market cap (AEDm)	15,700
Market cap (USDm)	4,274
3M ADTV (AEDm)	2.5
Free float	12.5%
BBG ticker	TECOM UH

Priced at close of 26 October 2026

Govinder Kumar | Equity Analyst
+97128139408 | govinder.kumar@adcb.com

Shadab Ashfaq | Equity Analyst
+97128139395 | shadab.ashfaq@adcb.com

Syed Faizi | Corporate Access
+97128126468 | syed.faizi@adcb.com

ADCB Equity Research | research@adcb.com
adcb.com/equityresearch

TECOM — Financial statements and ratios

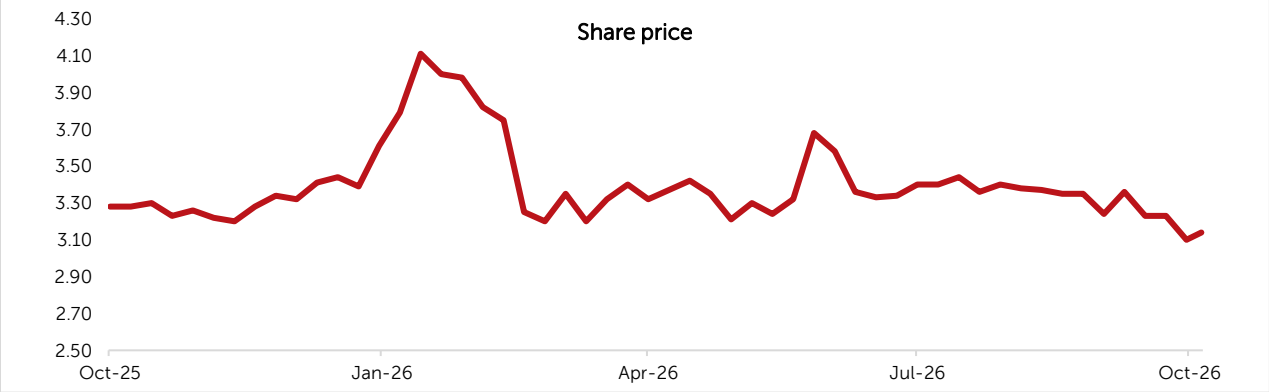
Year	2025a	2026e	2027e	2028e
Profit & loss summary (AEDm)				
Revenue	2,858	3,158	3,407	3,732
Adjusted EBITDA	2,230	2,450	2,635	2,908
D&A	485	567	624	715
Adjusted EBIT	1,745	1,884	2,012	2,193
Net interest	(222)	(244)	(249)	(227)
PBT (reported)	2,175	1,640	1,763	1,966
Net profit	2,086	1,579	1,692	1,887
Adjusted net profit	1,434	1,579	1,692	1,887
Balance sheet summary (AEDm)				
Investment property	15,167	15,806	16,907	17,917
Non-current assets	16,287	16,996	18,110	19,132
Cash	441	965	636	484
Current assets	876	1,394	1,142	1,088
Total assets	17,163	18,390	19,252	20,220
Current liabilities	2,126	2,161	2,255	2,352
Total debt	4,929	5,534	5,534	5,534
Net debt/(cash)	4,488	4,569	4,898	5,050
Total liabilities	9,281	9,798	9,892	9,989
Shareholders' equity	7,883	8,592	9,360	10,231
Cash flow summary (AEDm)				
Cash from operations	2,047	2,405	2,581	2,829
Capex	(1,346)	(1,373)	(1,737)	(1,737)
Free cash flow[1]	701	1,032	844	1,092
Cash from investment	(1,150)	(1,356)	(1,710)	(1,715)
Dividends[5]	(800)	(880)	(924)	(1,016)

Year	2025a	2026e	2027e	2028e
Growth				
Revenue	19.0%	10.5%	7.9%	9.5%
Adjusted EBITDA	20.3%	9.9%	7.5%	10.3%
Adjusted EBIT	22.5%	8.0%	6.8%	9.0%
Net profit	69.8%	-24.3%	7.1%	11.5%
Adjusted net profit	20.3%	6.9%	7.1%	11.5%
Margin				
EBITDA	78.0%	77.6%	77.3%	77.9%
EBIT	61.0%	59.7%	59.0%	58.8%
Net profit	73.0%	50.0%	49.7%	50.6%
Adjusted net profit	51.7%	50.0%	49.7%	50.6%
Return metrics				
ROIC[2]	13.6%	13.4%	13.4%	13.5%
ROCE[3]	10.8%	11.0%	11.0%	11.4%
ROE	20.3%	19.2%	18.9%	19.3%
ROA	8.8%	8.9%	9.0%	9.6%
Leverage ratio				
Net debt/EBITDA	2.0	1.9	1.9	1.7
Interest coverage ratio[4]	10.0	10.0	10.6	12.8
Per share data				
EPS, AED	0.42	0.32	0.34	0.38
DPS, AED	0.17	0.18	0.19	0.21
Book value, AED	1.6	1.7	1.9	2.0

Year	2025a	2026e	2027e	2028e
Valuation ratio				
EV/Sales	7.1	6.4	6.0	5.6
EV/EBITDA	9.1	8.3	7.8	7.1
P/FFO	8.2	7.3	6.8	6.0
P/B	2.0	1.8	1.7	1.5
FCF yield	4.5%	6.6%	5.4%	7.0%
Dividend yield	5.4%	5.6%	6.2%	6.8%

Market data	
Company name	TECOM Group
Bloomberg ticker	TECOM UH
Share price (AED)	3.14
Fair value (AED)	4.20
Upside/(Downside)	+33.8%
Rating	Buy
Market value (AEDm)	15,700

Source: Company data, ADCB estimates; Priced at close of 26 October 2026
Notes: 1. FCF = CFO – capex; 2. ROIC: EBIT (1 – tax)/avg. (net debt + shareholder equity); 3. ROCE: EBIT (1-tax)/avg. (total assets – current liabilities); 4. EBITDA/Net interest; 5. P&L and cash flow dividends differ as instalments are paid across periods, with one paid the following year.



Source: Bloomberg

Table of contents

Dubai commercial and industrial real estate outlook 5
Tight supply supports growth 5
Office leasing: Grade-A scarcity supports rents 5
Industrial leasing: manufacturing demand supports modern facilities 8
Land leasing: infrastructure limits industrial land supply 10
TECOM Group 11
Investment thesis 11
Ownership structure 12
Company history 12
Business description 13
Commercial leasing 14
Industrial leasing 15
Land leasing 16
Services and others 17
Financial outlook 18
Capex, cash flows and dividends 19
Valuation and risks 22
Summary financial statements 26

Dubai commercial and industrial real estate outlook

- Office fundamentals remain supportive, but rental growth should moderate as the supply pipeline expands from 2027 and becomes more meaningful in 2028
- Industrial demand remains firm and increasingly manufacturing-led, although new supply is improving tenant choice and widening the performance gap between modern and older facilities
- Serviced industrial land should benefit from demand for larger customised facilities, while infrastructure readiness and connectivity remain the main barriers to effective supply

Tight supply supports growth

Dubai's office and industrial property markets continue to benefit from high occupancy and sustained business formation. Limited availability of modern space has reinforced demand and supported rental growth. Financial services, technology and professional-services companies remain the main drivers of office demand, while investment in manufacturing, trade and logistics supports industrial requirements.

In our view, the market is now moving beyond broad rental increases. New office and warehouse completions should gradually improve tenant choice from 2027, while higher occupancy costs are making businesses more selective. Therefore, performance should vary increasingly by location, specification and asset quality. We expect modern institutional assets to retain greater pricing power than older or fragmented properties.

The 2026 regional conflict has added near-term uncertainty and delayed some expansion decisions. However, it has slowed transaction activity rather than triggering widespread tenant exits. We expect limited supply to support rents in the near term, followed by more moderate growth as new capacity enters the market.

Office leasing: Grade-A scarcity supports rents

Business formation sustains demand

Dubai's position as a regional centre for financial services, technology and professional services continues to support office demand. Active companies in the Dubai International Financial Centre (DIFC) increased by 30% YoY to 10,018 in 1H26. Registered rental contracts across Dubai also rose by 24.6% YoY in 2Q26, led by new contracts. Together, these trends indicate continued demand from businesses establishing or expanding their presence in the emirate.

However, leasing activity became more selective in 2Q26. Transaction volumes increased by 4% QoQ to 38,082, but smaller offices drove most of the growth. Larger occupiers took longer to commit as regional uncertainty and higher occupancy costs influenced expansion decisions. Flexible workspace also gained traction because it offers shorter commitments and reduces initial fit-out expenditure. In our view, underlying office demand remains healthy, although larger requirements may take longer to convert while uncertainty persists.

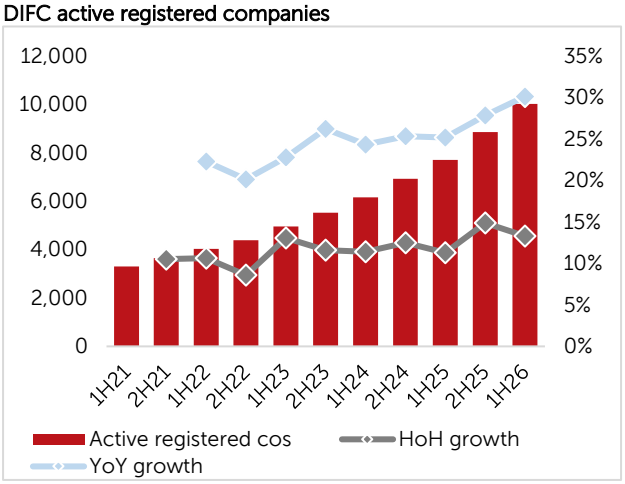
Supply pressure rises from 2027

Near-term availability of high-quality office space remains limited. Dubai added c.92.3k sq m of office space in 1H26, taking total stock to c.9.46m sq m. A further c.150k sq m is scheduled for completion in 2H26, followed by c.379k sq m in 2027 and c.718k sq m in 2028. Delivery delays and pre-leasing could limit the immediate increase in available space. However, we expect the pipeline to improve tenant choice from 2027, with a more pronounced impact in 2028.

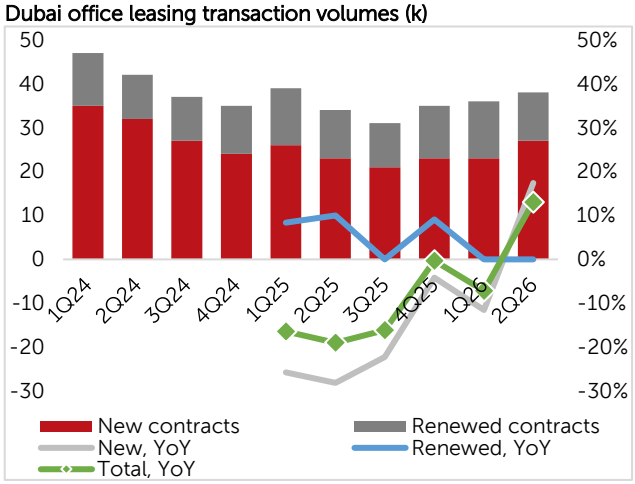
In our view, new supply should increase competition for older and lower-specification offices first. New developments generally offer modern facilities, professional asset management and larger spaces that can accommodate a single occupier. Older buildings and properties with fragmented ownership may therefore require refurbishment, more flexible lease terms or tenant incentives to remain competitive. Some landlords may also temporarily remove buildings from the available stock to undertake refurbishment as occupier requirements rise. However, the scale of this activity remains unclear and is unlikely to offset the broader increase in supply.

We expect these trends to favour projects that combine modern specifications with early leasing commitments. As competition increases, delivery timing and pre-leasing should play a greater role in determining occupancy, rental performance and development returns.

DIFC active registered companies

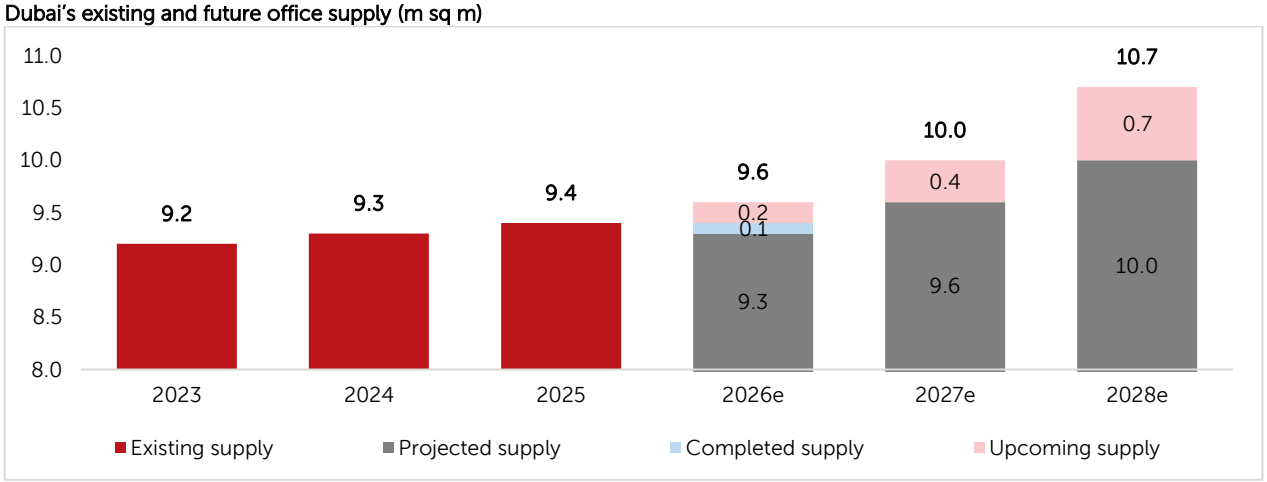


Dubai office leasing transaction volumes (k)



Source: DIFC annual and interim results, Government of Dubai Media Office, DLD, Savills Dubai Office Market Report Q2 2026

Dubai's existing and future office supply (m sq m)



Source: Cavendish Maxwell Dubai Office Market Performance 1H26, MEED Projects

Rental growth should moderate

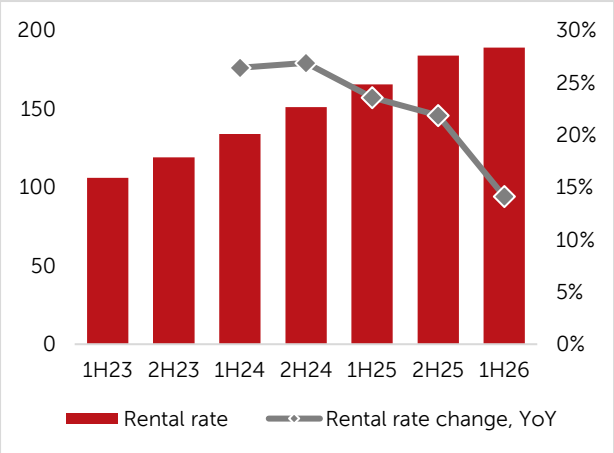
Office rents remained significantly higher YoY in 1H26, although sequential growth stalled in 2Q26. Average market rents increased by c.14% YoY but remained broadly unchanged QoQ. In our view, this marks a transition from rapid rental escalation towards more moderate growth.

The market has also become more differentiated by location and asset quality. Rents increased by 16-18% YoY across established commercial districts such as Downtown Dubai, DIFC and Business Bay. By contrast, some older

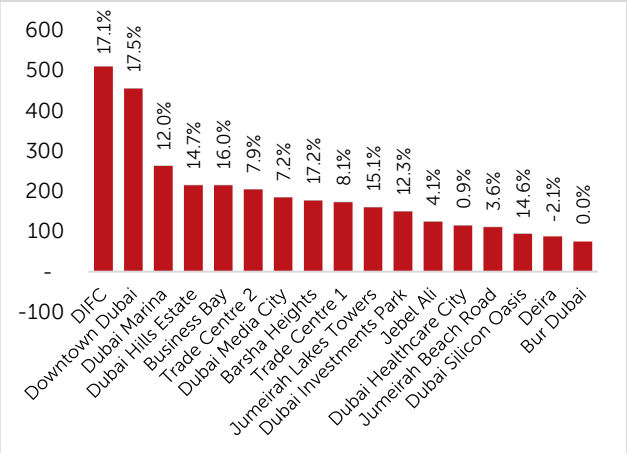
locations recorded limited or negative growth. We expect modern offices in established business districts to retain greater pricing power, while older and less well-located properties face increasing competition for tenants.

We expect high occupancy and limited availability of modern space to support rents in the near term. However, the larger supply pipeline from 2027 should gradually improve tenant choice and limit the scope for further broad-based increases. In our view, rental performance will increasingly depend on location, building specifications and asset management rather than market-wide supply constraints.

Dubai average office rents (AED/sq ft/year)

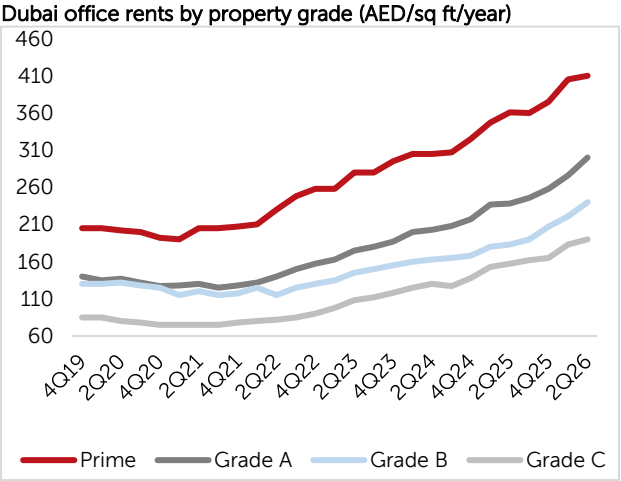


Dubai office rents by location (AED/sq ft/year) and YoY change*

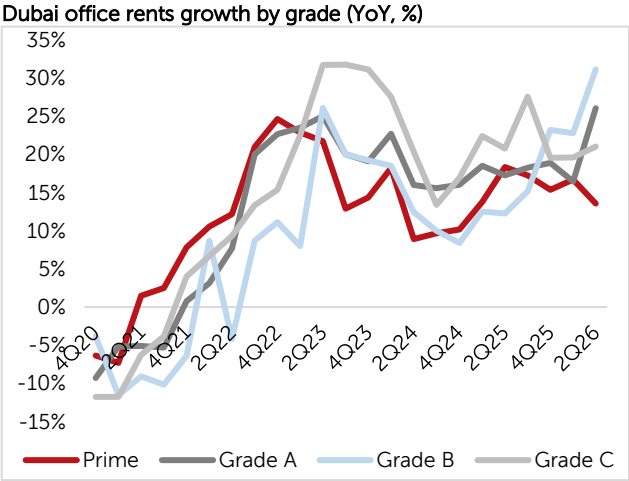


Source: Cavendish Maxwell Dubai Office Market Performance 1H26, Property Monitor, ADCB estimates; *YoY % change shown at top of the columns.

Dubai office rents by property grade (AED/sq ft/year)



Dubai office rents growth by grade (YoY, %)



Source: JLL UAE Office Market Dynamics Q2 2026, ADCB estimates

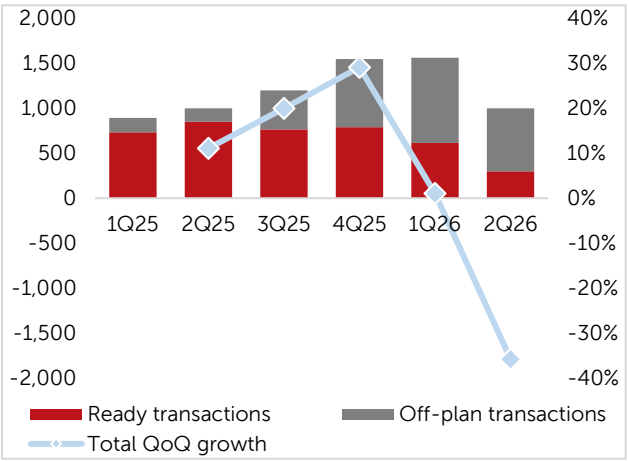
Conflict delayed decisions rather than reducing occupancy

Office sales activity slowed in 2Q26, with transaction volumes declining by c.36% QoQ after a strong first quarter. The weakness centred on completed properties, while off-plan sales remained above the prior-year level. In our view, this reflects greater caution among office buyers but does not, by itself, indicate weaker leasing demand or rising vacancy.

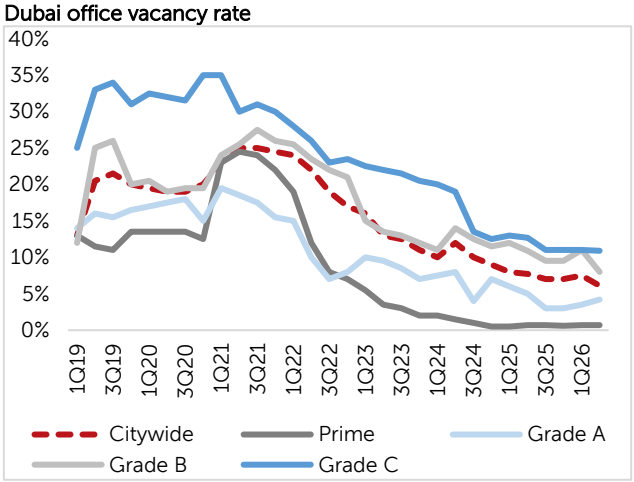
Citywide office vacancy declined to 6.1% in 2Q26 from 7.7% a year earlier. Availability remained particularly constrained in the higher-quality segment, with prime vacancy at 0.7% and Grade-A vacancy at 4.2%. We believe this tight vacancy backdrop should support occupancy and rents despite slower sales activity. Prolonged regional uncertainty could nevertheless weaken business confidence and delay new leasing decisions.

We therefore expect the main risk to remain weaker demand for expansion space rather than widespread downsizing or a material increase in vacancy.

Dubai office sales transaction volumes



Dubai office vacancy rate



Source: Cavendish Maxwell Dubai Office Market Performance reports, JLL UAE Office Market Dynamics Q2 2026, ADCB estimates

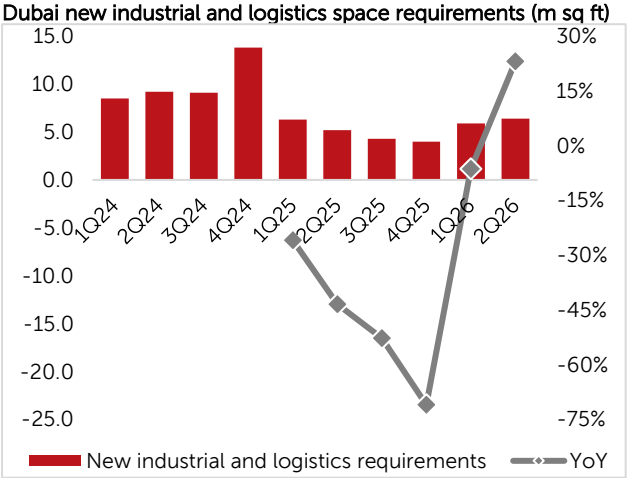
Industrial leasing: manufacturing demand supports modern facilities

Manufacturing leads occupier requirements

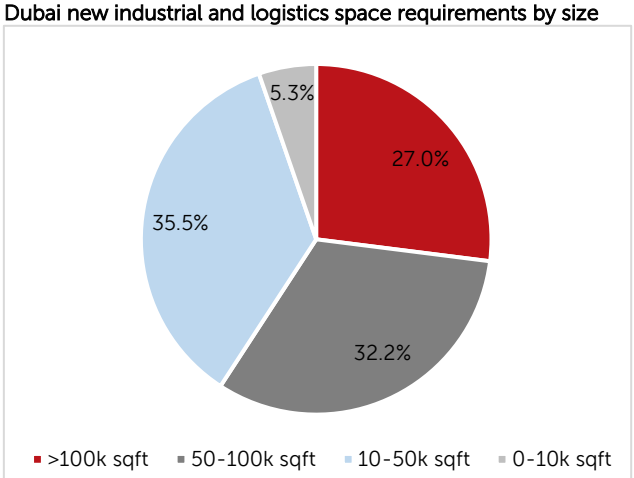
Dubai recorded 12.3m sq ft of new industrial and logistics requirements in 1H26, up from 11.5m sq ft in 1H25, according to Knight Frank H1 2026 UAE Industrial and Logistics Market Review. Manufacturing and industrial companies accounted for 35.1% of requirements, while logistics operators contributed a further 15.5%. In our view, the demand mix shows that market growth extends beyond conventional storage and distribution into production-related facilities.

Demand has also shifted towards larger properties. Facilities of 50,001-100,000 sq ft represented 32.2% of requirements, while the share of requirements above 100,000 sq ft increased to 27% from 7.8% in 2H25. We expect this shift to favour modern facilities within established industrial districts, as larger manufacturers and logistics operators typically require greater power capacity, loading infrastructure and yard space.

Dubai new industrial and logistics space requirements (m sq ft)



Dubai new industrial and logistics space requirements by size



Source: Knight Frank H1 2026 UAE Industrial and Logistics Market Review, ADCB estimates

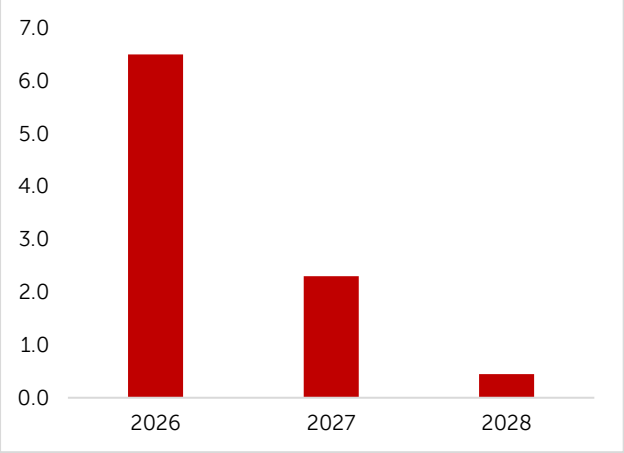
New supply improves tenant choice

Industrial supply has started to recover after several years of scarcity. New completions are gradually improving availability, although long construction periods and pre-leasing continue to restrict the volume of Grade-A space available for immediate occupation. The pipeline remains weighted towards 2026, with fewer completions expected in 2027-28. In our view, this should ease the shortage without creating broad oversupply.

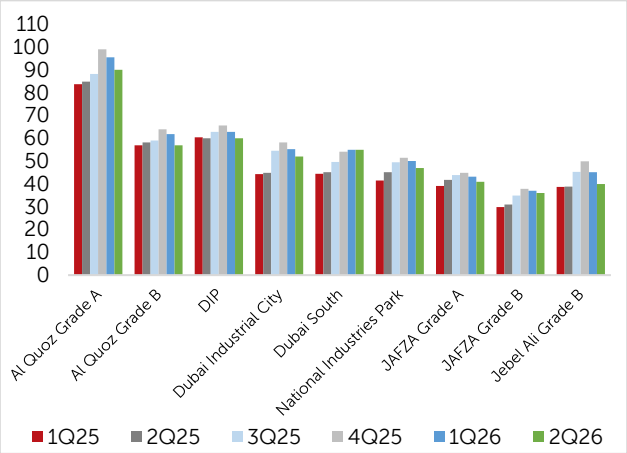
Competition is also increasing from lower-cost locations. Knight Frank identified more than 10m sq ft of marketed warehouse space across the Northern Emirates in 1H26. These markets offer occupiers greater location flexibility. However, additional transport costs and greater distance from customers reduce their competitiveness for businesses that require direct access to Dubai's ports, airports and consumer base.

We expect greater availability to make rental performance more dependent on location and asset quality. Modern facilities in established industrial districts should retain stronger occupancy and pricing power. Older warehouses with basic specifications may face greater pressure as tenants gain more choice. The market should therefore become more balanced, with performance diverging across locations and property grades.

Dubai new industrial and logistics supply (m sq ft)



Dubai industrial and logistics rents (AED/sq ft/year)



Source: Knight Frank H1 2026 UAE Industrial and Logistics Market Review, ADCB estimates

Rental growth is slowing from a high base

JLL reported that Dubai industrial rents increased by 6.8% YoY and 2.3% QoQ in 2Q26. Rental growth differed across locations, reflecting variations in building quality and available supply. Knight Frank recorded increases of 22% in Dubai South and 16% in Dubai Industrial City, compared with 6% in Al Quoz. The divergence reflects differences in location, asset specifications and the availability of modern facilities.

Rental conditions have nevertheless become less uniform as supply improves. JLL reported selective concessions of up to 15% in some locations despite continued growth in headline rents. In our view, these incentives indicate that greater tenant choice is beginning to affect effective pricing before placing broad pressure on asking rents. We expect modern facilities in established industrial districts to retain stronger pricing power, while older and lower-specification assets may face stable or modestly lower effective rents as competition increases.

Conflict creates short-term caution but may support localisation

Industrial demand remained firm in January and February 2026, before regional uncertainty slowed decision-making from March. Transactions already underway continued, but some occupiers deferred new requirements while reassessing costs, supply chains and expansion plans. In our view, the conflict has delayed leasing decisions rather than caused a structural decline in industrial demand.

Disruption to shipping routes has also led companies to consider alternative ports and trade routes. Some businesses may respond by holding more inventory or moving more production closer to end markets. These measures could raise operating costs in the near term. However, we expect greater emphasis on supply chain resilience and local production to support medium-term demand for manufacturing, warehousing and distribution space.

Land leasing: infrastructure limits industrial land supply

Industrial land demand shares many of the same drivers as warehouse leasing, but manufacturers often require customised factories, larger plots and dedicated utility infrastructure. Manufacturing accounted for 35.1% of industrial requirements in 1H26, while demand for facilities above 100,000 sq ft also increased. In our view, this shift towards manufacturing and larger facilities supports demand for serviced plots in established industrial districts.

However, undeveloped acreage does not represent effective supply without the required infrastructure. Industrial plots need roads, utilities, planning approvals and access to transport networks before they can accommodate tenants. Land scarcity and regulatory constraints can also delay development. We therefore expect districts with completed infrastructure and established connectivity to retain an advantage over unserviced or less accessible locations.

Long-term land leases require less development capital from the landowner because tenants generally fund their own facilities. This model provides long-term income visibility, but revenue conversion can take time as tenants complete design, approvals and construction. Longer lease tenures also reduce the frequency of rent resets. In our view, new plot activation and contractual rent escalation will remain the principal sources of growth.

Competition depends on infrastructure, connectivity and total operating costs rather than land rent alone. Lower-cost locations may attract customers with greater geographic flexibility. However, we expect established industrial districts to remain more attractive to businesses that require reliable infrastructure and direct access to major transport networks. These factors should become increasingly relevant as occupiers reassess supply chain resilience and long-term expansion plans.

TECOM Group

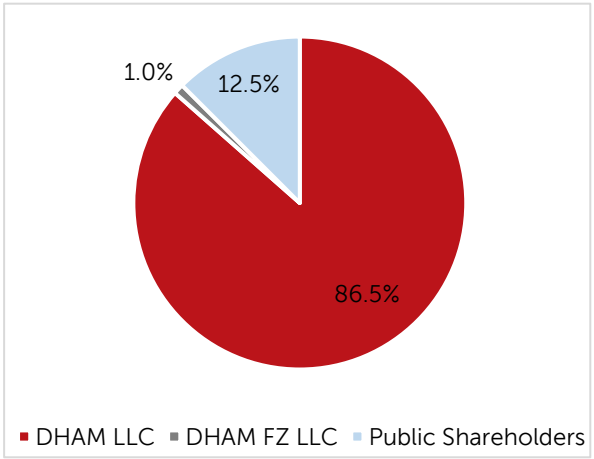
- High occupancy, positive rent reversion, new capacity and industrial land activation support visible earnings growth
- Strong cash flow supports manageable leverage and a rising dividend yield
- We initiate coverage with a Buy rating and AED4.20 fair value

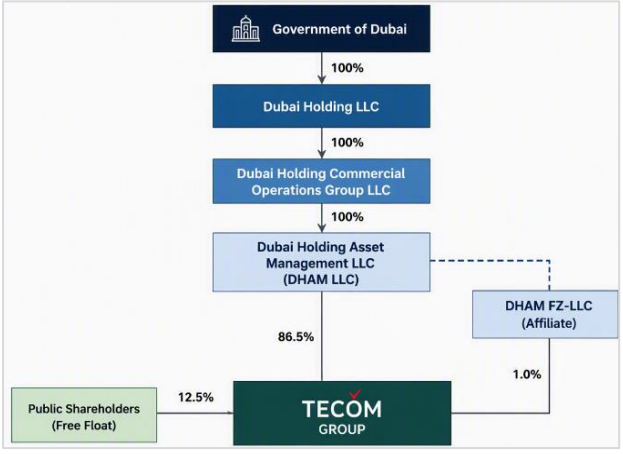
Investment thesis

We initiate coverage of TECOM Group with a Buy rating and a fair value of AED4.20 per share. The company combines a high-occupancy portfolio with a visible expansion pipeline and a growing land leasing business. Commercial and industrial occupancy remains near full, supporting cash flow visibility and positive rent reversion. We expect the company's capacity expansion pipeline to increase commercial gross leasable area (GLA) through 2028e and contribute more meaningfully as the new capacity becomes operational. The recent industrial land acquisition provides a second growth avenue through infrastructure development and the leasing or developing of new plots. On our estimates, we expect both revenue and EBITDA to grow at c.9% CAGRs over 2025-28e, while EBITDA margins remain at c.77-78%.

The company's ongoing investment programme will keep capex elevated and reported FCF uneven, but we expect leverage to remain manageable. TECOM also offers an attractive shareholder return profile, with forecast dividend yields rising from 5.6% in 2026e to 6.8% in 2028e. In our view, the current valuation does not fully reflect the earnings contribution from the expansion pipeline and the newly activated land. High occupancy and recurring cash flow coverage provide downside protection, while built industrial assets on the new land offer upside to our estimates.

TECOM shareholder structure





Source: Company reports

Ownership structure

TECOM Group is 86.5% owned by Dubai Holding Asset Management LLC (DHAM LLC), which forms part of Dubai Holding Commercial Operations Group LLC. Dubai Holding LLC wholly owns the latter, while the Government of Dubai has held ultimate ownership of Dubai Holding since January 2023. This structure positions TECOM as a government-backed commercial platform. Its affiliation with Dubai Holding may facilitate cooperation across the wider group and support access to development opportunities, although we do not assume preferential access to land, assets or funding.

TECOM's July 2022 IPO comprised 12.5% of its issued share capital. Before the offering, DHAM LLC owned 99% of the company, while its affiliate, DHAM FZ LLC, held the remaining 1%. The IPO reduced DHAM LLC's interest to 86.5% but left DHAM FZ LLC's stake unchanged. The two entities therefore retain a combined controlling interest of 87.5%.

We consider the effective public float to be 12.5%, rather than 13.5%, because DHAM FZ LLC's 1% stake forms part of the controlling shareholding. The relatively narrow float can constrain secondary-market liquidity and limit the position sizes available to institutional investors.

Company history

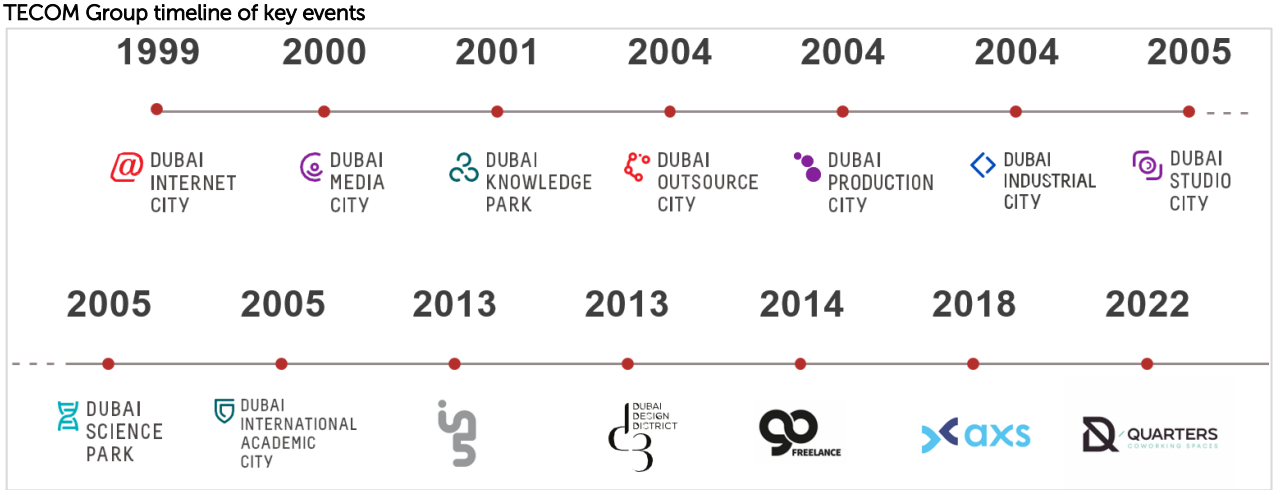
Over two decades of building sector-focused ecosystems

TECOM Group's origins date to the launch of Dubai Internet City in 1999, followed by Dubai Media City in 2000 and Dubai Knowledge Park in 2001. These districts formed part of the Government of Dubai's strategy to establish the emirate as a regional centre for technology, media and talent. In 2003, the Dubai Development Authority assigned TECOM the land, buildings and other assets within its free zone, together with the obligation to develop the land. This transfer established the operating base from which TECOM expanded its district portfolio.

TECOM broadened its sector exposure as Dubai's economy diversified. The Group launched Dubai Outsource City, Dubai Production City and Dubai Industrial City in 2004, followed by Dubai Studio City, Dubai Science Park and Dubai International Academic City in 2005. The addition of Dubai Design District in 2013 completed the current portfolio of ten business districts across six clusters: technology, media, education, science, design and manufacturing. This phased expansion created exposure to several demand drivers while allowing TECOM to build sector-specific infrastructure, regulatory frameworks and customer networks around each district.

The Group subsequently expanded beyond property leasing into services that strengthen its business ecosystems and generate ancillary revenue. TECOM launched the in5 start-up platform in 2013, GoFreelance in 2014, the axs business and government services platform in 2018, and the DQuarters co-working space in 2022. Ahead of its IPO, TECOM completed a restructuring that brought Dubai Industrial City into the Group and transferred selected non-core entities, land and related obligations to other Dubai Holding entities, effective 1 January 2022.

TECOM Group timeline of key events



Source: Company reports

TECOM Group operates 10 business districts across six industry sectors



Source: Company reports

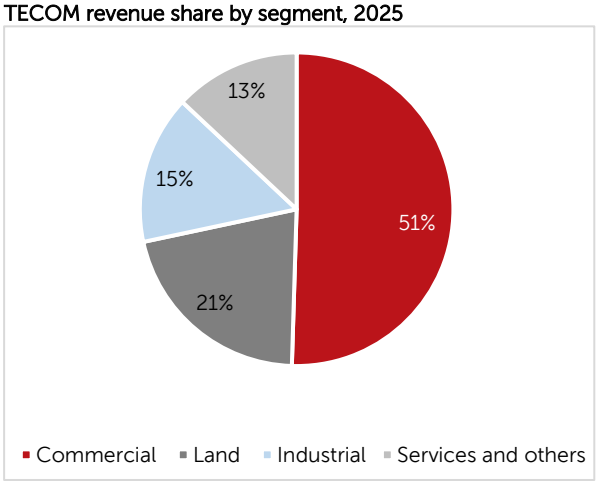
Business description

A diversified leasing platform with four revenue streams

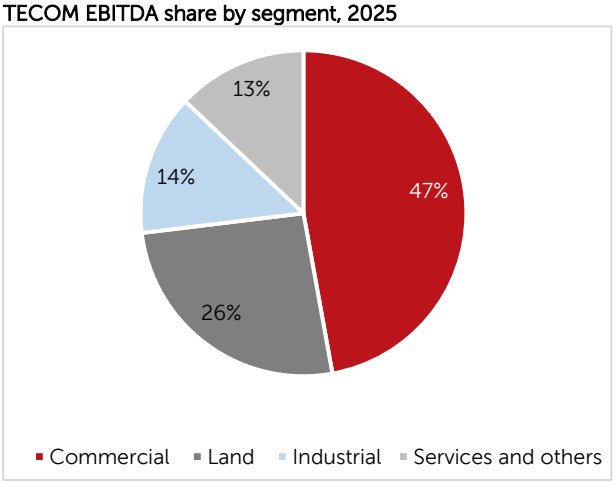
TECOM Group owns and operates ten business districts across Dubai, serving the technology, media, education, science, design and manufacturing sectors. The company operates through four reporting segments: commercial leasing, industrial leasing, land leasing, and services and others. Commercial is the largest segment, accounting for 51% of revenue and 47% of EBITDA in 2025. This is followed by land leasing (21%/26% revenue/EBITDA in 2025), industrial leasing (15%/14%) and services and others (13%/13%). At the end of 2Q26, TECOM had c.23m sq ft of commercial and industrial leasable area at c.95% and 98% occupancy, respectively. In addition, the company had 193m sq ft of gross land leasable area at 98% occupancy.

The business model combines recurring rents with transaction-driven service income. TECOM acquires or allocates land, develops infrastructure and completed properties, leases the resulting capacity and manages the assets over their operating lives. Organic growth is primarily driven by occupancy, contractual rent escalation, and lease renewal spreads within the existing portfolio. New developments, built-to-suit projects and acquisitions add capacity, while customer growth and activity within the districts support service revenue. With occupancy already close to full, we believe medium-term earnings growth should increasingly depend on rental increases and the timely delivery or acquisition of new income-producing assets rather than further occupancy gains.

TECOM revenue share by segment, 2025



TECOM EBITDA share by segment, 2025



Source: Company reports, ADCB estimates

Commercial leasing

Rent reversion and new supply drive growth

Commercial leasing is TECOM's largest segment and comprises offices, retail units, laboratories and specialised media facilities across its business districts.

The company follows two development models. Built-to-lease (BTL) properties serve multiple tenants through standardised units, allowing TECOM to diversify occupancy risk and capture market rents as leases renew.

Built-to-suit (BTS) properties serve a single customer and reflect that customer's specifications. BTS developments typically offer greater initial income visibility and relatively higher margins, but they create higher tenant concentration and require TECOM to manage construction costs and lease terms given the bespoke nature of the asset.

Typical lease terms for BTL properties range from one to five years and generally include fixed or market-rate-linked rent escalation. For BTS properties, strategic customers commit to a long-term lease of ten years. The BTS properties are usually subject to a fixed and pre-agreed lease payment escalation rate.

The portfolio includes conventional and Grade-A offices, retail space, laboratories and media infrastructure such as studios and sound stages. Customers range from multinational and regional companies to small and medium-sized enterprises, universities, and research-led businesses. Demand differs by district. Technology and media companies concentrate in Dubai Internet City and Dubai Media City. Educational institutions occupy Dubai International Academic City and Dubai Knowledge Park. Life-science customers use offices and laboratories in Dubai Science Park.

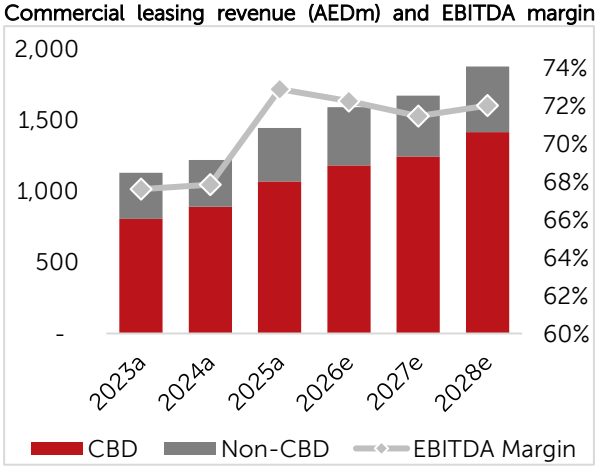
New capacity should accelerate commercial leasing growth

We forecast commercial leasing revenue to rise at a 9.1% CAGR over 2025-28e. Growth initially reflects rent reversion across the existing portfolio, before new developments contribute more from 2H27e. We forecast EBITDA to expand at a three-year CAGR of 8.7% in 2025-28e and estimate the EBITDA margin to remain at c.72%, on average.

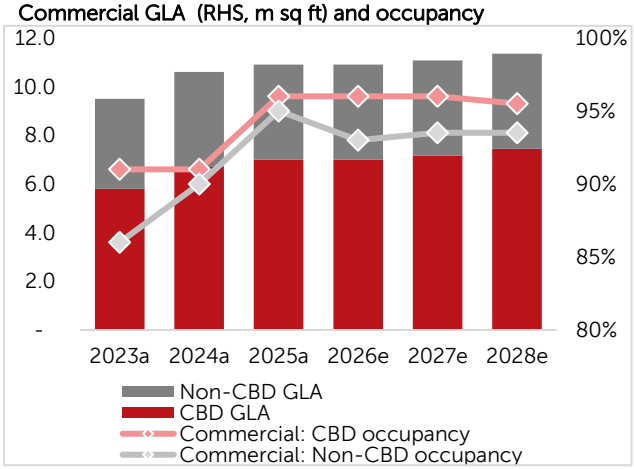
Our forecasts incorporate three committed additions to commercial capacity. Innovation Hub Phase 3 should add 175k sq ft and is scheduled for delivery in 2H27e (4Q27e in our estimates), with the property fully pre-leased. Dubai Design District Phase 2 and Innovation Hub Phase 4 should add c.500k sq ft and 263k sq ft, respectively, with delivery targeted in 2028e. We phase the revenue contribution to reflect completion timing and the leasing ramp-up. As a result, commercial GLA increases from 10.9m sq ft in 2026e to 11.8m sq ft in 2028e. However, we assume an effective GLA of 11.4m in 2028e based on the assumption that new capacity will be available primarily in 2H28e. These additions sit within the central business district (CBD) portfolio, which commands relatively higher rental rates than non-CBD properties.

We assume portfolio occupancy remains broadly stable at c.95% through 2028e. This leaves limited scope for occupancy-led growth and makes rent reversion and new capacity the principal earnings drivers for the segment. Our forecasts assume commercial segment rents rise at an average rate of c.7.0% over 2026-28e. The combination of positive rent reversion and a larger GLA supports earnings growth despite limited occupancy headroom.

Commercial leasing revenue (AEDm) and EBITDA margin

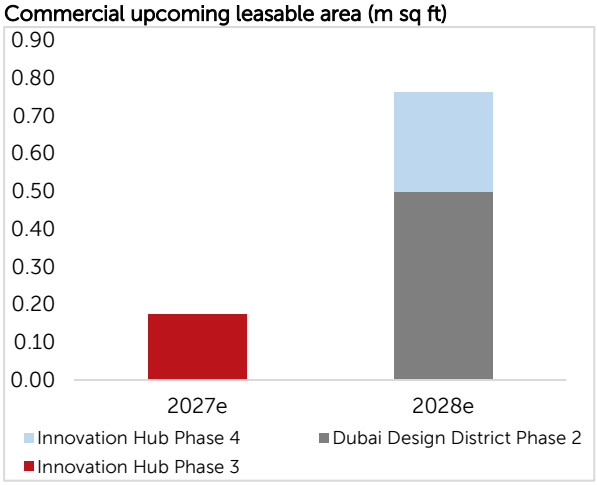


Commercial GLA (RHS, m sq ft) and occupancy

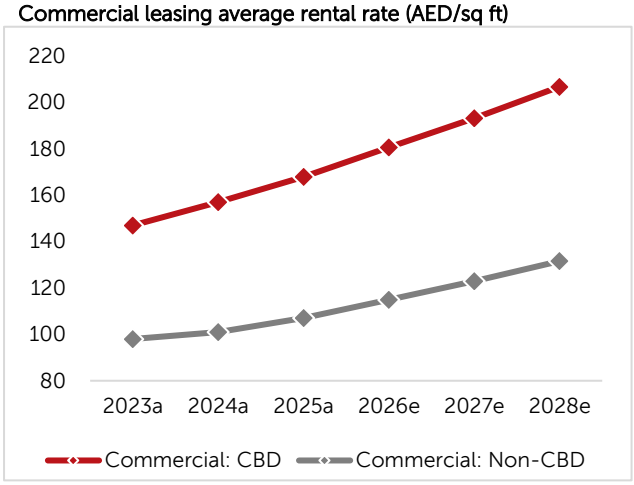


Source: Company reports, ADCB estimates; Note: CBD = Central Business District

Commercial upcoming leasable area (m sq ft)



Commercial leasing average rental rate (AED/sq ft)



Source: Company reports, ADCB estimates

Industrial leasing

Pricing drives growth as capacity remains unchanged

Industrial leasing comprises BTL warehouses, showrooms and worker accommodation. TECOM concentrates these assets primarily in Dubai Industrial City. The company also offers warehouses and showrooms in Dubai Production City, and warehouses in Dubai Science Park and Dubai Studio City.

Customers include manufacturers, logistics operators, distributors and businesses requiring storage or employee accommodation near their operations. Typical lease terms range from one to five years.

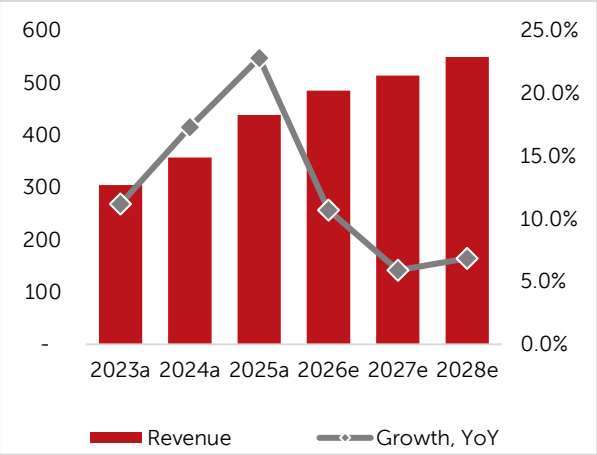
Revenue depends on occupied leasable area and rent per sq ft, with contract escalation and renewal pricing providing additional growth. Warehouse demand reflects manufacturing investment, trade flows and the availability of competing logistics space, while worker-accommodation demand follows industrial activity and employment.

We forecast industrial leasing revenue rising at a three-year CAGR of 7.8% over 2025-28e. During this timeframe, we expect EBITDA to grow at an 8.2% CAGR, and we assume an EBITDA margin of c.72%, compared to c.71% in 2025. The modest margin improvement reflects operating leverage from higher rents across an unchanged asset base.

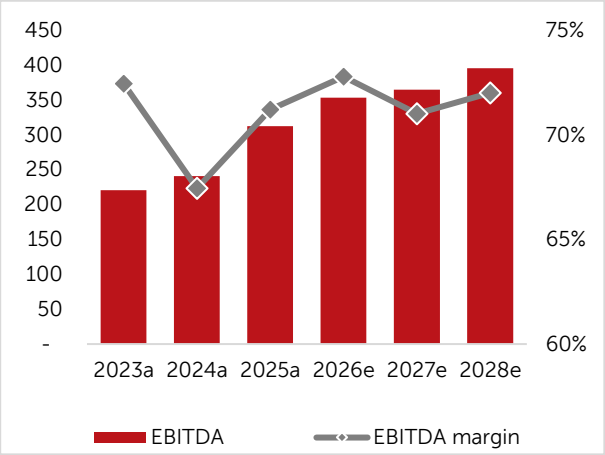
Our estimates assume that industrial GLA remains stable at 12.0m sq ft through 2028e, comprising 10.0m sq ft of warehouses and 2.0m sq ft of worker accommodation. We do not incorporate new capacity because TECOM has not provided guidance on the scale and delivery schedule of additional industrial leasing assets. The recently acquired land at Dubai Industrial City expands the Group's development capacity, but we treat any future conversion into warehouses or worker accommodation as potential upside until management commits to specific projects.

With occupancy forecast at 98% for both asset classes through 2028e, industrial leasing has little scope for occupancy-led growth. Rental uplift therefore becomes the principal revenue driver. We assume year-end warehouse and worker accommodation rents grow at CAGRs of c.7% and 5%, respectively, between December 2025 and December 2028e. The segment's earnings outlook therefore depends primarily on sustained rent escalation, with new development representing upside rather than part of our base case.

Industrial leasing revenue (AEDm) and growth

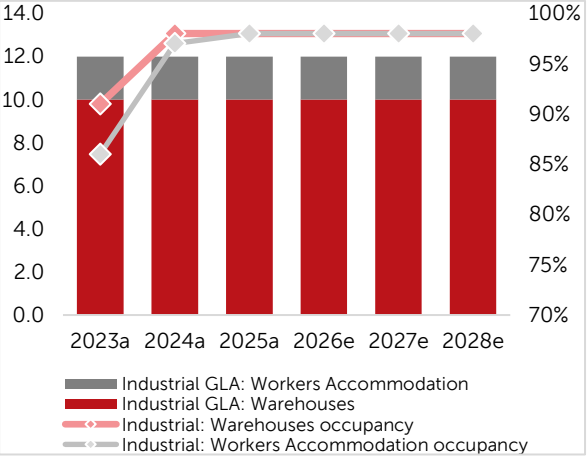


Industrial leasing EBITDA (AEDm) and margin

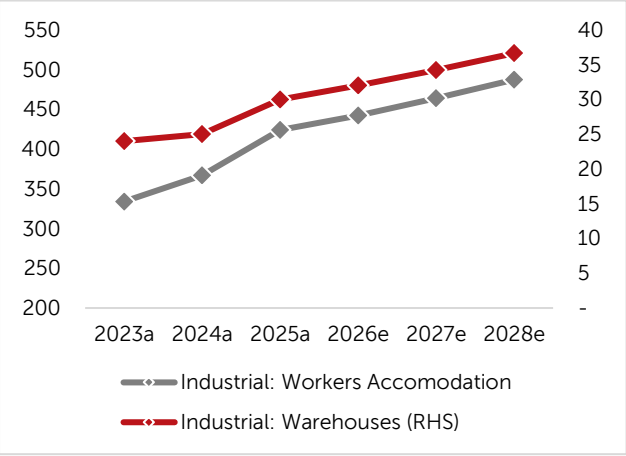


Source: Company reports, ADCB estimates

Industrial GLA (m sq ft) and occupancy (RHS)



Industrial rents: warehouses & worker accommodation*



Source: Company reports, ADCB estimates; *Warehouse rents on RHS in AED/sq ft and worker accommodation rents on LHS axis in AED/room/month

Land leasing

New land supports near-term growth before rent escalation takes over

Land leasing comprises serviced plots that TECOM leases to customers for long periods. Customers develop and fund their own facilities, which may include factories, warehouses, offices, educational campuses or other operating premises. TECOM monetises the underlying land and enabling infrastructure without funding the completed tenant asset, making the segment less capital intensive than constructing commercial or industrial properties directly.

Long lease tenures, typically ranging from 30 to 50 years, improve revenue visibility and reduce annual renewal exposure, although they also slow the pace at which TECOM can reset older contracts to current market rents. Segment growth therefore comes from contractual escalation, leasing vacant plots and additions to the leasable land portfolio.

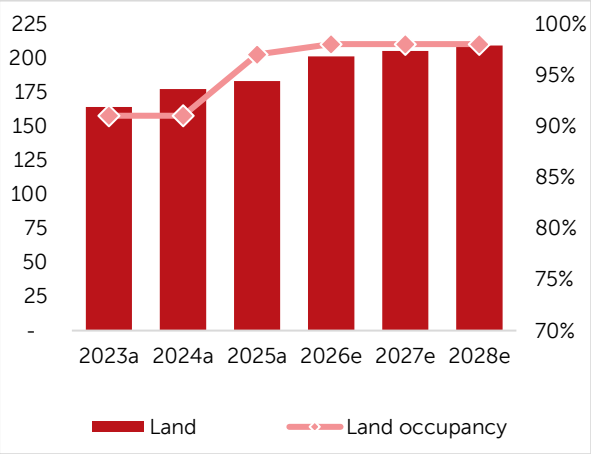
We forecast land leasing revenue to rise at a CAGR of c.16% over 2025-28e. We expect growth to be front-loaded, primarily in 2026 as newly operational land contributes for a full year. Our estimates imply EBITDA to grow at c.15% CAGR in 2025-28e. We expect the EBITDA margin to normalise from 95.5% in 2025 to the 92-93% range, reflecting the segment's limited direct operating costs.

TECOM acquired 33m sq ft of industrial land in 2025, expanding the company's capacity available for future leasing and development, and taking total available industrial land area to c.209m sq ft. In our estimates, we forecast land leasing GLA increasing from 183m sq ft in 2025 to 201m sq ft in 2026e, followed by a rise to 209m sq ft in 2028e.

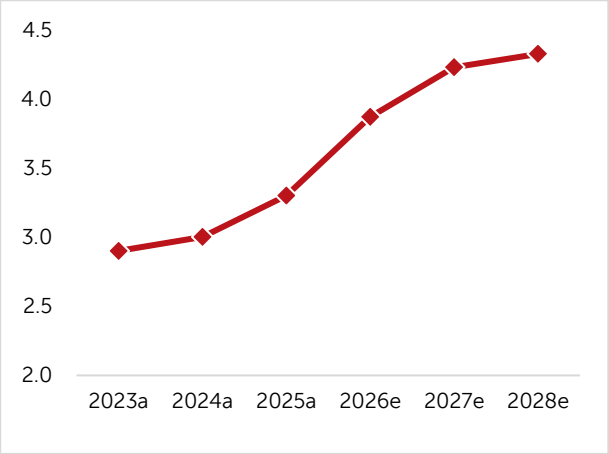
This assumes full activation of the land bank within three years, making infrastructure delivery and tenant take-up the key execution risks for the segment.

We expect land occupancy to rise from 97% in 2025 to 98% in 2026e and remain stable thereafter, leaving little scope for occupancy-led growth. We forecast average industrial land rent to increase at a three-year CAGR of c.9%.

Land GLA (m sq ft) and occupancy



Land leasing average rental rate (AED/sq ft)



Source: Company reports, ADCB estimates

Services and others

Transaction growth supports recovery after a high 2025 base

Services and others segment includes government and corporate services, registration and licensing, advertising, venue management, co-working and ancillary properties. The axs platform processes services such as business licensing, visa applications and other government-related transactions. The segment also incorporates DQuarters co-working income, venue and advertising revenue, and other operating activities that do not fall within the three leasing segments. These revenues generally depend on customer numbers, professional headcount, transaction volumes, space utilisation and events rather than leased area alone.

The segment broadens TECOM's share of customer spending but remains operationally linked to the leasing platform. Higher occupancy and customer additions increase the addressable base for licensing, visa and administrative services, while co-working monetises flexible space through shorter commitments. Some revenue lines, particularly venue management and advertising, can vary with event schedules and customer activity. We therefore view services and others as a complementary growth driver.

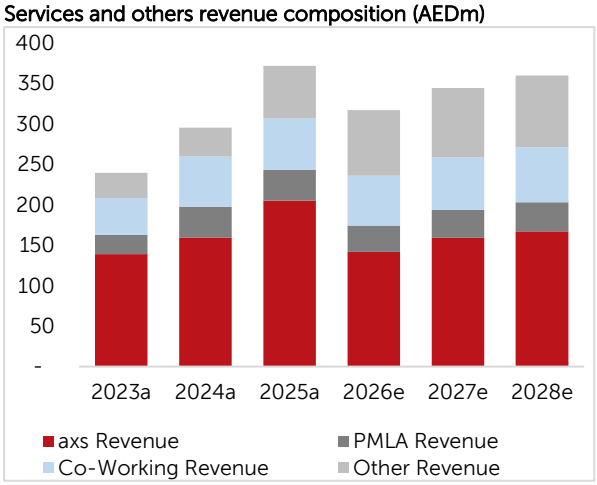
We forecast services and others revenue declining at a CAGR of -1% over 2025-28e. The decline primarily reflects a normalisation in axs following a strong 2025 base. From 2026e, we expect revenue to expand at a c.7% CAGR, supported primarily by higher government and corporate service transactions, alongside steady growth of c.5% in co-working and ancillary income. Our EBITDA estimate also follows a similar trajectory, declining YoY in 2026e and rising in 2027-28e. We forecast the EBITDA margin remaining broadly stable at 78% through 2028e.

axs remains the segment's largest revenue stream, accounting for 45% of segment revenue in 2026e, on our estimates. axs generates transaction-based revenue from corporate and government services, including licensing, visa processing and advisory services. We forecast revenue to decline YoY in 2026e, partly due to an unusually high 2025 base as a larger cohort of customers entered the visa renewal cycle. However, we expect transactions to recover in 2027-28e. We therefore expect growth beyond 2026e to come primarily from transaction volumes rather than pricing.

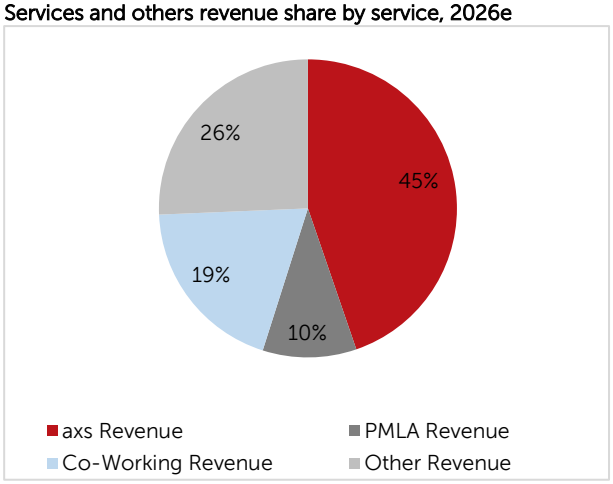
The remaining revenue streams provide steadier but slower growth. We forecast property management and leasing administration (PMLA) revenue to largely track TECOM's total operated GLA and utilisation of the wider

property portfolio after 2026e. We expect co-working revenue to grow by 5% annually in 2027-28e, while other revenue increases by c.4% annually.

Services and others revenue composition (AEDm)

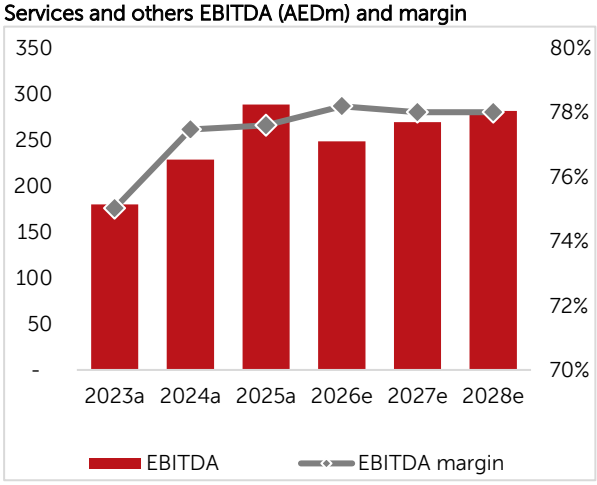


Services and others revenue share by service, 2026e

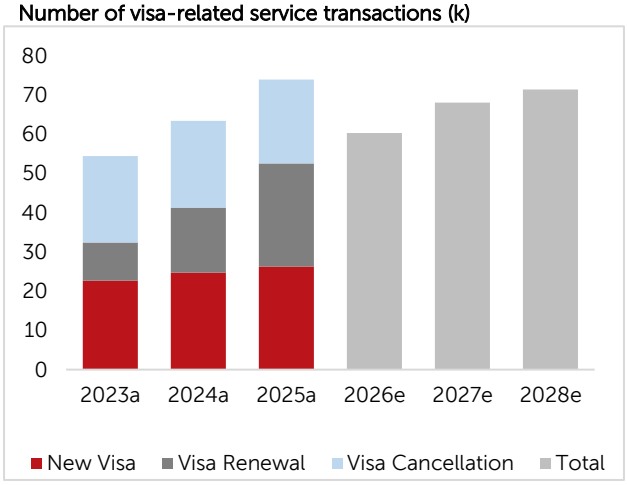


Source: Company reports, ADCB estimates

Services and others EBITDA (AEDm) and margin



Number of visa-related service transactions (k)



Source: Company reports, ADCB estimates

Financial outlook

Land activation and rent reversion set to drive revenue growth

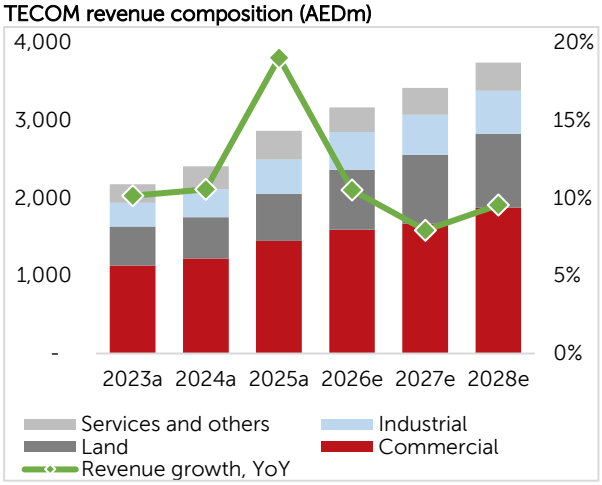
We forecast TECOM's revenue increasing at a 9.3% CAGR over 2025-28e. Land leasing should lead growth in 2026e as 18m sq ft of additional operational land lifts segment revenue by c.27%, on our estimates. Commercial leasing should remain the largest contributor throughout the forecast period, with positive rent reversion supporting growth in 2026-27e, followed by further growth in 2028e from Innovation Hub Phase 3 and initial contributions from other scheduled projects. We expect industrial leasing revenue to be driven largely by steady pricing-led growth. We forecast services and other revenue to decline in 2026e as axs transaction volumes and revenue per transaction normalise from the high 2025 base.

Operating leverage supports EBITDA growth as the revenue mix normalises

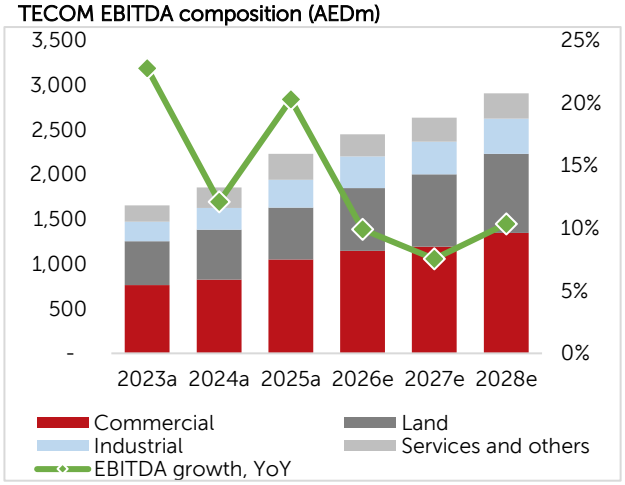
We forecast EBITDA rising at 9.3% CAGR in 2025-28e. We expect land leasing to drive EBITDA growth in 2026e, followed by the commercial leasing segment in 2028e, as new capacity enters operation. We expect EBITDA margins to remain in the 77-78% range over 2026-28e (vs. 78.0% in 2025).

Our forecasts assume the full industrial land bank becomes operational by 2028e. Overall, land activation, project delivery and sustained rent reversion remain central to our 2026-28e earnings outlook.

TECOM revenue composition (AEDm)

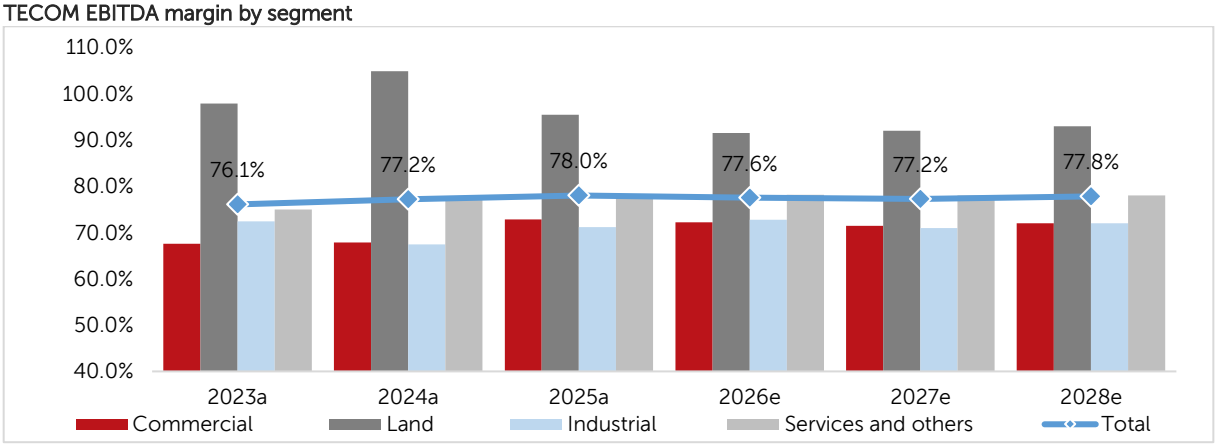


TECOM EBITDA composition (AEDm)



Source: Company reports, ADCB estimates

TECOM EBITDA margin by segment



Source: Company reports, ADCB estimates

Capex, cash flows and dividends

Elevated development spending suppresses near-term FCF

We expect TECOM's capital expenditures to remain elevated through 2026-28e, as the company delivers its committed commercial pipeline and develops the land infrastructure. Our estimates incorporate total cash capex of AED1.4bn in 2026e and AED1.7bn annually in 2027-28e. Growth capex should account for most of this spending and includes Innovation Hub Phase 3, Dubai Design District Phase 2, Innovation Hub Phase 4, and land infrastructure. We expect some moderation in maintenance and enhancement capex in 2026-28e and forecast it to remain at AED225m, which is 6-7% of revenue.

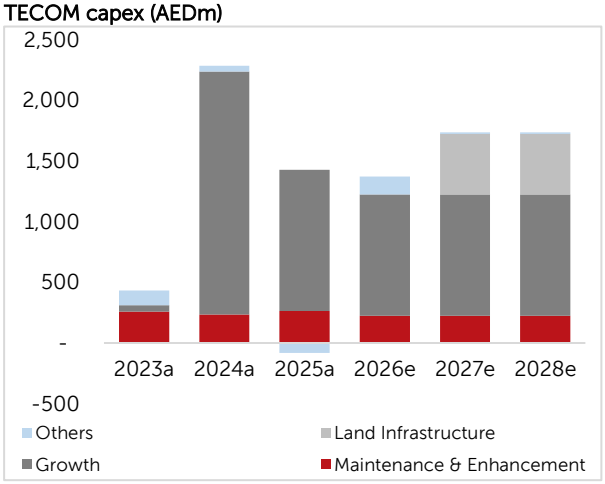
The investment cycle creates a timing gap between cash deployment and earnings generation. Innovation Hub Phase 3 should begin contributing in 2H27e, while Dubai Design District Phase 2 and Innovation Hub Phase 4 support a more meaningful increase in commercial capacity from 2028e. Development execution therefore remains central to our cash-flow outlook. Delays would defer rental income but could shift, rather than eliminate, the associated capital expenditure. Conversely, further acquisitions or the development of built industrial assets on the new land would raise near-term funding requirements beyond our base case.

Despite elevated capex, we forecast a rising FCF profile compared to 2025, driven primarily by higher operating cash flow in 2026-28e. However, we expect FCF to dip in 2027e, as we forecast relatively higher capex than in 2026e. Recurring FCF, which deducts maintenance and enhancement capex from company-defined funds from

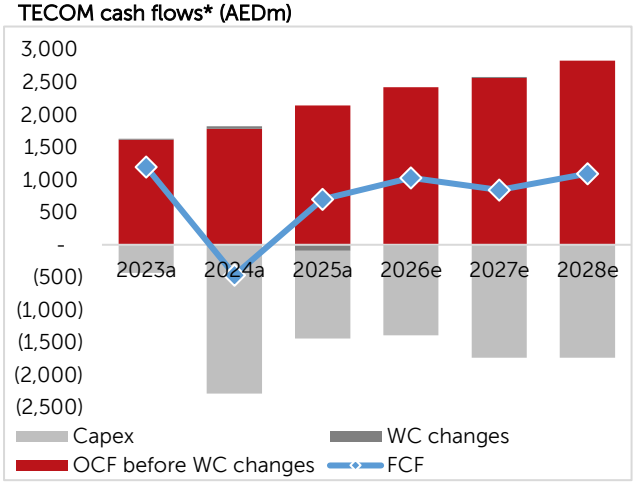
operations but excludes growth capex, is also forecast to rise over 2026-28e, on our estimates. This measure better captures cash generation from the operating asset base, although reported FCF remains more relevant when assessing funding capacity during the current development programme.

We forecast net debt/EBITDA declining from 2.0x in 2025 to 1.7x in 2028e, driven primarily by EBITDA growth.

TECOM capex (AEDm)

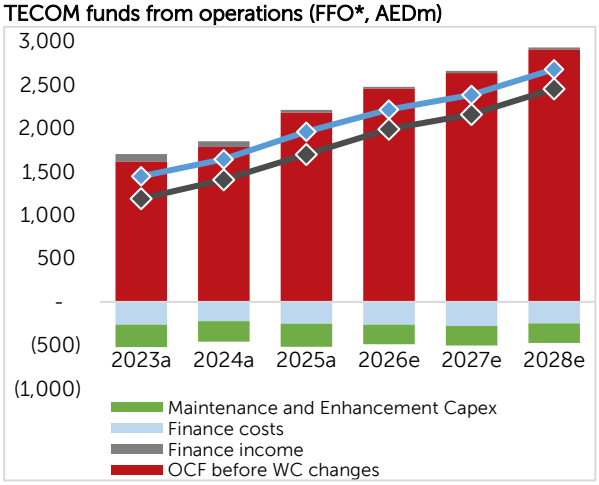


TECOM cash flows* (AEDm)

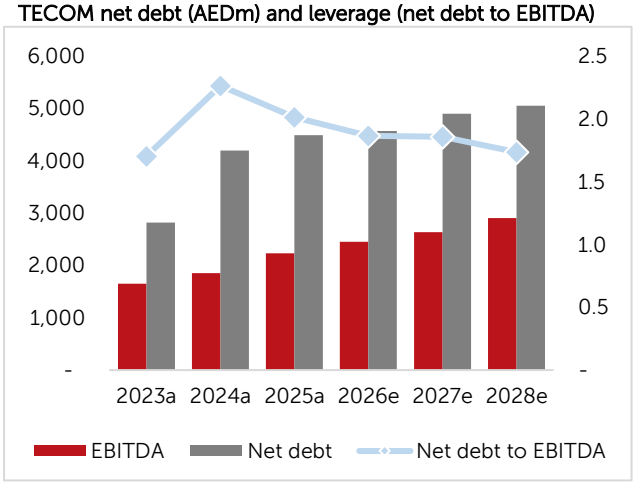


Source: Company reports, ADCB estimates; * OCF before WC changes includes income tax and employees' end of service payments

TECOM funds from operations (FFO*, AEDm)



TECOM net debt (AEDm) and leverage (net debt to EBITDA)



Source: Company reports, ADCB estimates; *Company definition of FFO = operating cash flows before working capital changes minus net finance expenses.

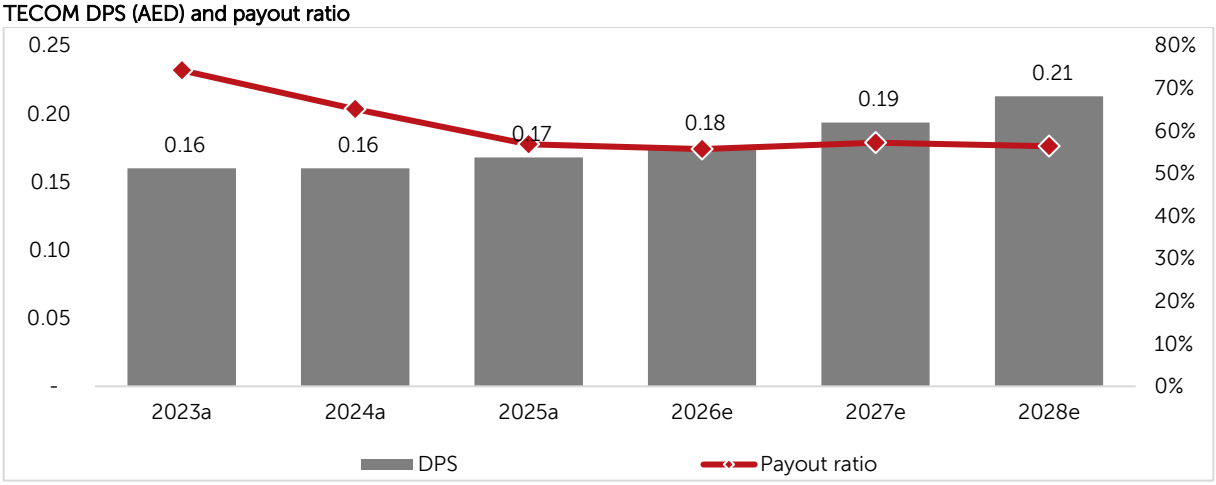
Dividend growth is covered by recurring cash flow

TECOM follows a semi-annual cash dividend policy. The company's framework targets payments in two instalments each year. In 2026, shareholders approved an aggregate dividend of AED880m, payable in two equal instalments of AED440m, with the payments delivered/anticipated in August 2026/March 2027, respectively.

TECOM declared AED800m in dividends annually for 2022-24 under the dividend commitment announced at listing. The company increased the 2025 distribution to AED840m after raising the 2H25 payment by 10% to AED440m. This marked the first increase above the AED800m annual level and preceded the approved 2026 dividend of AED880m. We forecast dividends rising by 10% annually in 2027-28e. Our estimates assume TECOM shares part of the growth in cash flows with shareholders while retaining sufficient funding capacity for committed developments.

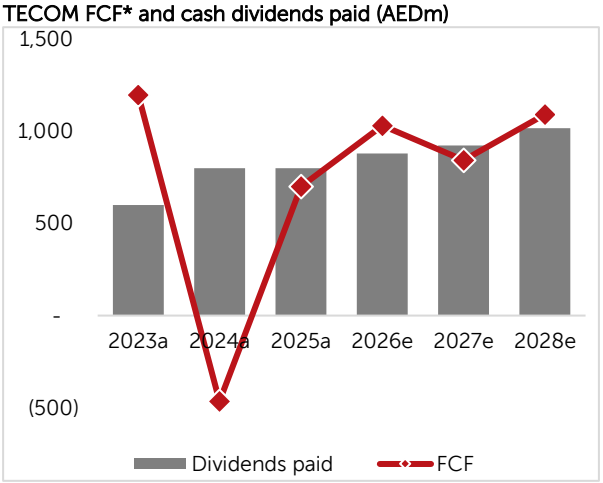
Our dividend assumptions remain well covered by recurring FCF, with coverage of 2.3-2.4x in 2026-28e. Our forecasts imply dividend yields of 5.6% for 2026e, 6.2% for 2027e and 6.8% for 2028e. The rising yield reflects our dividend-growth assumption rather than an explicit company commitment beyond 2026e.

TECOM DPS (AED) and payout ratio

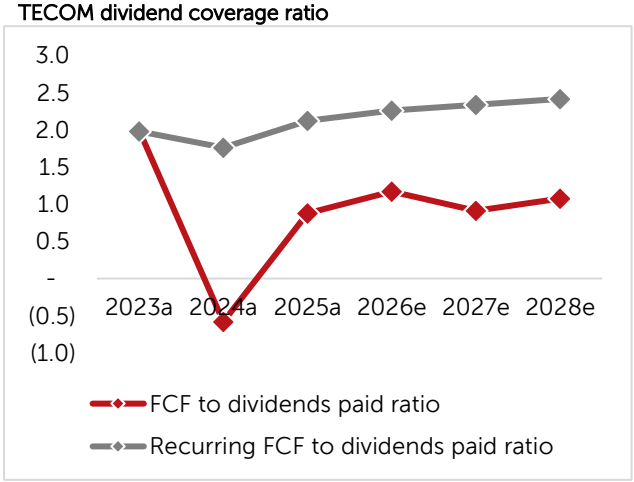


Source: Company reports, ADCB estimates

TECOM FCF* and cash dividends paid (AEDm)



TECOM dividend coverage ratio



Source: Company reports, ADCB estimates; *FCF = OCF – capex; Recurring FCF company definition = OCF – Finance Costs – Maintenance and Enhancement Capex

Valuation and risks

Valuation

We derive our fair value from an equally weighted average of DCF, dividend discount model (DDM) and P/FFO valuations. A simple average of the three valuation methodologies yields our fair value of AED4.20 per share (rounded). Our fair value implies upside of c.34% compared with the last closing price. We initiate our coverage on TECOM with a Buy rating.

TECOM fair value summary

		Fair Value	Weight
DCF	AED	4.90	33.3%
P/FFO	AED	4.12	33.3%
DDM	AED	3.51	33.3%
Weighted average fair value		**4.20**	

Source: ADCB estimates

DCF valuation

Our DCF is based on a WACC of 8.4% and a terminal growth rate of 1.5%. Our WACC is based on the following assumptions: a beta of 0.72 (in line with the Bloomberg-adjusted beta since listing on the DFM), a market risk premium of 5.0%, a company risk premium of 1% and a risk-free rate of 4.75%. These assumptions result in a 9.4% cost of equity and a WACC of 8.4% for TECOM. We assume a tax rate of 9%. These assumptions result in our FY26-27e time-weighted fair value of AED4.90 per share (rounded).

TECOM DCF valuation assumptions

Parameter	Assumption
Cost of debt	5.0%
After tax cost of debt	4.6%
Beta	0.72
Market risk premium	5.00%
Company risk premium	1.00%
Risk free rate	4.75%
Cost of equity	9.4%
Gearing	21.0%
Corporate tax rate	9.0%
WACC	8.4%
Terminal growth rate	1.5%

Source: ADCB estimates

TECOM DCF valuation table

	2025a	2026e	2027e	2028e	2029e	2030e	2031e
EBIT	1,745	1,884	2,012	2,193	2,382	2,530	2,727
Income tax	(157)	(170)	(181)	(197)	(214)	(228)	(245)
D&A	485	567	624	715	842	956	872
Working capital	(93)	(19)	16	(0)	15	(28)	(76)
Capex	(1,346)	(1,373)	(1,737)	(1,737)	(1,737)	(1,737)	(862)
FCF	633	888	733	973	1,287	1,494	2,415
FCF + terminal value		888	733	973	1,287	1,494	38,166
EV		**27,723**	**29,152**				
Net debt - prior period		(4,488)	(4,569)				
Minority		-	-				
Equity		**23,235**	**24,583**				
Shares o/s		5,000	5,000				
Equity value/share		4.65	4.92				
Period weights		17%	83%				
Period-weighted DCF/share (rounded)		**4.90**					

Source: ADCB estimates

DCF sensitivity to changes in WACC and terminal growth rate

WACC	Terminal growth rate -->						
	0.0%	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%
6.0%	6.20	6.80	7.50	8.30	9.30	10.70	12.50
7.0%	5.10	5.50	5.90	6.50	7.10	8.00	9.00
8.0%	4.20	4.50	4.80	5.20	5.70	6.20	6.80
8.4%	4.00	4.20	4.50	**4.90**	5.30	5.70	6.30
9.0%	3.60	3.80	4.00	4.30	4.60	5.00	5.40
10.0%	3.00	3.20	3.40	3.60	3.90	4.10	4.40
11.0%	2.60	2.80	2.90	3.10	3.30	3.50	3.70

Source: ADCB estimates

P/FFO based valuation

Our P/FFO valuation is based on a target multiple of 9.0x. Our 9.0x target multiple represents a premium to TECOM's c.8x average since listing, which we consider justified by our forecast c.11% FFO CAGR over 2025-28e, rising recurring dividend coverage and moderate leverage. We apply this multiple to our 2026-27e FFO estimates, which results in a fair value of AED4.12 per share.

TECOM P/FFO-based valuation table

	2026e	2027e
FFO, AEDm	2,146	2,316
Target P/FFO, x	9.0	9.0
Equity value, AEDm	19,316	20,841
Shares outstanding, m	5,000	5,000
Equity value/share, AED	**3.86**	**4.17**
Period weights, %	17%	83%
Period-weighted fair value/share, AED	**4.12**	

Source: ADCB estimates; FFO = Net Income + D&A – One-off Gains + One-off Loss

Dividend discount model (DDM)

Our DDM values TECOM based on our forecast of dividend distributions to shareholders. We project the company's DPS to rise by 10% per year from 2027e. We discount these distributions at our cost of equity assumption and calculate the terminal value using 1.5% perpetual growth. After adjusting for the timing of distributions in 2026, the DDM implies a fair value of AED3.51 per share.

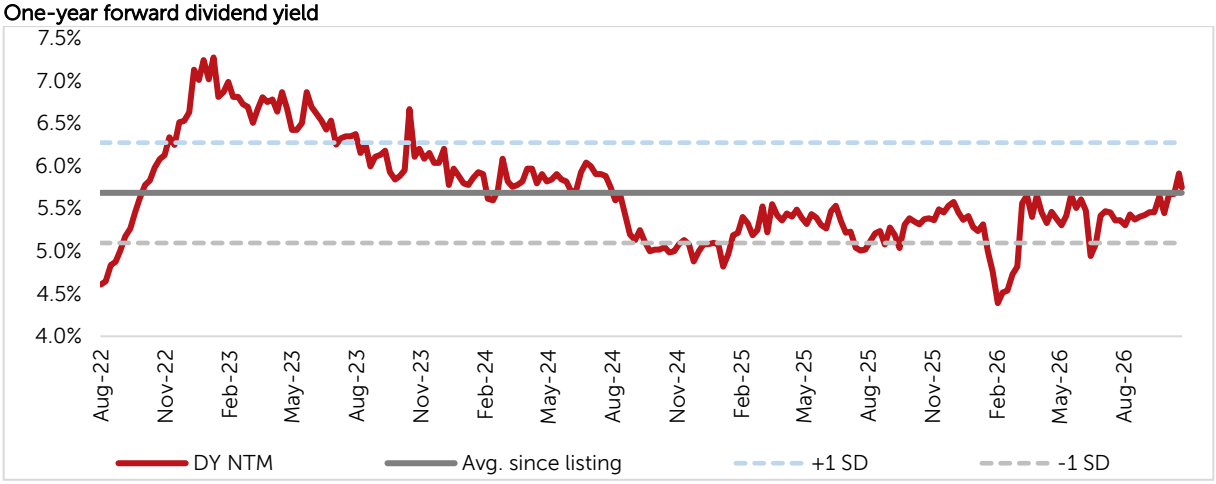
TECOM DDM-based valuation table

	2026e	2027e	2028e	2029e	2030e	2031e
DPS, AED	0.18	0.19	0.21	0.23	0.26	0.28
DPS incl. terminal value, AED	0.18	0.19	0.21	0.23	0.26	3.94
Present value of DPS, AED	3.41	3.53				
Period weights, %	17%	83%				
Period-weighted fair value, AED	**3.51**					

Source: ADCB estimates

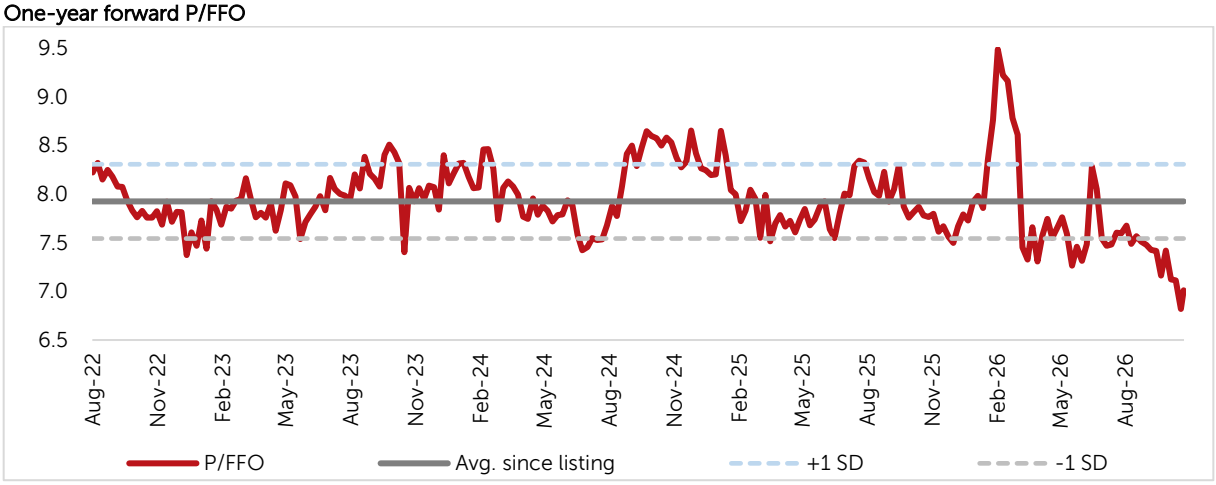
TECOM Group valuation charts

One-year forward dividend yield



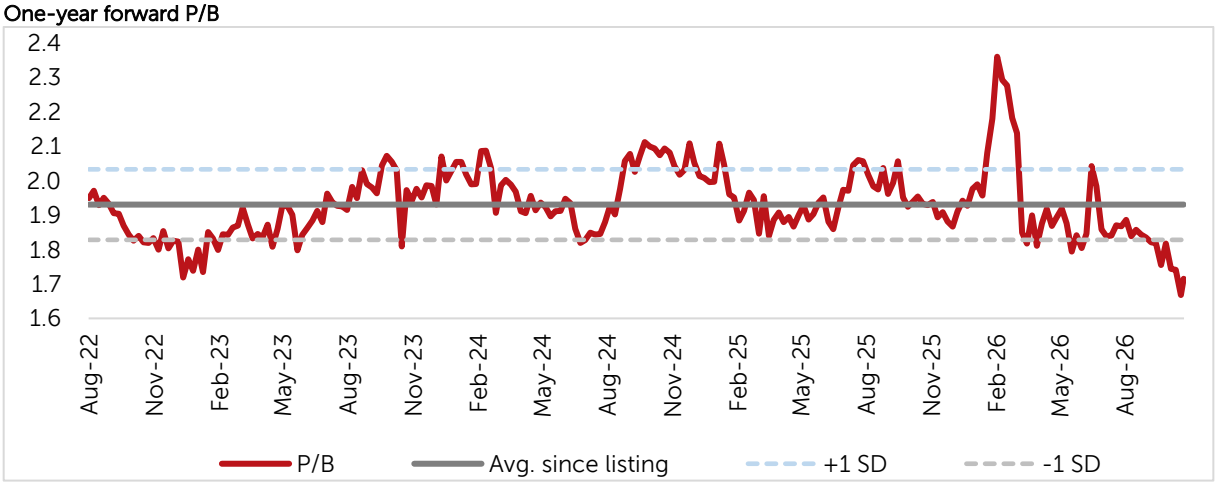
Source: Bloomberg, ADCB estimates

One-year forward P/FFO



Source: Bloomberg, ADCB estimates

One-year forward P/B



Source: Bloomberg, ADCB estimates

TECOM Group peer comparable table

Name	Ticker	Country	Curr	CMP	MCap (USDm)	EV/EBITDA			P/E			P/B			DY		
						FY25a	FY26e	FY27e	FY25a	FY26e	FY27e	FY25a	FY26e	FY27e	FY25a	FY26e	FY27e
UAE Real Estate																	
Dubai Residential REIT	DUBAIRES UH	UAE	AED	1.27	4,495	11.5	10.6	9.9	5.5	7.5	8.5	0.7	0.7	0.7	3.2%	7.0%	7.7%
TECOM	TECOM UH	UAE	AED	3.14	4,274	9.2	8.5	8.2	7.6	9.9	9.6	2.0	1.8	1.7	5.0%	5.6%	5.8%
Emaar Properties	EMAAR UH	UAE	AED	11.42	27,481	4.5	4.7	4.1	5.7	5.7	5.1	1.1	1.0	0.9	8.8%	9.3%	8.8%
Aldar Properties	ALDAR UH	UAE	AED	7.70	16,483	7.0	5.7	4.7	8.1	7.4	6.0	1.4	1.3	1.1	2.7%	2.9%	3.2%
Average						**8.0**	**7.4**	**6.7**	**6.7**	**7.6**	**7.3**	**1.3**	**1.2**	**1.1**	**4.9%**	**6.2%**	**6.4%**
Global Peers																	
AMATA Corporation	AMATA TB	Thailand	THB	28.75	979	11.0	9.7	9.5	7.8	7.8	8.1	1.3	1.2	1.1	3.9%	5.0%	4.8%
WHA Corporation	WHA TB	Thailand	THB	4.90	2,169	14.5	18.8	16.1	13.9	14.7	13.6	1.9	1.9	1.8	3.9%	4.3%	4.5%
SEGRO	SGRO LN	UK	GBp	902.20	16,292	27.2	26.2	24.4	24.9	23.4	22.1	1.0	1.0	0.9	3.4%	3.6%	3.8%
Goodman Group	GMG AU	Australia	AUD	26.76	39,268	na	18.4	16.4	21.3	18.8	16.9	2.2	2.0	1.8	1.1%	1.1%	1.1%
Prologis	PLD US	USA	USD	126.31	120,857	21.4	23.1	20.5	35.5	27.4	27.3	2.2	na	na	3.2%	3.4%	3.6%
WDP	WDP BB	Belgium	EUR	19.12	4,918	18.2	16.7	14.4	12.3	11.9	11.4	0.9	0.9	0.8	6.5%	6.8%	7.1%
Tritax BigBox REIT	BBOX LN	UK	GBp	144.20	4,853	22.6	19.9	18.7	16.4	16.4	15.6	0.8	0.7	0.7	5.5%	5.8%	6.1%
Frasers Logistics	FLT SP	Singapore	SGD	0.88	2,618	19.6	18.7	17.6	15.3	17.3	16.4	0.8	0.8	0.8	6.5%	6.6%	6.7%
Mapletree Industrial	MINT SP	Singapore	SGD	1.79	3,986	16.6	17.0	16.6	14.2	15.0	14.9	1.0	1.1	1.1	7.1%	6.7%	6.7%
CapitaLand Ascendas	CLAR SP	Singapore	SGD	2.20	7,769	18.0	16.2	15.4	13.2	14.5	14.0	1.0	0.9	0.9	6.7%	6.9%	7.1%
Safehold	SAFE US	USA	USD	11.15	800	49.2	15.8	14.7	7.0	6.8	6.6	0.3	0.3	0.3	6.3%	6.4%	6.3%
Gladstone Land	LAND US	USA	USD	8.9	324	14.1	13.5	13.0	na	na	na	na	0.5	0.5	6.3%	6.3%	6.3%
Farmland Partners	FPI US	USA	USD	10.2	525	25.1	29.9	28.5	16.8	43.6	52.5	1.0	na	na	4.3%	3.5%	3.5%
Average						**21.5**	**18.8**	**17.4**	**16.6**	**18.1**	**18.3**	**1.2**	**1.0**	**1.0**	**5.0%**	**5.1%**	**5.2%**
Overall Average						**18.1**	**16.1**	**14.9**	**14.1**	**15.5**	**15.5**	**1.2**	**1.1**	**1.0**	**5.0%**	**5.4%**	**5.5%**

Source: Bloomberg consensus; Priced at close of 26 October 2026

Summary financial statements

TECOM Income Statement

AEDm	2024a	2025a	2026e	2027e	2028e	2029e	2030e	2031e
Revenue	**2,402**	**2,858**	**3,158**	**3,407**	**3,732**	**4,156**	**4,513**	**4,736**
Direct costs	(850)	(963)	(994)	(1,073)	(1,175)	(1,308)	(1,421)	(1,491)
Gross profit	**1,552**	**1,894**	**2,164**	**2,335**	**2,557**	**2,848**	**3,092**	**3,245**
Other operating income	**138**	**91**	**41**	**40**	**40**	**40**	**40**	**40**
General and administrative	(205)	(184)	(228)	(246)	(270)	(300)	(326)	(342)
Marketing and selling	(54)	(56)	(93)	(117)	(135)	(205)	(276)	(216)
Other operating	(6)	-						
Impairment reversals	-	652						
OPEX	**(266)**	**411**	**(321)**	**(363)**	**(404)**	**(505)**	**(602)**	**(559)**
Operating profit	**1,424**	**2,397**	**1,884**	**2,012**	**2,193**	**2,382**	**2,530**	**2,727**
Finance income	66	31	19	27	22	15	17	23
Finance costs	(224)	(253)	(263)	(277)	(249)	(221)	(221)	(221)
Finance costs - net	**(158)**	**(222)**	**(244)**	**(249)**	**(227)**	**(207)**	**(204)**	**(198)**
Profit before tax	**1,267**	**2,175**	**1,640**	**1,763**	**1,966**	**2,175**	**2,326**	**2,528**
Income tax expense	(38)	(89)	(60)	(71)	(79)	(87)	(93)	(101)
Income tax rate	-3.0%	-4.1%	-3.7%	-4.0%	-4.0%	-4.0%	-4.0%	-4.0%
Net profit	**1,228**	**2,086**	**1,579**	**1,692**	**1,887**	**2,088**	**2,233**	**2,427**
EPS, AED	0.25	0.42	0.32	0.34	0.38	0.42	0.45	0.49

Source: Company reports, ADCB estimates

TECOM Balance Sheet

	2024a	2025a	2026e	2027e	2028e	2029e	2030e	2031e
Non-current assets								
Property and equipment	87	86	86	90	94	98	102	106
Intangible assets	16	17	20	28	36	44	52	60
Investment property	13,851	15,167	15,806	16,907	17,917	18,801	19,570	19,548
Derivative financial instruments	118	62	68	68	68	68	68	68
Other receivables	11	8	6	6	6	6	6	6
Unbilled receivables	846	948	1,010	1,010	1,010	1,010	1,010	1,010
Total non-current assets	**14,930**	**16,287**	**16,996**	**18,110**	**19,132**	**20,027**	**20,808**	**20,798**
Current assets								
Other receivables	107	219	214	253	302	365	427	481
Trade and unbilled receivables	182	185	193	228	271	329	385	433
Due from related parties	55	31	22	26	31	37	44	49
Bank deposits	-	217	217	217	217	217	217	217
Cash and cash equivalents	1,017	224	748	418	267	356	551	1,559
Total current assets	**1,361**	**876**	**1,394**	**1,142**	**1,088**	**1,305**	**1,624**	**2,740**
Total assets	**16,291**	**17,163**	**18,390**	**19,252**	**20,220**	**21,332**	**22,432**	**23,538**
Equity								
Share capital	500	500	500	500	500	500	500	500
Legal reserve	483	540	540	540	540	540	540	540
Hedge reserve	169	58	68	68	68	68	68	68
Retained earnings	5,556	6,785	7,484	8,253	9,123	10,094	11,097	12,171
Total equity	**6,708**	**7,883**	**8,592**	**9,360**	**10,231**	**11,201**	**12,204**	**13,279**
Non-current liabilities								
Trade and other payables	3	2	2	2	2	2	2	2
Borrowings	5,213	4,924	5,529	5,529	5,529	5,529	5,529	5,529
Advances from customers	607	562	596	596	596	596	596	596
Project liabilities	787	734	675	675	675	675	675	675
Due to related parties	93	134	63	63	63	63	63	63
Derivative financial instruments	1	4	1	1	1	1	1	1
Employees end of service benefits	47	47	47	47	47	47	47	47
Provisions	903	749	724	724	724	724	724	724
Total non-current liabilities	**7,653**	**7,155**	**7,637**	**7,637**	**7,637**	**7,637**	**7,637**	**7,637**
Current liabilities								
Trade and other payables	330	278	263	279	296	320	337	343
Borrowings	-	5	4	4	4	4	4	4
Advances from customers	969	1,036	1,082	1,149	1,218	1,320	1,389	1,411
Current tax liabilities	38	89	117	117	117	117	117	117
Project liabilities	474	454	455	455	455	455	455	455
Due to related parties	91	182	169	179	190	206	216	220
Provisions	28	82	72	72	72	72	72	72
Total current liabilities	**1,930**	**2,126**	**2,161**	**2,255**	**2,352**	**2,494**	**2,591**	**2,622**
Total equity and liabilities	**16,291**	**17,163**	**18,390**	**19,252**	**20,220**	**21,332**	**22,432**	**23,538**

Source: Company reports, ADCB estimates

TECOM Cash Flow Statement

	2024a	2025a	2026e	2027e	2028e	2029e	2030e	2031e
Profit for the period	1,228	2,086	1,579	1,692	1,887	2,088	2,233	2,427
Cash generated from operations	1,823	2,089	2,439	2,651	2,907	3,238	3,459	3,522
Payment of income tax	-	(38)	(32)	(71)	(79)	(87)	(93)	(101)
Employees' EoS benefits	(1)	(4)	(2)	-				
Net cash from operating activities	**1,822**	**2,047**	**2,405**	**2,581**	**2,829**	**3,151**	**3,366**	**3,421**
Purchase of property and equipment	(6)	(9)	(4)	(4)	(4)	(4)	(4)	(4)
Payments for investment property	(2,274)	(1,328)	(1,361)	(1,725)	(1,725)	(1,725)	(1,725)	(850)
Purchase of intangible assets	(7)	(9)	(8)	(8)	(8)	(8)	(8)	(8)
Movement in deposits w/maturities >3M	487	161	-	-				
Interest received	77	35	18	27	22	15	17	23
Net cash used in investing activities	**(1,724)**	**(1,150)**	**(1,356)**	**(1,710)**	**(1,715)**	**(1,722)**	**(1,720)**	**(839)**
Proceeds from borrowings	850	-	600	-				
Repayment of borrowings	-	(300)	-	-				
Issuance cost paid	-	-	-	-				
Interest paid	(179)	(212)	(245)	(277)	(249)	(221)	(221)	(221)
Payment for dividends	(800)	(800)	(880)	(924)	(1,016)	(1,118)	(1,230)	(1,353)
Net cash from financing activities	**(129)**	**(1,312)**	**(525)**	**(1,201)**	**(1,265)**	**(1,339)**	**(1,451)**	**(1,574)**
Net change in cash and cash equivalents	**(32)**	**(415)**	**524**	**(329)**	**(152)**	**90**	**195**	**1,008**
Cash at beginning of period	670	638	224	748	418	267	356	551
Cash at end of period	**638**	**224**	**748**	**418**	**267**	**356**	**551**	**1,559**
Bank deposits	**379**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Source: Company reports, ADCB estimates

Disclaimer

The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, Abu Dhabi Commercial Bank PJSC or its affiliates and/or subsidiaries (collectively ADCB) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to ADCB and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. There may be certain discrepancies with data and/or limited content in this material as a result of calculations, adjustments, translations to different languages, and/or local regulatory restrictions, as applicable. These discrepancies should not impact the overall investment analysis, views and/or recommendations of the subject company(ies) that may be discussed in the material. ADCB accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither ADCB nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent ADCB's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. This material may include views on structured securities, options, futures and other derivatives. These are complex instruments, may involve a high degree of risk and may be appropriate investments only for sophisticated investors who are capable of understanding and assuming the risks involved. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. ADCB may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and ADCB is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within ADCB, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of ADCB not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

Confidentiality and Security Notice: This transmission may contain information that is privileged, confidential, legally privileged, and/or exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or use of the information contained herein (including any reliance thereon) is STRICTLY PROHIBITED. Although this transmission and any attachments are believed to be free of any virus or other defect that might affect any computer system into which it is received and opened, it is the responsibility of the recipient to ensure that it is virus free and no responsibility is accepted by ADCB, its subsidiaries and affiliates, as applicable, for any loss or damage arising in any way from its use. If you received this transmission in error, please immediately contact the sender and destroy the material in its entirety, whether in electronic or hard copy format.

Regulatory Disclosure: Abu Dhabi Commercial Bank PJSC is licensed and regulated by the Central Bank of the United Arab Emirates and the Capital Market Authority of the United Arab Emirates.


بنك أبوظبي التجاري
ADCB