

PRESS RELEASE

ABU DHABI'S ESHRAQ RETURNS TO PROFITABILITY, WITH GOOD PROGRESS ON REFRESHED STRATEGY

- Profit for the period of AED 3.5 million, an important milestone vs. net loss reported in Q1 2024
- Finance income grew 52.7% year-on-year, and 26.1% quarter-on-quarter, to AED 2.3 million
- Real estate revenues up 1% vs. Q1 2024, following the disposal of assets in Dubai in 2023
- Total Goldilocks Fund net investment value of AED 1.038 billion in Q2 2024 vs. 1.036 billion in Q1
- Good progress on recently announced investment strategy, shifting focus to Private Equity complemented by income generating assets

Abu Dhabi, UAE, 14 August 2024: Eshraq Investments PJSC ("Eshraq" or "Company"), listed on the Abu Dhabi Securities Exchange ("ADX"), has announced its financial results for the six-month period ended 30 June 2024. Eshraq delivered a solid second quarter, with improved financial and operational performance, while also making positive strides in the execution of its recently announced refreshed strategy to maximise shareholder value and spur future growth.

Eshraq's financial performance improved materially as compared to the previous quarter, mainly driven by a slight recovery in the value of the Goldilocks Fund as a result of partial or full exits from certain investment positions earlier in the year. Finance income was up 52.7% year-on-year, with finance costs decreasing 34.3%. Compared to the prior quarter, finance income improved 26.1%, with finance costs decreasing by 2.4%. Eshraq reported profit for the period of AED 3.5 million in Q2 2024, a significant improvement on the AED 306.1 million loss reported for Q1 2024. Total liabilities have reduced 8% since year-end 2023 to AED 150.8 million, as the Company continued to deleverage its balance sheet. Liabilities reduced 6% compared to the first quarter. Strategic exits within the Goldilocks Fund have significantly strengthened the Group's balance sheet, with Goldilocks reducing its liabilities by AED c.400 million in the period, from AED c.510 million to AED c.110 million at the end of Q2 2024.

Mr. Fahad Abdul Qader Al Qassim, Chairman of Eshraq, commented: "Our Q2 results are evidence of the efforts we have made to deliver on our refreshed investment strategy. We have rationalized our portfolio and improved our financial performance as a result of the prudent approach taken by Eshraq's experienced leadership team earlier in the year. We are confident of maintaining this improved momentum during the second half, and we are extremely pleased to be making such good progress in executing our strategy, a journey that we believe will enable Eshraq to create long-term and competitive shareholder value. We look forward to announcing further updates on the progress of the strategy in due course."

Mr. Mohamed Al Hashimi, Chief Executive Officer of Eshraq, said: "Our financial and operational performance in the second quarter is proof that our portfolio optimization efforts within the Goldilocks Fund are bearing fruit. We are also pleased that liabilities within the fund continue to come down, having fallen by a total of AED c.400 in the first half of the year. We are very encouraged by the traction that we have

achieved in executing our new strategy, having identified a number of attractive opportunities, some of which we are already making meaningful progress on. We are now focused on realizing further improvements in financial and operational performance, while doubling down on our efforts to accelerate a return to growth.”

Real Estate

Eshraq’s commercial real estate operations generated AED 4.1 million of revenue in Q2 2024, up 1% compared to the first quarter, but down 49% year-on-year due to a decline in rental income following the sale of assets in Dubai in 2023. Gross profit from commercial operations stood at AED 3.0 million, up 1% vs. Q1 2024, and down 42% year-on-year. Eshraq’s residential assets in Marina Rise Abu Dhabi continued to register strong occupancy rates in Q2, reaching average occupancy of c.98% compared to c.95% a year previously.

Goldilocks Fund

The Goldilocks Fund’s net investment value stood at AED 1.038 billion in Q2 2024 having reached AED 1.036 billion in Q1 2024. The improved value of the fund follows the reduction in value that took place during the first quarter, leading to either a partial or full exit from certain investment positions. Goldilocks now has 15 investments within its portfolio, compared to 14 investments at the end of the first quarter and 19 investments at the end of 2023.

The Goldilocks Fund’s holdings are now concentrated in domestic and international companies operating across sectors including Shipping and Logistics, Real Estate and Financial Services. The Fund remains focused on pursuing the generation of superior and consistent returns via direct investments.

NCM Investment, an online brokerage firm and a key holding of the Goldilocks Fund, was recently granted authorization by the UK’s Financial Conduct Authority (FCA) to operate within the financial services sector under the regulatory oversight of the FCA. The granting of the FCA authorization enables it to offer a range of financial services to clients in the UK market, including investment management, advisory services, and other financial products. NCM already operates in Kuwait, UAE, Jordan, Turkey and Malaysia. Such milestones for portfolio companies are directly supportive of Eshraq’s philosophy of investing in attractive and innovative assets that demonstrate compelling regional and international growth potential.

As announced in May 2024, Eshraq is continuing to work closely with SHUAA Capital towards achieving optimal structure for the Goldilocks Fund, with the principal objective of allowing Eshraq control of its holdings alongside full investment decision-making. This process is progressing well, and the Company expects to make announcements regarding its conclusion in due course.

Solid progress on execution of refreshed strategy, with momentum building

Eshraq is making good progress on the execution of its refreshed long-term strategy, with the core business to focus on directly held Private Equity stakes in high-growth GCC companies. Eshraq has committed to building Private Equity capabilities and exposure, while transitioning legacy portfolio assets. Under the refreshed strategy, Eshraq intends to maintain a greater degree of control over its investments through direct holdings, complemented by cash generation from minority equity positions, fixed income assets and Real Estate to balance the portfolio and support consistency in earnings.

Shifting focus to directly held Private Equity investments

Eshraq will prioritize direct Private Equity investments as its core business, seeking opportunities in high growth potential companies to create long-term value, with a focus on efficient sourcing and screening of potential deals to ensure high quality, steady deal flow and the strategic deployment of capital.

The Company has made good progress on sourcing and evaluating potential acquisitions in Q2 2024, having identified several opportunities during the second quarter. Although still in the early stages of screening, Eshraq is actively evaluating opportunities in a number of attractive and strategic sectors, on which it will make further announcements to the market should these materialize.

Income-generating assets

Eshraq will continue to selectively invest in income generating minority equity stakes, fixed income assets and Real Estate to generate reliable cash flows and balance its investment portfolio. This will be complementary to the core Private Equity portfolio, with a focus on stable dividend paying stocks and leveraging the existing Real Estate portfolio to deliver consistent returns through market cycles.

Progress has advanced on the Ocean House luxury residential project on Palm Jumeirah, Dubai, in which Eshraq is one of four investors, having awarded a contract worth AED c.380 million for the construction phase. Construction of the apartments is ongoing and is progressing as scheduled, with the necessary approvals obtained and over 90% of units already sold. The project is expected to complete in H1 2026. As of July 2024, sales value reached AED c.1.2 billion, with an average selling price of more than AED c. 5,000 per square foot.

Such projects are intended to allow Eshraq to leverage its Real Estate capabilities and experience to deliver more stable returns through market cycles. Real Estate market conditions are robust in the UAE, driven predominantly by strong population growth, with the region remaining highly attractive to expats and tourists, as evident in the very high average occupancy rates in Eshraq's existing Real Estate assets.

Transitioning legacy assets

In transitioning to a direct investment model by building out its Private Equity capabilities and exposure, Eshraq is developing and executing transition plans for legacy assets, including properties within its existing Real Estate portfolio. In support of this objective, Eshraq plans to establish a Real Estate Development Fund to ensure sustainable long-term returns for some of its existing land bank assets.

Currently in the legal due diligence and design phase, with the conceptual fund structure in place, comprising of an advisory firm and real estate funds, the Real Estate Development Fund intends to enable both the generation of stable rental revenue and the development of future real estate assets, a natural evolution of Eshraq's previous land monetization program.

The anticipated structure intends to create a one-stop-shop, providing land-owners locally in the UAE and globally with the opportunity to benefit from end-to-end real estate development solutions, alongside the opportunity to create a long-term revenue and cash generating business. The long-term revenue and cash generation opportunity is expected to be achieved through recurring fees on real estate advisory, fund management, project development, asset management and structuring services. The Fund may also offer future opportunities to generate new revenue streams beyond existing plots, with plot acquisitions potentially funded by future returns.

Eshraq continues to actively evaluate and consider the future of each of its Real Estate asset through ongoing assessments which are carried out on a case-by-case basis to ensure optimal value creation through stable long-term revenue and cash generation from the portfolio.

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