

## PRESS RELEASE

### ESHRAQ INVESTMENTS ANNOUNCES Q3 RESULTS WITH PROGRESS ON PORTFOLIO OPTIMIZATION

- Room revenue from commercial real estate operations increased c.5% YoY in Q3 2023
- Marina Rise apartments occupancy rate reaches record average of 94% in Q3 2023
- Total Goldilocks Fund net investment value of AED 1.75 billion in Q3 2023
- Total liabilities reduced by over 30% YoY, driven by a reduction in bank borrowings
- Re-composition of Board with appointment of new Chairman and directors to guide future strategic direction
- Share buyback, approved by Board, aims to create value for shareholders and underpins Eshraq's confidence in long-term growth

**Abu Dhabi, UAE, 10 November 2023:** Eshraq Investments PJSC ("Eshraq" or "Company"), listed on the Abu Dhabi Securities Exchange ("ADX"), has announced its financial results for the three-month period ended 30 September 2023.

Eshraq's performance in Q3 2023 was characterised by progress on portfolio optimization, despite weaker financial performance driven by the change in the value of the Goldilocks Fund and higher net finance costs given the interest rate environment. Total operating income declined by 117.4% on a year-on-year basis, from AED 476.90 million in Q3 2022 to an Operating Loss of AED 83.15 million in Q3 2023. Net profit also declined compared to the prior year, from AED 474.19 million in Q3 2022 to a net loss of AED 83.34 million in Q3 2023, down 117.6% year-on-year. Eshraq's total liabilities reduced by 34% year-to-date as the group continues to deleverage its balance sheet, mainly driven by reduced borrowings.

The Company's Goldilocks Fund performance was impacted by current market dynamics and volatility during the period, with some mark-to-market losses resulting from the weak performance of certain key holdings. As such, total underlying net investment value stood at AED 1.75 billion in Q3 2023, having reached AED 1.84 billion in H1 2023. Goldilocks expects to improve its performance in future periods given the growing maturity of underlying investments across asset classes, along with continued diversification of its portfolio towards high-growth sectors.

**Mr. Mohamed Al Hashimi, Eshraq's Chief Executive Officer**, commented: "We used this quarter to continue to optimize our portfolio to focus on developing non-income generating assets and pursuing profitable investments that will deliver greater value to our shareholders. We expect improving future performance for the Goldilocks Fund as its underlying investments mature and diversify. Our planned share buyback program is a clear testament to our confidence in Eshraq's long-term growth outlook, and our commitment to creating value for shareholders, while capitalizing on our very strong balance sheet position. We are also delighted to welcome Fahad Al Qassim as the new Chairman of Eshraq Investments, along with Mr. Jacques Fakhoury as a new Board Member, both of whom bring significant portfolio management and investment experience across a range of sectors and will play an important role in guiding our future growth strategy, which we expect to unveil early next year."

## **Strengthening the investor proposition through portfolio optimization**

### **Healthy occupancy across real estate assets**

Eshraq's commercial operations generated AED 6.9 million of revenue in Q3 2023, supported by a c.5% year-on-year increase in room revenue, driven by an improvement in occupancy rates across prime real estate assets versus the same period in the prior year, with gross profit reaching AED 3.9 million in the quarter.

Eshraq's residential apartments in Marina Rise registered record occupancy rates in Q3 2023, reaching average occupancy of 94% for the 9-month period, a reflection of the assets' premium standing in the market.

Eshraq continues to optimise its real estate portfolio. The third quarter saw the sale of Dubai's Nuran Marina Hotel for AED 133 million in cash, a 45% premium to its book value, as announced on 24 October 2023. This followed the sale of 58 units of Burj Daman in Q2 2023, for a total cash consideration of AED 162 million.

### **Progress on land monetization**

On a year-to-date basis, Eshraq has sold seven land plots, representing 43.6% of its existing land bank by book value for a total sale consideration of AED 208 million. The Company will continue to progress its land monetization program to develop its non-revenue generating assets through the sale or engagement of partners to develop the land bank. Eshraq will continue to explore such opportunities, to generate capital for re-investment in assets offering more attractive returns.

## **Goldilocks Fund net investment value of AED 1.75 billion in Q3 2023**

The Fund's net performance of 59% over a three-year period has significantly outperformed its regional and international benchmarks and is broadly in line with the local benchmark, supported by its holdings in international and domestic blue-chip companies operating across sectors including Oil & Gas, Shipping, Insurance, Real Estate, Financial Services and Education. The Fund's underlying net investment value in the third quarter was negatively impacted by the weak performance of certain individual equities, including Takaful Emarat and Dana Gas, which it is exposed to.

Goldilocks was acquired in 2022 to spearhead Eshraq's diversification efforts to become a multi-asset class investment business, with allocation across multiple sectors to offer highly competitive long-term returns and improved resilience to market volatility. The Fund is focused on generating superior and consistent returns via direct investment in undervalued and intrinsically mispriced assets, mostly in the Middle East, and management expects to see improved performance in future periods given the growing maturity of its investments and diversification towards high-growth sectors.

## Other key areas of progress

### Board re-composition and appointments

On 31 October 2023, Eshraq held its General Assembly Meeting (“GAM”) during which shareholders voted on amendments to the size and structure of the Board of Directors. The GAM approved the reduction of the size of the Board of Directors from seven to five members. The revised Board structure, now comprising four Independent Directors out of five, is fully compliant with SCA guidelines and will continue to be highly supportive of minority shareholder interests.

Eshraq also announced the appointment of Mr. Fahad Al Qassim as Chairman of the Board of Directors. Mr. Al Qassim adds significant value to Eshraq through his deep sector experience in Portfolio Management and Investment Banking. He is currently Chief Executive Officer of Healthcare and Life Sciences at ADQ and Acting Director General at the UAE Endowments’ and Minors’ Funds Authority. His vision, experience and leadership will set an exciting path for Eshraq’s future growth and value creation.

Shareholders participating in the GAM also elected Mr. Jacques E. Fakhoury to the Board, who brings with him valuable expertise from a diverse range of industries including corporate governance, regulatory affairs, and compliance.

### Share buyback program

Eshraq continues to demonstrate its commitment to delivering and enhancing shareholder value with its intention to start a new share buyback program. The Company completed its previous share buyback program on 18 August 2023, having repurchased a total of c.130 million shares, with an aggregate value of AED 71.16million from October 2018 to June 2023, generating total book value gain for shareholders of AED 53.01 million.

In the current environment, Eshraq continues to see a further opportunity to return excess cash to shareholders by way of another share buyback program. The Board has approved management’s recommendation to resume the share buyback program, with the objective of enhancing long-term shareholder value while capitalizing on the Company’s very strong balance sheet position.

The approval of the share buyback program comes at a time when Management believes that Eshraq’s shares are undervalued by the market and is a clear demonstration of its confidence in the Company’s long-term growth trajectory.

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