



## PRESS RELEASE

### ESHRAQ INVESTMENTS ANNOUNCES FY 2023 RESULTS WITH PROGRESS ON ASSET REVALUATION

- Total liabilities reduced by 48% YoY, driven by a continued reduction in bank borrowings.
- Total Goldilocks Fund net investment value of AED 1.34 billion at year end 2023, with significant revaluation of assets.
- Re-composition of Board with appointment of new Chairman and Directors to guide Eshraq's future strategic direction, following the appointment of new CEO in August 2023.
- Eshraq will announce its refreshed corporate strategy in the coming weeks.

**Abu Dhabi, UAE, 20 March 2024:** Eshraq Investments PJSC ("Eshraq" or "Company"), listed on the Abu Dhabi Securities Exchange ("ADX"), has announced its audited full year financial results for the year ended 31 December 2023.

Eshraq made progress on portfolio optimization during the year, with weaker comparative financial performance driven by changes in the value of the Goldilocks Fund and elevated net finance costs resulting from a higher interest rate environment. Net profit for the year declined 192%, from AED 589.79 million in 2022 to a loss of AED 545.10 million in 2023. During the year, Eshraq gained AED 10.5 million from the disposal of assets. Meanwhile, total liabilities reduced by 48% as the Company continued to deleverage its balance sheet, mainly driven by reduced borrowings.

The Goldilocks Fund's performance in 2023 was materially impacted by market dynamics and volatility, 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 1.34 billion at the end of 2023, having reached AED 1.75 billion in 2022. The reduction in investment value was also the result of an intensive due diligence process conducted by the new Management and Board, which saw the revaluation of assets held within the Goldilocks Fund. Looking ahead, Eshraq will maintain a prudent and conservative approach to all asset valuations to mitigate future write-downs and to foster confidence in the Company's financial performance.

**Mr. Fahad Abdul Qader Al Qassim, Chairman of Eshraq,** commented: "This was a year for strategic progress, during which we prioritized a more rigorous approach to asset valuation and the optimization of our portfolio – both of which weighed on financial performance. We are very much looking forward to the announcement of our refreshed corporate strategy, which will create a new direction for our business and see us return to a position from which to create long-term and competitive shareholder value."

**Mr. Mohamed Al Hashimi, Chief Executive Officer of Eshraq,** said: "Occupancy rates in our Real Estate portfolio remained healthy on a relative basis, while we continued to selectively monetize certain developed and undeveloped properties. Other important milestones included the appointment of the new Chairman of Eshraq and the revitalization of our Board of Directors, each of whom is playing an important role in guiding our future growth and strategic direction. While we remain in a critical phase for re-organizing our business



and re-positioning our portfolio, the year ahead holds compelling opportunities and we look forward to announcing our aspirations in the coming weeks.”

### **Real Estate**

Eshraq’s commercial Real Estate operations generated AED 31.6 million of revenue in FY 2023, down 23% year-on-year, as a result of a decline in rental income in 2023 following the sale of assets in Dubai. Gross profit from commercial operations stood at AED 20.4 million for the full-year period, down 19% from AED 25.1 million in 2022. Eshraq’s residential apartments in Marina Rise registered strong occupancy rates in FY 2023, reaching average occupancy of 94%, a reflection of the assets’ premium standing in the market.

During the course of the year, Eshraq continued to optimise its Real Estate portfolio. The sale of Nuran Marina in September 2023 for AED 133 million in cash was a highly profitable transaction, concluded at a 45% premium to book value. This followed the successful sale of 58 units of Burj Daman in Q2 2023, for a total cash consideration of AED 162 million. Eshraq sold seven land plots in 2023, representing 43.6% of its existing land bank by book value, for a total sale consideration of AED 208 million.

### **Goldilocks Fund**

The 28.8% decline in the value of the Goldilocks Fund in 2023 was driven by underlying market dynamics and volatility throughout the period, putting downward pressure on certain stocks, with some mark-to-market losses resulting from the weak performance of key holdings, as well as the prudent revaluation of all assets. This is in line with the new Management and Board’s commitment, as outlined to the market in Q3 2023, to improve the quality and frequency of information provided to shareholders. This commitment includes the ongoing review of all assets held within the Goldilocks Fund, including intensive due diligence and revaluation where necessary.

Looking ahead, Eshraq will maintain a financially prudent and conservative approach to all asset valuations to mitigate future asset write-downs and to continue to foster confidence in the Company’s financial performance.

### **Board and Management**

In October 2023, Eshraq shareholders voted on amendments to the size and structure of the Board of Directors and the General Assembly approved the reduced size of the Board from seven to five members. The revised Board structure, 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 & Life Sciences at ADQ and Acting Director General at the UAE Endowments’ and Minors’ Funds Authority. His vision, experience and leadership are setting an exciting path for Eshraq’s future growth and value creation. Mr. Jacques E. Fakhoury was also elected to the Board, bringing with him valuable expertise from a diverse range of industries including corporate governance, regulatory affairs and compliance. Earlier in the year, Mr.



Mohamed Al Hashimi was appointed as Chief Executive Officer to spearhead Eshraq's growth strategy and lead the company in its new phase of expansion and development.

### **Refreshed Strategy Update**

Eshraq expects to announce its refreshed strategy for long-term shareholder value creation in the coming weeks and Management will thereafter make regular and detailed updates to the market with respect to its progress.

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