

Dear Shareholders,

I am pleased to report that the strategic turnaround initiatives that we undertook in Q1 2020 have allowed us to make solid progress against this agenda. FY 2021 was a year of excellent progress as we worked intensively to transform TNI and its subsidiaries to create a stronger, more efficient, and a more focused investment company.

On the back of the successful execution of our strategy, it is my pleasure to announce on behalf of the Board of The National Investor, a profitable year for the company at a time of turbulence in regional and global financial markets. And for the first time since FY 2017, we were successful in swinging our bottom line to a net profit of AED 30.6 million compared to a net loss of AED 7.1 million in the previous year.

This improvement is primarily driven by the successful exit of one of our wholly owned subsidiaries – Falcon Investments LLC, operating under the name of Colliers. The exit was achieved at an extremely attractive multiple. Falcon Investments LLC was established by TNI during 1998 and was sold during December 2021 for a total consideration of AED 50 million. The carrying book value at the disposal date amounted to AED 17.8 million which translated to an attractive exit multiple of 16 times the consolidated net income of last year.

Being an investment company, we will continue to focus on managing the proprietary investments that have entered their maturity phase with a view to creating exits and returning cash to shareholders. At the same time, we constantly look at possibilities to monetize our real estate portfolio at the right valuation and create liquidity for our shareholders by way of development or exiting at a profit. Further, we have devoted our efforts towards the bottom line of the group and liquidity of the balance sheet with a disciplined approach towards the cost base.

Consolidated assets stood at AED 485 million compared to AED million 482 million in the previous year. Our most recent current asset base includes a healthy consolidated cash position. The total liabilities to equity ratio at a consolidated level decreased to 9 % at year-end compared to 14% last year and total equity attributable to the company stood at AED 401 million compared to AED 375 million in the previous year.

Furthermore, we have a sufficiently large portfolio of liquid assets representing nearly 20% of our total balance sheet, which coupled with a particularly low level of debt at the consolidated level provides us with operational flexibility going forward.

These excellent results support TNI's strategy that aims to maximize the returns on our assets which will benefit the shareholders. We'd like to share with you the performance of our main assets during FY 2021 together with our vision: -

1. Mafraq Hotel:

Despite the Hospitality market's negative trends during the first half of the year coupled with the Covid-19 pandemic challenges, Mafraq Hotel managed to deliver a positive EBITDA of AED 7.7 million (FY 2020: AED 5.6 million) on the back of improved average year to date occupancy rates and a rationalized cost base. Further and with respect to the Hotel's term loan, Management successfully negotiated the pricing terms of the loan during the third quarter of 2021 and the new revised terms are 3.5% minimum floor p/a (down from 5% p/a). The reduced interest rate was applied from October 2021 and all other terms remained the same. Such initiative resulted in a combined net savings of approximately 700 thousand over the remaining term of the loan.

We always seek to improve the Hotel's performance and prepare it for a potential exit at the best valuation possible during the next few years.

2. Real estate portfolio of undeveloped land:

With respect to the Company's corporate offices in Sky Tower - Reem Island, we managed to lease out the office space on the 24th floor at a net average yield of 7% and we expect a gradual improvement in these rental yields as and when the general market conditions improve. As for the undeveloped plots of land, we are in the process of negotiating with one of the reputable developers in Abu Dhabi to develop our plot of land that is located in Masdar city and upon completion the original land investment would have been returned in addition to a reasonable profit. We are also preparing a feasibility study on the two plots that we have in ADNEC Exhibitions area; such study will cover a sale option or a development option.

3. Investment in associate:

As for our investment in NCC (National Catering Company Group), the group's performance was not in line with the set targets for the year due to pressures on margins, new businesses entering the industry which resulted in increased competition, however, the board of directors implemented swift measures to restructure the group, reduce costs and overheads and to enhance business development. By doing so, we expect an overall improvement in valuation levels and profitability in the future.

On a final note, and after reviewing the dividend policy and cash flows of the Group and its debt profile, and as part of our previous commitment to create value to our shareholders, my fellow board members and I would like to propose to our shareholders in the annual assembly distributions in the form of cash dividends or capital reduction whereby the reduced value will be returned to our shareholders on record. These proposals remain subject to regulatory approvals and shareholders' ratification at the Company's Annual General Meeting.

On behalf of the Board of Directors, I would like to thank you for your continued trust in TNI. I am optimistic about our future and confident in our ability to deliver incremental value to our shareholders.



Chairman of the BOD

Mr. Saeed Mohamed Al Masoud