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## **JODC Q3 2022 Revenue Jumps 407% to SAR 219 million on Strong Recovery in Occupancy Levels Across its Portfolio and Positive Impact from Transformation Strategy**

- Return to profitability in Q3 on the back of strong revenue growth, operating efficiency drive and successful completion of landmark debt-to-equity transaction (Alinma Fund)
- YTD occupancy level of its hotel portfolio is nearing pre-pandemic levels, on resumption of business-as-usual activities and the government's efforts to revive and grow the Hajj and Umrah sector
- Net operating income (NOI) improved significantly on higher revenues and the effective efficiency and cost optimization initiatives under the comprehensive transformation strategy
- Company is progressing with the outstanding phases of the project – 2, 3, and 4 – with new hotels expected to be operational during Ramadan 1444H / 2023G

**Makkah, KSA; 9 November 2022:** Jabal Omar Development Company ("JODC" or the "Company") (Tadawul: 4250), one of the largest real estate developers in Saudi Arabia and the master developer of the iconic mega mixed-used project in Makkah, Jabal Omar, today announced its financial results for the third quarter (Q3) of 2022.

### **FINANCIAL HIGHLIGHTS**

<i>SAR Million</i>	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>change (%)</b>	<b>nine-month 2022</b>	<b>nine-month 2021</b>	<b>change (%)</b>
<b>Revenue</b>	<b>219</b>	43	407%	<b>610</b>	142	330%
<b>Gross profit / (loss)</b>	<b>8</b>	(65)	112%	<b>79</b>	(200)	133%
<b>Financial costs</b>	<b>(15)</b>	(177)	92%	<b>(298)</b>	(550)	46%
<b>Net profit / (loss)</b>	<b>153</b>	(270)	157%	<b>(158)</b>	(345)	48%



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### **Q3 2022 KEY HIGHLIGHTS:**

- Revenue increased 407% in Q3 2022, compared to Q3 2021, to SAR 219 million on the back of high occupancy levels across its hotel and commercial portfolio.
- Gross profit improved over the three-month period coming in at SAR 8 million versus a gross loss of SAR 65 million in the same period a year ago. This was predominately driven by strong revenue recovery as well as effective cost containment measures implemented as part of the comprehensive transformation strategy.
- Financial costs for the three-month period were SAR 15 million, a 92% decline from the year-ago period, driven by the positive realization of initiatives within the capital structure optimization strategy, part of the comprehensive transformation plan.
- Net loss was SAR 153 million, significantly narrowing from a net loss of SAR 270 million in Q3 2021. This improvement was driven by the return in the Hajj and Umrah activity levels to almost pre-Covid levels and was also attributed to the one-off gain from the completion of the Alinma Makkah Real Estate Fund (the “Alinma Fund”) debt-to-equity transaction.
- A notable development during the period was the Company’s successful close of the Alinma Fund debt-to-equity transaction. As previously announced, on 1 September 2022, the Company increased its issued share capital to SAR 11,545,341,620 by creating 225,134,162 new ordinary shares, which were issued to the unitholder of the Fund in return for settling SAR 5.3 billion in outstanding debt owed to the Fund. In doing so, the Company has also freed up SAR 540 million in cash that used to go as rent payments to the fund each year (of which JODC’s ownership previously stood at 16.42%), resulting in a SAR 451 million cash saving, allocating it to more productive and value-enhancing use.

### **NINE-MONTH 2022 COMMENTARY:**

- Revenue increased 330% year on year to SAR 610 million on the back of a rebound in Hajj and Umrah activity and a return to life and business as usual in Makkah and across the Kingdom.
- Gross profit came in at SAR 79 million, a considerable improvement from the gross loss of SAR 200 million in the same period a year ago.
- Financial costs for the nine-month period were SAR 298 million, down 46% versus nine-month 2021. This decrease is due to the completion of Alinma Fund transaction, which led to a reduction in liabilities owed to the Fund’s unitholders.
- Net loss was SAR 158 million, a narrowing net loss of SAR 345 million produced in nine-month 2021.



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### Khaled Al Amoudi, CEO of Jabal Omar Development Company, said:

*“The revenue recovery we saw in the second quarter gathered pace in the third quarter. A return of visitors and pilgrims to Makkah and the removal of pandemic-related restrictions have driven occupancy levels higher at our hotels, and a recovery in business and consumer sentiment underpinned a strong improvement in our commercial portfolio’s performance. On an operating level, we are performing more efficiently than ever and have a leaner cost structure, supporting significant operating margin improvement. This is owed to the successful rollout and implementation of the company-wide transformation strategy and our asset management teams’ proactive efforts.*

*We will be focusing our efforts on completing the outstanding phases of the project and targeting the development and completion of a portion of the 2,613 new hotel rooms and adding more than 5,000 sqm of gross leasable area in our commercial assets by Ramadan, which will support the growth of our operating portfolio.” .”*

## PORTFOLIO PERFORMANCE

### Hotels Portfolio

SAR Million	Q3 2022	Q3 2021	change (%)	nine-month 2022	nine-month 2021	change (%)
Revenue	156	25	524%	499	114	338%
NOI <sup>1</sup>	60	(16)	475%	193	(24)	904%

Occupancy	63%
Number of operating hotels	6

- Hotel portfolio revenue for the nine-month period in 2022 increased by 338% compared to the same period in 2021 to SAR 499 million, driven by higher occupancy rates. Q3 2022 revenue increased 524% compared to 2021 to SAR 156 million, following the strong recovery of the Hajj and Umrah sector.
- Nine-month 2022 NOI increased 904% compared to the nine-month period in 2021 to SAR 193 million on the back of effective cost containment and efficiency enhancement measures implemented across the portfolio. Q3 2022 NOI increased 475% YoY to SAR 60 million.

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<sup>1</sup> NOI = Net operating income which is revenue from less operating expenses incurred by operating the assets



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## Malls Portfolio

<i>SAR Million</i>	Q3 2022	Q3 2021	change (%)	nine-month 2022	nine-month 2021	change (%)
Revenue	40	10	300%	69	20	245%
NOI	33	4	725%	54	7	671%

Leased GLA	22k sqm
Total GLA	47k sqm

- Malls portfolio revenue for the nine-month period of 2022 increased 245% compared to the same period in 2021 to SAR 69 million on the back of higher occupancy and an increase in the gross leasable area. Q3 2022 revenue increased 300% YoY to SAR 40 million.
- Nine-month 2022 NOI increased 671% compared to the nine-month period in 2021 to SAR 54 million on the back of effective operational measures and cost control initiatives. Q3 2022 NOI increased 725% YoY to SAR 33 million.

## COMPANY HIGHLIGHTS

### Completion of phases 2, 3, and 4 is a top priority for JODC

JODC's top priority is to expedite the completion of phases 2, 3, and 4 of the projects. To ensure the successful, timely, on-budget, and safe completion of the outstanding phases, JODC has signed strategic partnership agreements with several key construction and project management companies. And the construction work has ramped up in all those phases.

As of October:

- Phase 2 was 89.54% complete, and construction expected to be complete by Q1 2023
- Phase 3 was 94.63% complete, and construction expected to be complete by Q1 2023
- Phase 4 was 63.31% complete, and construction expected to be complete by Q3 2024

### A growing portfolio of quality assets

JODC has six operational hotels with 3444 room keys in its hospitality portfolio and 47+ thousand sqm of gross leasable area in its commercial portfolio. It expects to add two hotels to its hospitality portfolio and more than 29,000 sqm of the gross leasable area to its commercial portfolio by 2023 and 2024.

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