المراكز العربية
Arabian Centres

Earnings Presentation

Q2-FY2022

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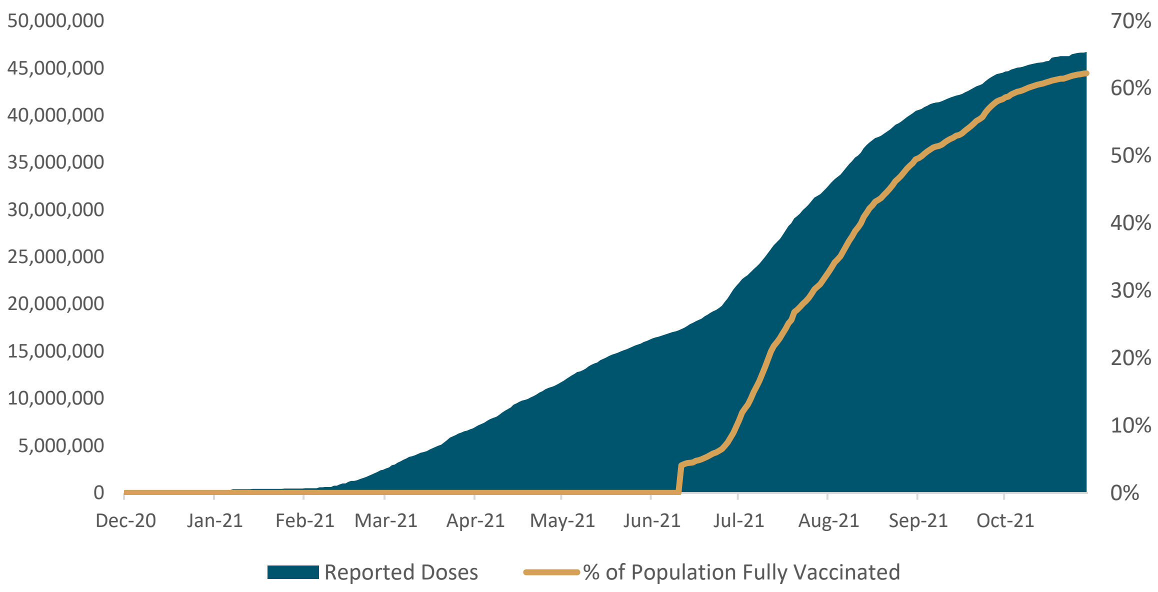
Key Updates

COVID-19: Momentum on Vaccination as Recovery Accelerates

Vaccination Trend – Kingdom of Saudi Arabia



Key COVID-19 Developments

Back-to-School	Capacity Limitation
Resumption of in-class learning for schools	Capacity limitations has mostly been lifted
Increasing Travel	**Riyadh Season**
Opening of visa applications will drive higher in-bound tourism	Five months of entertainment events kicked off in October 2021 set to drive commercial activity and traffic

Key Macro Developments During the Period

46.7 million doses administered at a rate of **135 doses per 100 people**...

GDP growth forecast at 5.7% for Q3-2021, taking **economy above pre-pandemic size**.

Non-oil sector expected to expand by **4.7-5%** in 2021, supporting economic recovery.

>60% of Saudi Arabia's population has received **two doses**

GDP growth expected to reach **2.5%** in 2021. Growth projected at **4.8%** for 2022.

M3 aggregate money supply up by 8.4% y-o-y in September 2021.

Stringent vaccine mandate in force, vaccine approved for ages 5-11

Brent crude up c.60% in YTD 2021, highest level since 2014 supporting recovery

FDI inflows into Saudi Arabia at highest level since 2016

Attractive Competitive Landscape With Strong Retail Market

Key Vision 2030 Reforms				Expected Impacts for Retail / ACC
Enriching Quality of Life	Promote Saudi Arabia's entertainment industry	Enhance Saudi Arabian cities' positioning among top cities		Entertainment / leisure including cinemas as incremental footfall generators Recapture retail spending outside of the Kingdom
Boosting Tourism	Focus on tapping the country's underdeveloped tourism industry	Foster more balanced and sustainable demand	Increase the Umrah visitors from 8 million to 30 million per year by 2030	Increasing domestic and international tourist flows in Saudi Arabia

Government efforts to increase female mobility

Increase participation of women in workforce from 22% to 30% → 7% increase p/a in discretionary spend

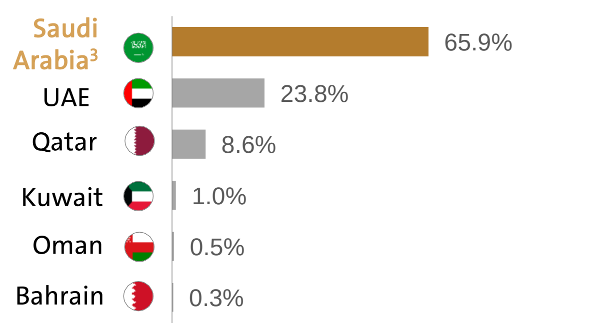
Female Empowerment

Females constitute **80%** of ACC's target catchment.

Boost in total purchasing power

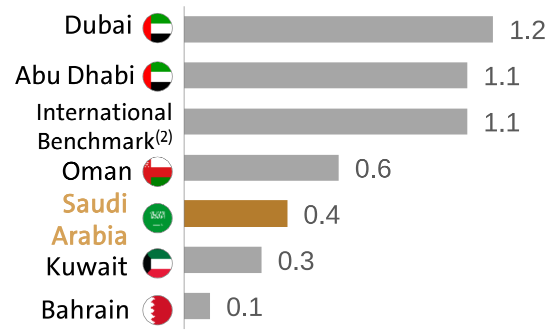
Saudi Arabia's modern retail market retains large room for continued growth compared to peer countries in the GCC

2017A Market Share of GCC Retail Sales



Saudi Arabia is the largest retail market in the GCC, almost double the size of the retail market in the UAE and is expected to grow by CAGR of 5% between 2019 and 2021

2020A Retail Mall GLA per capita (sqm) (1)



Low organized retail supply relative to the GCC and international markets creates significant untapped potential for quality modern retail spaces

Source: Oxford Economics, JLL Market Study, Middle East Council of Shopping Centres (2018), International Council of Shopping Centres

1) *Retail mall GLA includes shopping centres / malls and quality strip malls but excludes independent standalone stores. (2) As identified by the International Council of Shopping Centres. (3) For only the four major cities i.e. Riyadh, Makkah, Jeddah and DMA*

Key Developments During the Period

Key Developments

Revenues	Total revenues increased by 6.9% y-o-y in Q2-FY22, recording SAR 497.0 million for Q2-FY22. Top-line growth for the period was driven primarily by an increase in net rental revenues, reflecting a decline in average rental discounts, and an increase in occupancy rates. ACC's top line grew by 7.1% to book SAR 1,007.7 million in H1-FY22.	SAR **497.0** mn Revenues in Q2-FY22
Footfall	Visitor footfall recorded 21.5 million during Q2-FY22, up by 24.9% from 17.2 million visitors recorded for Q2-FY21. it should be noted that Q2-FY21 saw the public enforcement of mobility restrictions aimed at containing COVID-19. Footfall was up by 15.0% quarter-on-quarter, despite peak annual footfall typically falling during Q1 (May-June).	**24.9%** Y-o-Y Footfall Increase
Occupancy	LFL occupancy (19 malls) registered 91.9% for Q2-FY22, up from 90.5% for Q2-FY21. The growth in occupancy rates reflects the ongoing recovery in commercial activity and is in line with ACC's strategic objective of achieving LFL occupancy rates of 94-95% by FY2023. ACC began rolling out Alshaya Group brands across its portfolio in Q2-FY22.	**91.9%** LFL Occupancy Ratio
Lease Renewals	ACC renewed 481 leases during HI-FY22, representing 98% of leases expiring during the six-month period. Renewal rates for A- and B-category malls remain flat, however, there is some -slight pressure on C-category malls. Overall rental rates applied to contracts renewed during the period remain flat on average.	**98%** Of leases expiring in H1-FY22 renewed
Jeddah Park	ACC inaugurated Jeddah Park in Q2-FY22, introducing an additional 121.6K sqm of GLA to the portfolio. Jeddah Park houses 350+ commercial units and wide range of international and local brands in categories ranging from fashion and cosmetics to F&B. Jeddah Park is managed by ACC under an innovative operational agreement.	**121.6K sqm** Jeddah Park GLA
Project Pipeline	ACC booked CAPEX outlays of SAR 228.7 million during Q2-FY22, bring the 1H-FY22 total to SAR 463.2 million, including investments in shopping centres in its project pipeline and maintenance and refurbishment outlays on existing shopping centres. Total CAPEX of SAR 750 million planned for the year with Jeddah Park launched and The View in Riyadh scheduled for launch in FY2022.	**SAR 228.7 mn / SAR 463.2 mn** Q2/H1-FY22 CAPEX
Sukuk Issuance	ACC issued USD 225 million in international Sukuk during Q2-FY22, following on a 650 million issuance during Q1-FY22. The offering was 3x oversubscribed and holds a maturity of 5.5 years, consolidated under one series with the Q1-FY22 issuance. Proceeds were used to settle the Company's existing debt and optimize its capital structure.	USD **1.38** billion Outstanding Sukuk

Ownership title for the Jawharat Riyadh Land Parcel

Timeline of Events

Purchase	Title Deed	Licenses	Court Order	ACC Actions
Land originally sold in August 2012 by family of former King Khalid to “Tanweer Real Estate Co – subsidiary of Alinma Bank. ACC purchased the land in November 2013 from a private real estate investment fund, financed through a syndication of local banks managed by Samba. Due-diligence work was completed by Alinma and Samba Banks.	The title deed was registered under Samba as a security agent. Following the refinancing arrangement, the title deed was released from Samba to ACC in November 2020 without any reservations or issues.	ACC has obtained more than 15 licenses and permits from difference regulators and government agencies.	The Supreme Court issued a decision in Mar-2021 to cancel the land deed due to some administrative irregularities in the original sale of the land in Aug-2012. ACC was not a party of the legal process and was never informed of the legal dispute.	ACC discovered the title deed cancelation in Aug-2021 and submitted a petition to King Salman in Sep-2021 requesting the cancellation of the court decision.

Legal Opinion

Conflicts with Royal Decree	Similar Cases Resolved	Conflicts with Royal Decree
Court decision conflicts with the Royal Decree (issued Feb-2021) which clearly preserves the rights of any purchaser who purchased a land through legal channels and with approved licenses and safeguarding against administrative regularities in the title deed	Similar incidents have been resolved under the Royal Decree (issued Feb-2021)	Independent legal counsel confirms that in the remote instance the land is not re-instated, ACC has legal recourse available to recover the cost of land and any related damages from the seller

ACC continues to control the land and its use and continues the construction and development of the land

ACC Strategy

To be the leading provider of lifestyle experiences in the KSA

ACC's Strategic Initiatives

Key Pillars of ACC's Growth Strategy

A Unlock Significant Value from Operating Portfolio

UNLOCK VALUE

1. Yield Management
2. Space Optimization
3. Non-GLA Revenue Opportunity
4. Cost Optimization
5. Exit/Turnaround Nonperforming Assets

B Offer Integrated Lifestyle Experiences

Improve F&B and Leisure offer and Attract Fashionable Brands

- Food & Beverage
- Cinema
- Unique Entertainment

Digitization

Digital Customer Experience

- Omni-Channel
- E-Mall
- Loyalty Program

Digital Infrastructure

- Tenant POS Integration
- Digital Footfall Counters

Data Analytics & Insights

- Customer E-Profiling
- Data Management Platform

C Targeted Growth Strategy to Solidify Leadership Position

Malls Currently Under Construction

~733K
Near and Medium-Term Pipeline GLA (c.251k sqm delivered / c.122k in FY22 for JP)

+ 69%
Increase in GLA
(c. 34.2% delivered as of H1-FY22)

4+1
Near-term Pipeline
3 malls + 1 extension delivered / 1 mall to be delivered this year

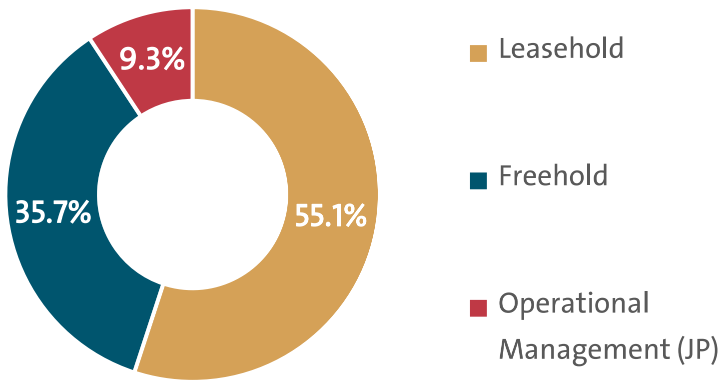
6
Controlled Medium-term Pipeline with 3 new malls by FY2023

15-20%
Target Yield on Cost

Asset-Light Model Enabled by Leaseholds, JVs and Operational Agreements

Arabian Centres has leveraged leasehold structures, operational agreements, and JVs to pioneer an asset-light model to maximize shareholder value...

13 of 22 ACC centres located on leasehold lands



Asset-light model boosts **cost optimization**

3 of 7 pipeline centres held in leasehold

Optimized capital structure via REITs, JVs, partnerships, project finance

Financial flexibility to **scale operations** and quickly launch new centres, ensure broad **geographic footprint**

ACC Boasts Low Average GLA with Wide Geographic Footprint

57K SQM
Average GLA – ACC Portfolio

15%
Largest Revenue Contribution from Single Centre – Q2-FY22

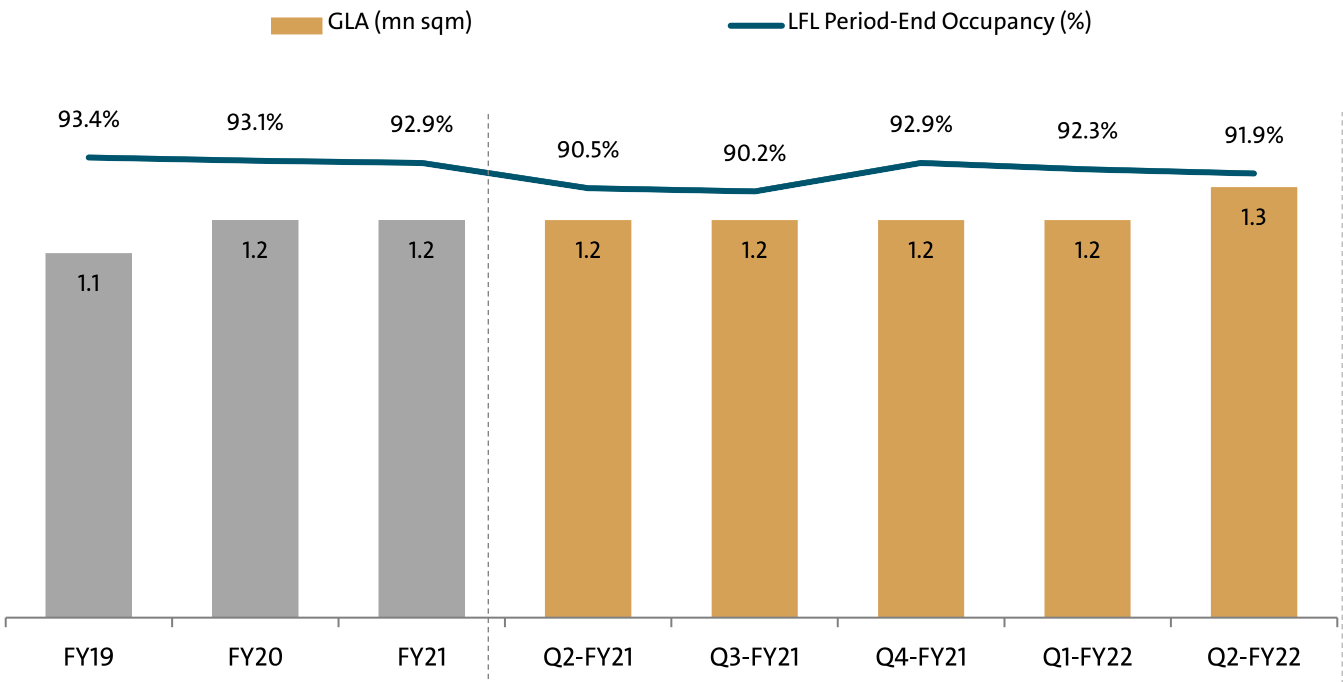
71%
ACC Centres With GLA < 70K SQM

Smaller average GLAs, and a **larger overall number of locations** provide ACC with a highly **nimble and resilient model** compared to peers operating a smaller number of typically larger locations (GLA >300K SQM)...

Operational and Financial Performance

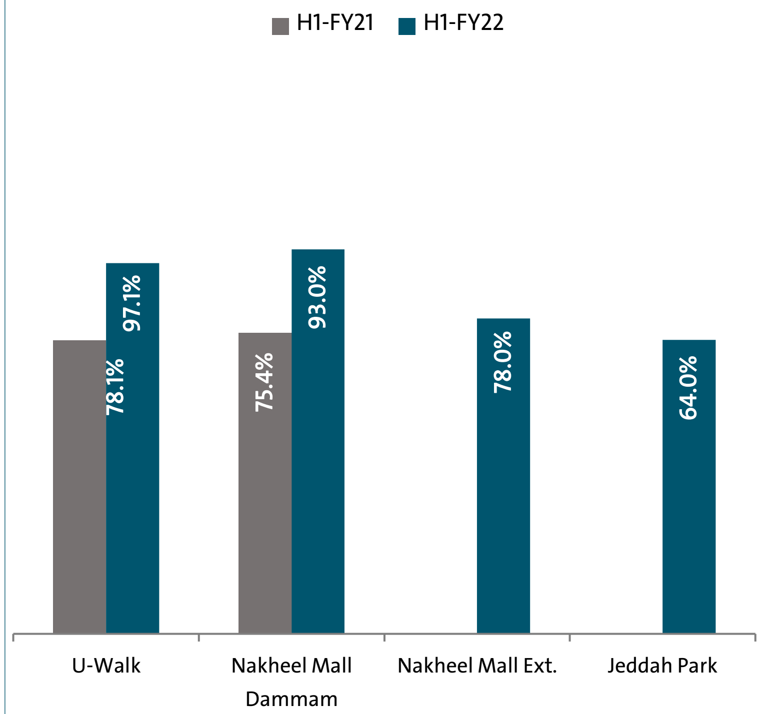
Footfall Recovery Stable, Occupancy Grows Despite Pressures

GLA Progression vs. Occupancy Rates



ACC's portfolio held 22 shopping centres at the close of Q2-FY22, reflecting the launch of Jeddah Park during the quarter. ACC's portfolio-wide gross leasable area (GLA) was up by 4.6% y-o-y in Q2-FY22. Like-for-like period-end occupancy (across 19 malls only) was 91.9% as at 30 September 2021, up from the rate of 90.5% recorded one year previously, reflecting the ongoing recovery in commercial activity. The quarter-on-quarter decline in LFL occupancy comes as the Company allocates more space for entertainment and F&B facilities and should normalize going forward.

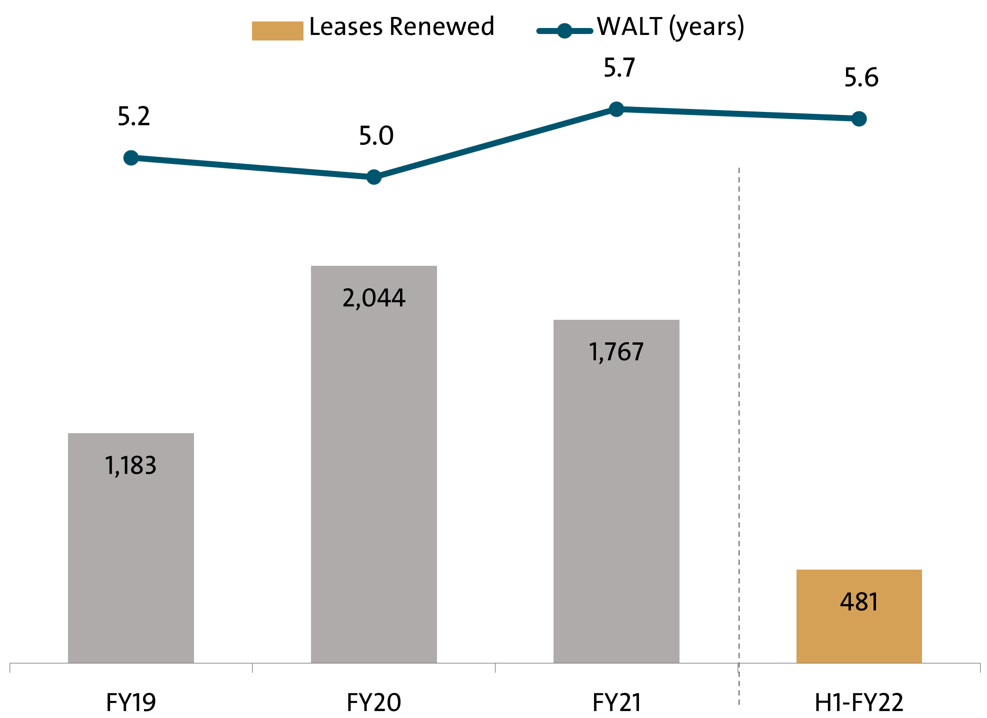
New Malls Occupancy



New malls occupancy continues to every quarter, reflecting ACC's well-established leasing activity and leading market position.

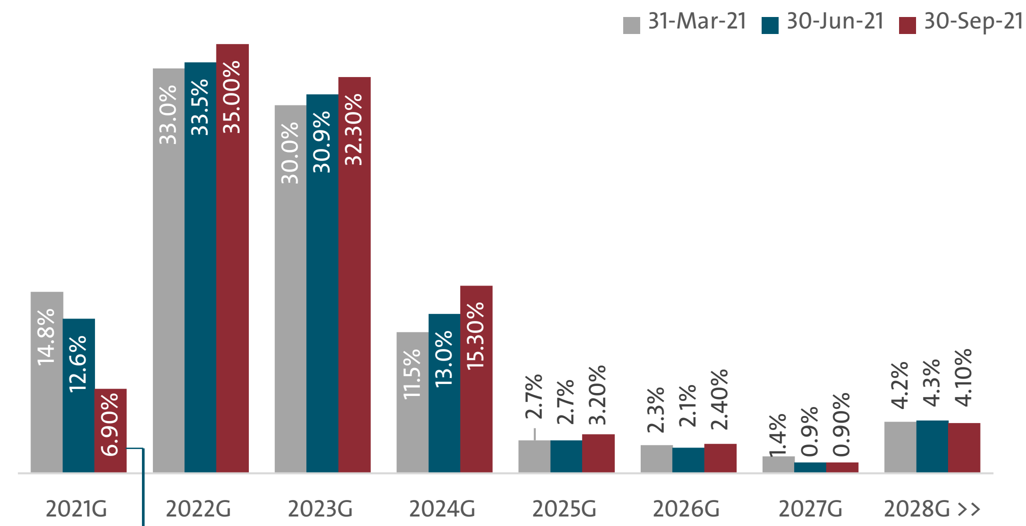
Continued Lease Renewals with a Drop in Renewal Rates Against Current Backdrop

Number of Leases Renewed vs. WALT*



ACC renewed 304 leases during Q2-FY22 (H1-FY22: 481), sustaining its momentum on the leasing front with 98% of leases expiring during the period renewed. However, slight pressure on rental rates resulted in a decrease in the rental rates applied to contracts renewed during the period, particularly at C-category shopping centres.

Year of Expiration - % of Total Rental Revenues



Lease Expiry by Mall Type – 2021G as of 30-Sep-21

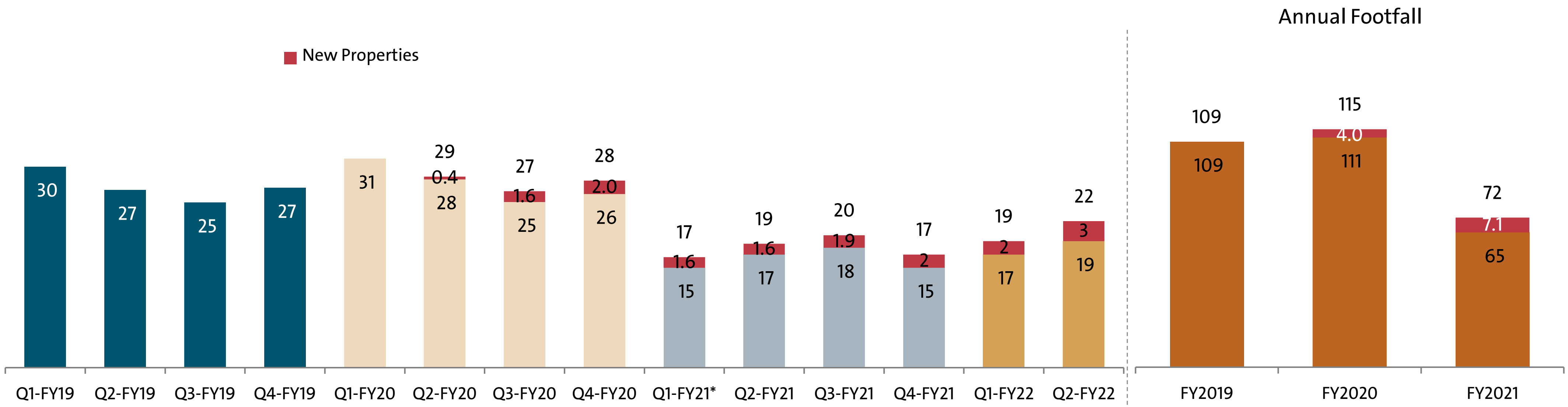
3.7% Class A	1.2% Class B	2.0% Class C

Despite current market conditions, ACC continues to successfully renew leases set to expire during the current fiscal year, locking in revenue streams for a prolonged period.

*Weighted Average Lease Term

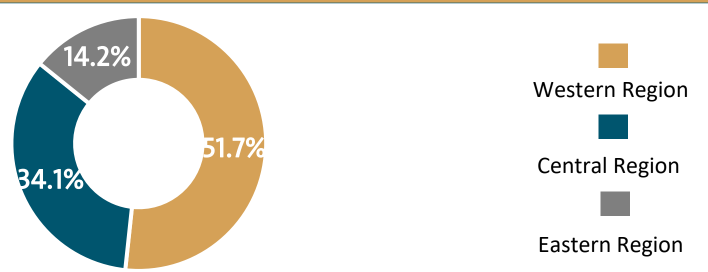
Ongoing Recovery in Footfall and Tenant Sales

Quarterly & Annual Footfall Progression (mn)



Visitor footfall reached 21.5 million in Q2-FY22, an increase of 24.9% y-o-y from 17.2 million visitors in Q2-FY21. It should be noted that the comparable period (Q2-FY21) saw the application of restrictions and limitations on activity at the Company's shopping centres in compliance with efforts to arrest the spread of COVID-19 in the Kingdom of Saudi Arabia. Footfall recorded 40.2 million visitors for H1-FY21, up by 65.5% y-o-y from 24.3 million one year previously and reflecting the continuous normalization of continuous activity following the COVID-related closures of ACC's shopping centres during Q1-FY21. Footfall for Q2-FY22 was up by 15.0% q-o-q, a highly encouraging development given that peak annual footfall tends to coincide with Q1. In FY2022, the force of the economic recovery and the normalization of commercial conditions has offset the effects of seasonality and driven an increase in visitor footfall from Q1-FY22 to Q2-FY22. Saudi Arabia's non-oil economy is expected to grow at a rapid rate of between 4.7% and 5.0% for 2021, with 5.0% growth forecast for 2022.

Footfall By Region – Q2-FY22



The Kingdom's Western Region, home to the Jeddah Metropolitan Area and the holy cities of Makkah and Madinah, accounted for 51.7% of visitor footfall at ACC's centres during Q2-FY22. The Central Region, including the capital city of Riyadh, contributed 34.1% of footfall during the quarter. Meanwhile, the Eastern Region, home to the Dammam and Dhahran areas, provided 14.2% of footfall during the quarter.

** Footfall figures for Q1-FY21 are annualized. To normalize the impact of the lockdown and for fair comparison for Q1-FY22, the figures for Q1-FY21 are calculated based on average monthly footfall for Q4-FY20.*

Continued Ability to Attract Premium International Tenants While Diversifying GLA Mix

Strong Onboarding Performance

39 brands were onboarded at ACC's centres during Q2-FY22

Preferred International Partner

10% of brands onboarded in Q2-FY22 classified as international

ACC continues to optimize GLA with new lifestyle categories, including F&B, gyms, spa, clinics and other service providers.

4
Health & Personal Care
leases signed during Q2-FY22

19
Food & Beverage
leases signed during Q2-FY22

16
Service Provider
leases signed during Q2-FY22

Notable International Brands Onboarded – H1-FY22

SCRUBBY BUBBY fresh body care

大阪おじさん UNCLE OSAKA

USUVU

BOSS HUGO BOSS

aetrex®

Good Progress on New Malls' Leasing

Jeddah Park – Opened

ACC has seen strong progress on upcoming deals, summarized as follows:

- **120,818 sqm** Total GLA
- **71.4%** Occupancy Percentage
- **9.47%** Contracts under Signature
- **2.27%** Locations Agreed with Tenants

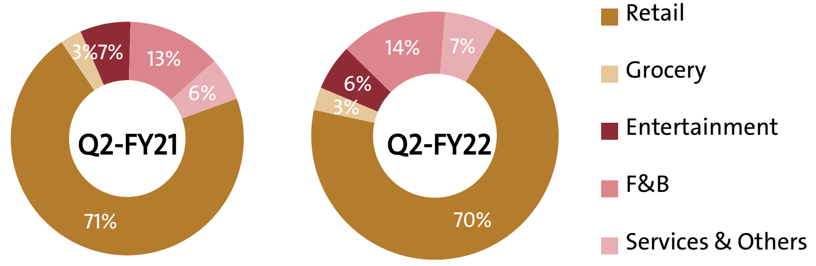
The View – New Open

ACC has seen strong progress on upcoming deals, summarized as follows:

- **54,637 sqm** Total GLA
- **70%** Occupancy Percentage
- **5%** Contracts under Signature
- **7%** Locations Agreed with Tenants

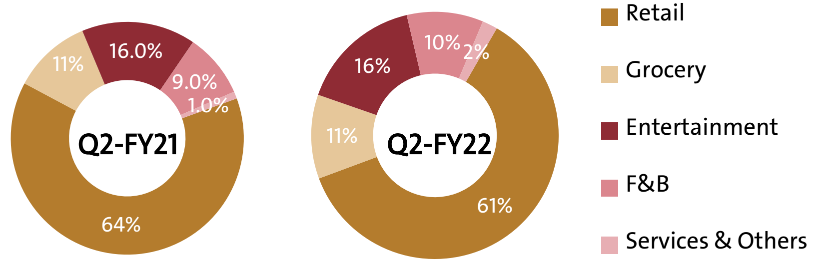
Improving Revenue Mix

Net Rental Revenue by Category



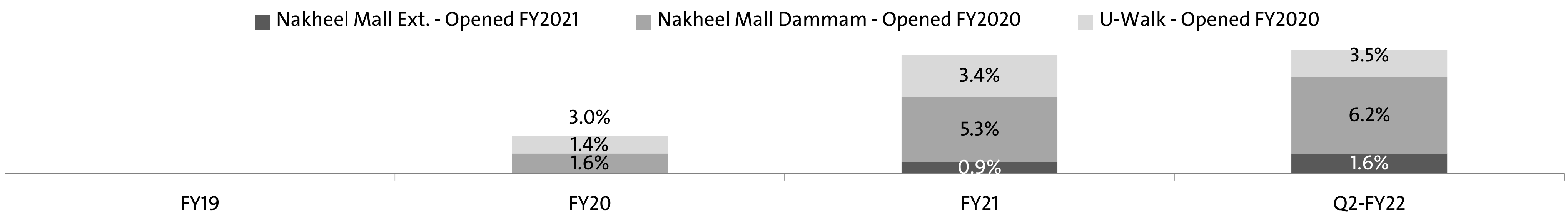
Arabian Centres works to diversify the sources of net rental revenue across the Company's portfolio, with an eye to increasing the share from entertainment and F&B.

GLA Distribution by Category



GLA allocated to retail tenants declined y-o-y as a share of total GLA in Q2-FY22 with target of reaching 50% as space allocated to entertainment and F&B facilities expanded.

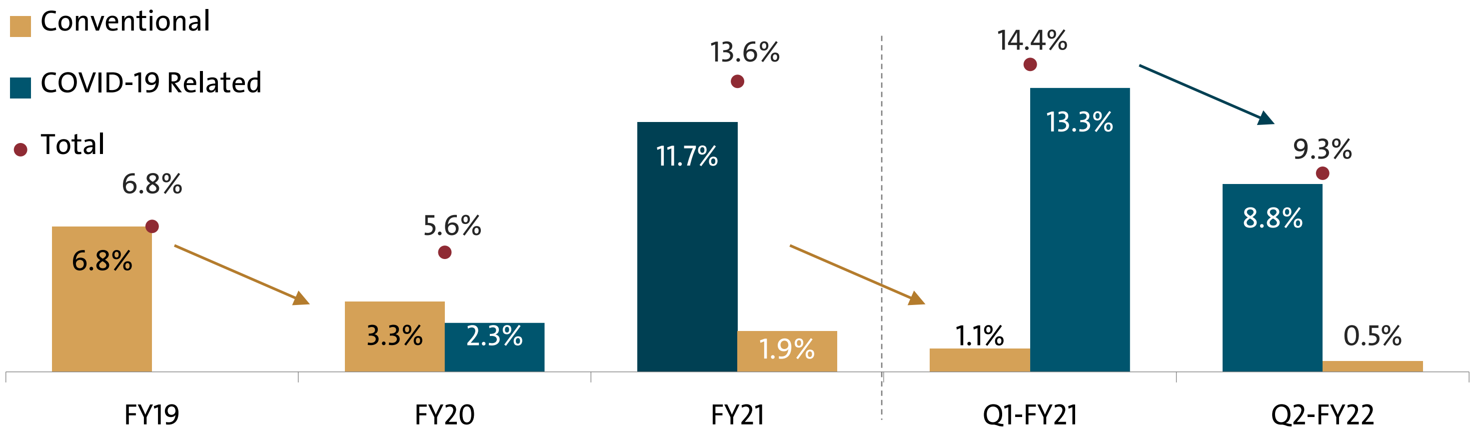
New Malls Revenue Contribution



ACC's new malls, inaugurated between FY2020 and FY2021, are delivering a steadily increasing revenue contribution, with a continued ramp up at U-Walk and Nakheel Mall Dammam, where occupancy rates have reached 97.1% and 93.0%, respectively.

Increasingly Rationalized Discounts

Weighted Average Discount Rates



ACC registered a weighted average discount rate of 9.3% (SAR 47.0 million) in Q2-FY22, a significant reduction y-o-y from the 14.4% (SAR 71.2 million) booked for Q2-FY21. Nonrecurring, COVID-related discounts accounted for 94.0% of total discounts recognized by the Company during Q2-FY22. The y-o-y decrease in ACC's weighted average discount rate maintains the downward trend observed since the Company's rationalization of discount policies in FY2018.

Updated portfolio

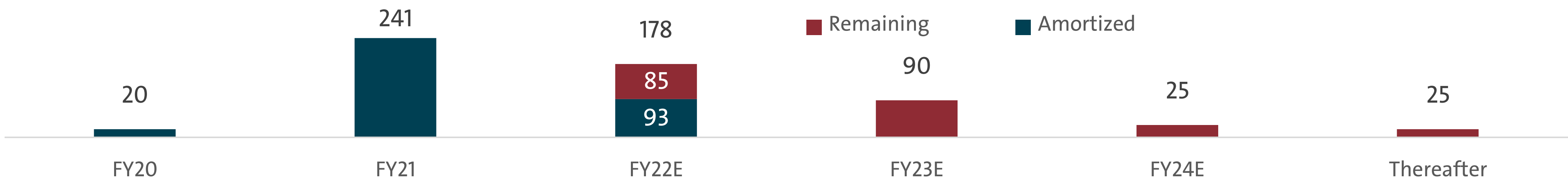
Improved tenant mix

Replacing underperforming tenants

Discounts based on need only

Rationalized Discount Policy

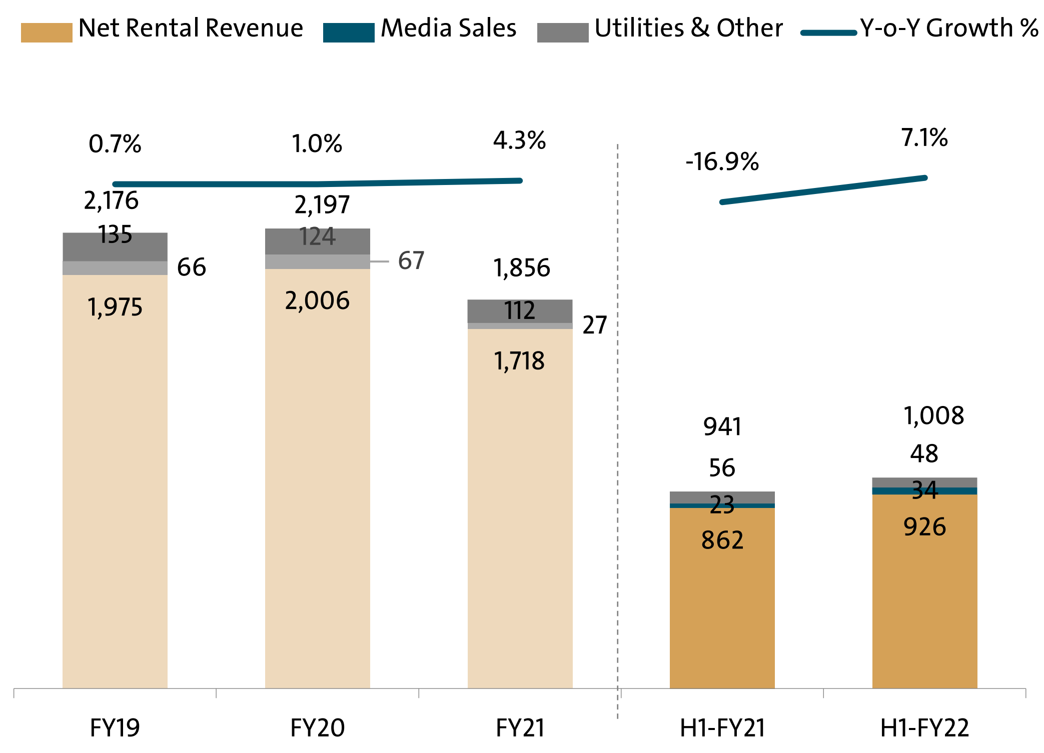
COVID-Related Discount Amortization Schedule (SAR 579 mn)



ACC estimates total COVID-related exposure of SAR 579 million on net rental revenue, to be recognized over the term of outstanding lease contracts. Since Q4-FY20, ACC has recognized SAR 355.5 million in COVID-related discounts to tenants, with the cash impact fully recognized as of FY2021.

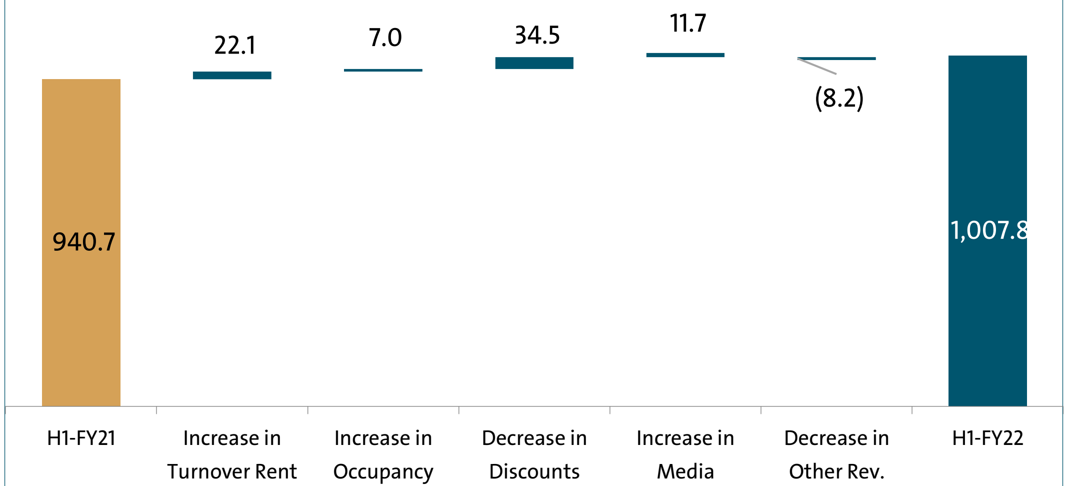
Higher Occupancy and Declining Discounts Supporting Revenue Growth

Revenue | SAR MN [1]

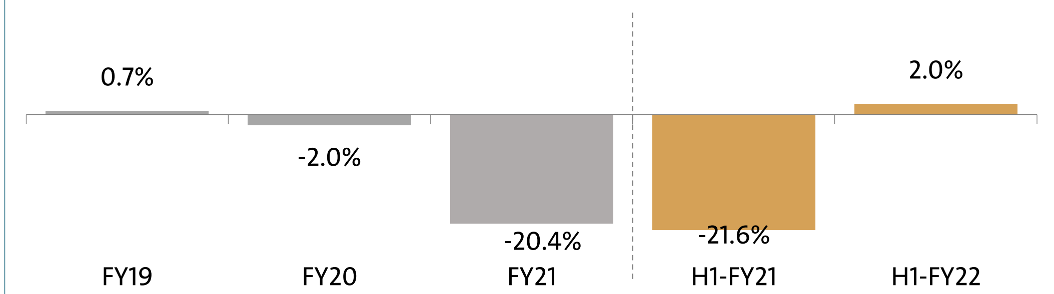


ACC's top line grew by 7.1% to book SAR 1,007.7 million in H1-FY22 against SAR 940.7 million in H1-FY21. Net rental revenue was up by 7.5% y-o-y during the six-month period. The increase in net rental revenue for the period was supported by a decline in weighted average rental discount rates and a climb in occupancy rates at the ACC's centres.

Revenue Bridge (SAR MN)



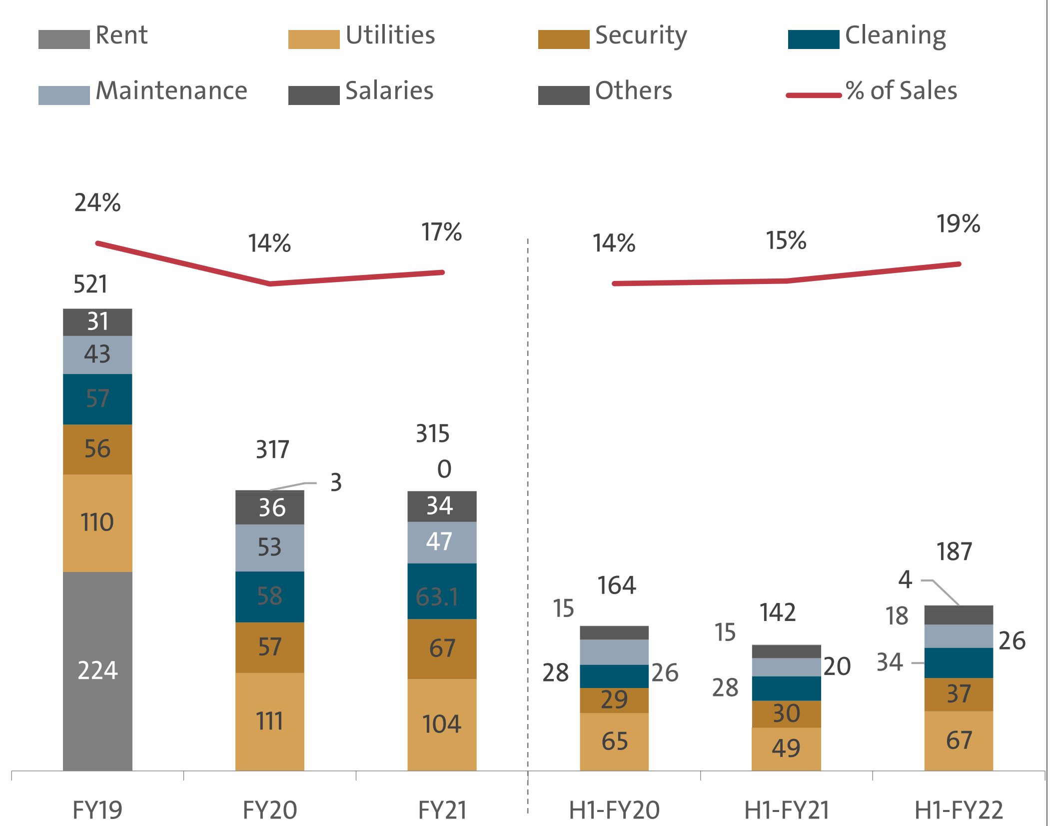
Like-for-Like Net Rental Revenue Growth



On a like-for-like basis (across 19 malls), net rental revenue was up 2.0% y-o-y in H1-FY22, driven by higher occupancy.

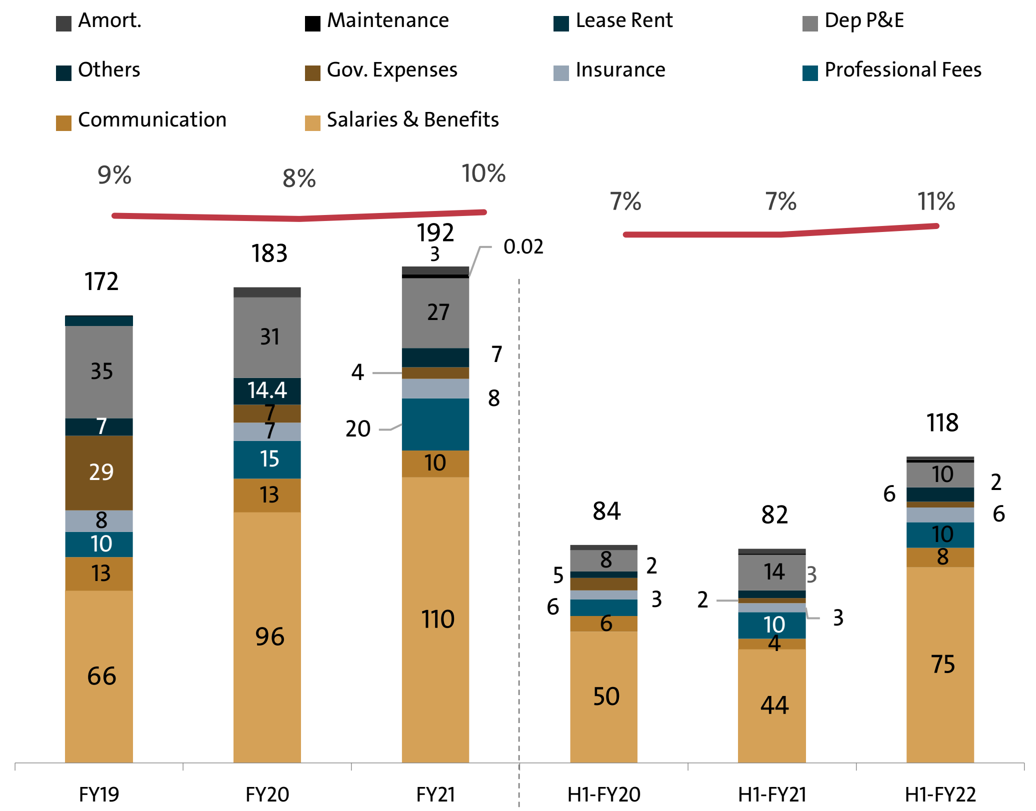
Normalized Cost Base with Ramp up in Activity

Cost of Revenue Breakdown[1]



As business activity normalized with the easing of COVID-19 restrictions, ACC saw an increase of 31.5% y-o-y in cost of revenue, which recorded SAR 186.6 million for H1-FY22. The normalization of activity at ACC's properties was reflected in the y-o-y increase of utility expenses in H1-FY22, as well as increases to security, cleaning, and maintenance expenses during the period

G&A Breakdown[2] (excl. Provisions)

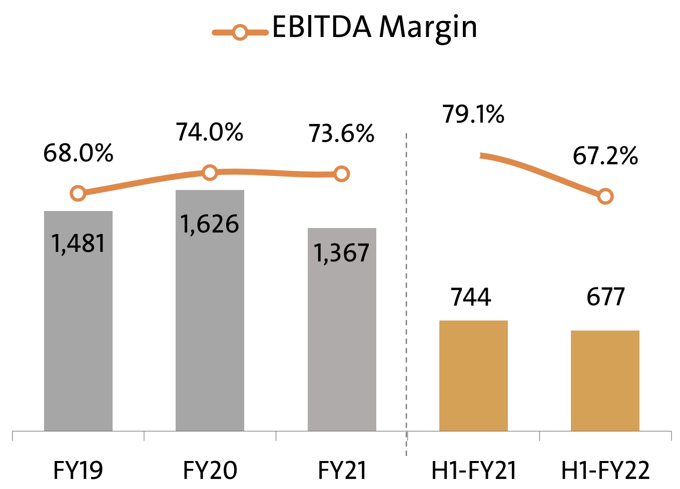


General & Administrative outlays rose by 43.9% y-o-y to SAR 118 million in H1-FY22, driven by an increase in employee salaries and benefits. It is worth noting that the comparable period last year included government support for employee salaries under the SANED program.

1) FY19 figures include rent expense of SAR 224.5 million. Excluding rent, FY19 Cost of Revenue would equal SAR 296.7 million.
2) FY19 figures include depreciation & amortization expenses of SAR 48.3 million, respectively. Excluding depreciation & amortization, FY19 would equal SAR 123.5 million.

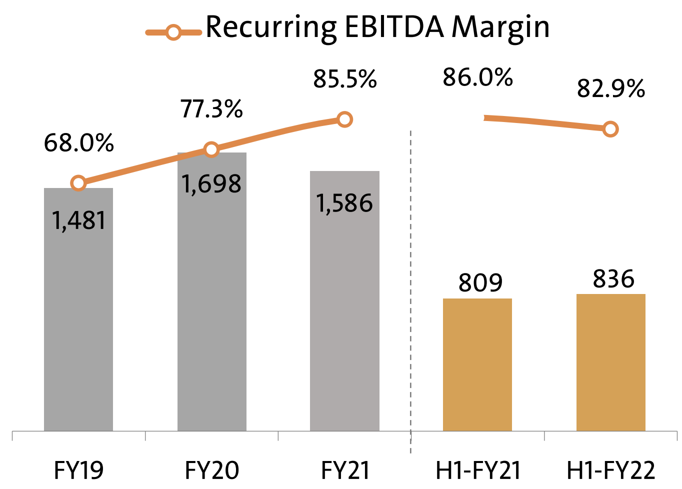
Improved Recurring Profitability

EBITDA | SAR MN



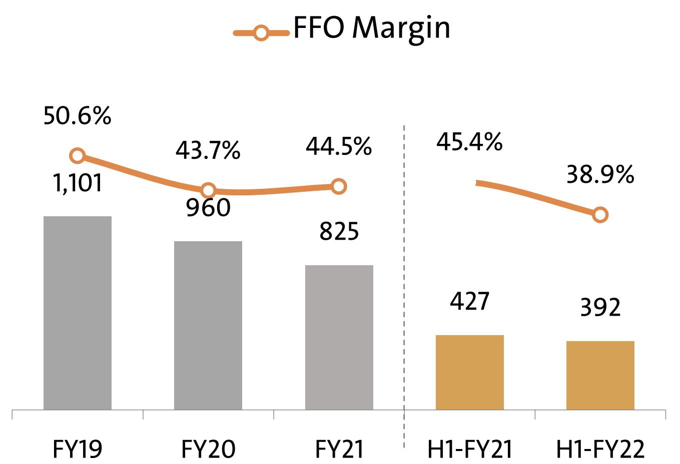
The y-o-y reduction in EBITDA reflects a 42% y-o-y increase in G&A outlays, noting that the comparable period last year included government support for employee salaries under the SANED program. EBITDA was further impacted by a high base effect in other income: Arabian Centres booked SAR 5.3 million in other income for H1-FY22, down by 93.9% y-o-y from the SAR 86.2 million booked for H1-FY21, mostly discounts from landlords.

Recurring EBITDA | SAR MN



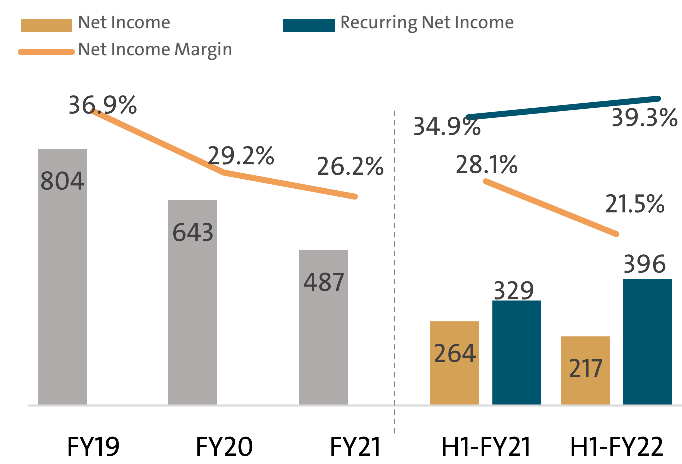
Arabian Centres registered a recurring EBITDA of SAR 835.6 million for H1-FY22, up by 3.3% y-o-y. Solid growth in recurring EBITDA indicates ACC's ability to drive profitability from its core operations despite rapid growth in operational and other costs as operations have recovered and commercial conditions have normalized.

FFO | SAR MN[1]



FFO fell by 8.2% y-o-y to SAR 392.2 million for H1-FY22, with the FFO margin decreasing by 6.5 percentage points to 38.9% for the six-month period.

Net Income vs Recurring Net Income | SAR MN

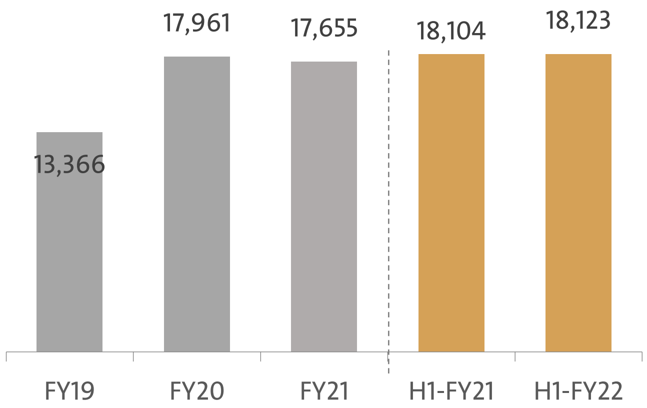


Strength in ACC's recurring bottom line indicates the health of the Company's core operations and its ability to leverage the ongoing market recovery in driving financial performance.

1) Fund from operations: net profit for the year plus depreciation of investment properties and PP&E and write-off of investment properties, if applicable.

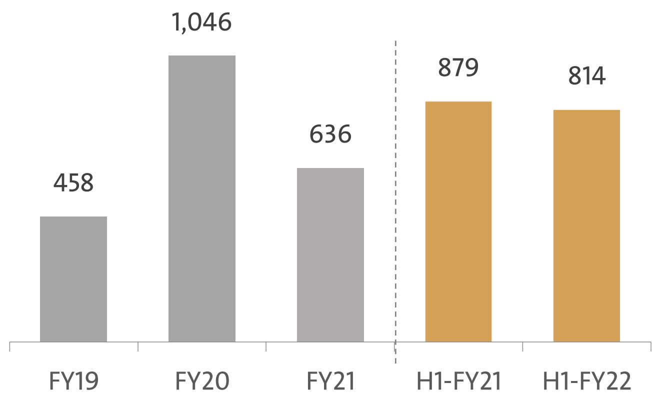
ACC Enjoys a Strong and Liquid Balance Sheet

Total Assets | SAR MN



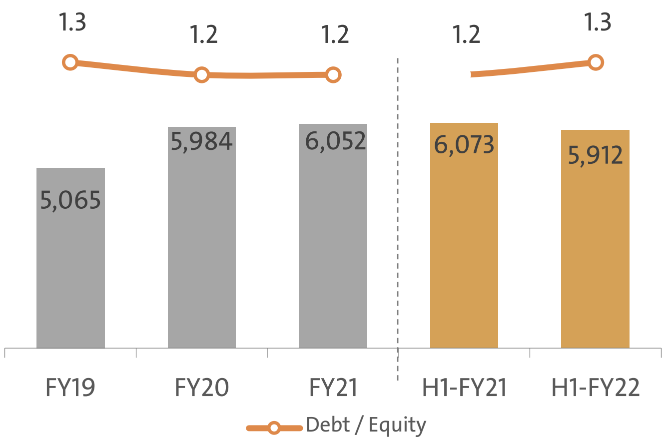
ACC's book value of total investment properties, representing its investment in 22 operating mall developments, malls under construction and raw lands for future developments, was SAR 12,337.4 million at the close of H1-FY22.

Cash | SAR MN



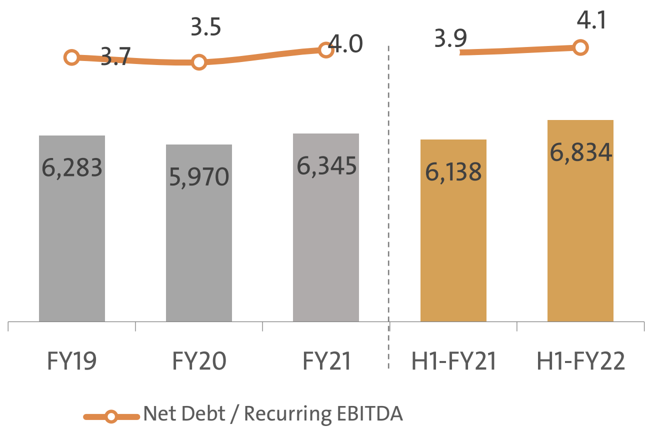
ACC held SAR 814.4 million in cash and cash equivalents as at 30 September 2021. Cash balances were up from the SAR 635.7 million booked at the close of FY2021, reflecting ACC's issuance of USD 875 million in international Sukuk during H1-FY22.

Equity | SAR MN



Shareholder equity booked SAR 5,912.2 million for H1-FY22, down from SAR 6,052.4 million at the close of FY2021.

Net Debt |SAR MN[1]



Net debt recorded SAR 6,833.8 million at the close of H1-FY22, up from SAR 6,345.0 million at year-end FY2021.

1) This chart displays net debt in absolute terms as well as net debt as a percentage of recurring EBTIDA, which normalizes for one-off nonrecurring expenses.

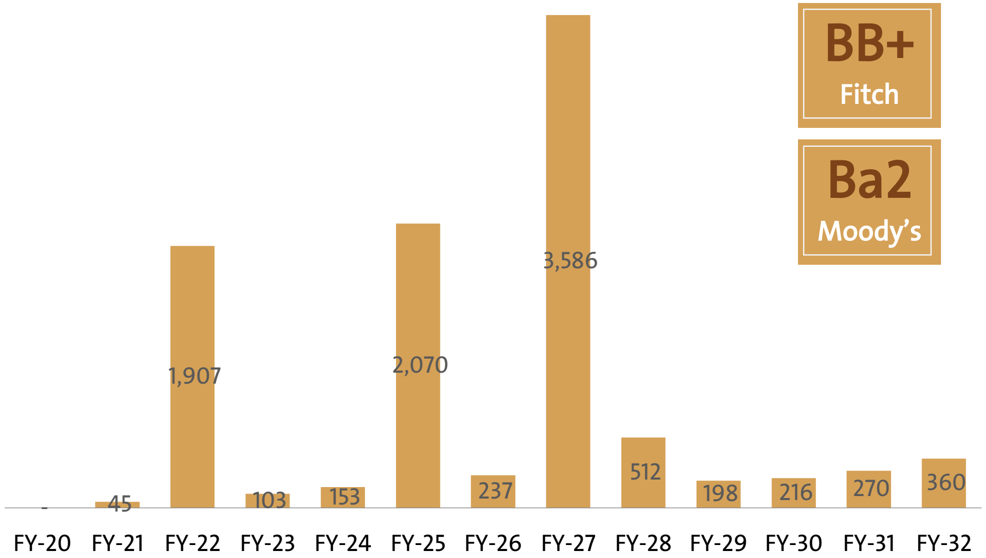
...Backed by Stable Debt Profile and Calibrated Financing Policy

ACC's Sukuk Issuance Affords the Company a Smooth Debt Maturity Profile

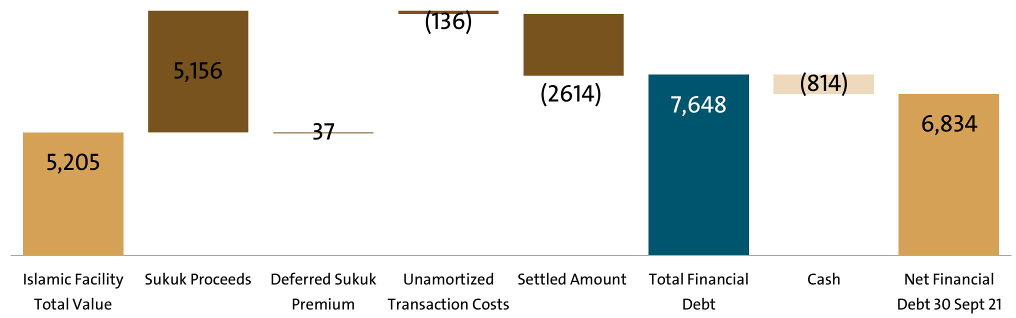
Debt Maturity Profile – Amortizing Facility (SAR Mn)

BB+
Fitch

Ba2
Moody's



Net Debt Breakdown as of 30 June '21 | SAR mn



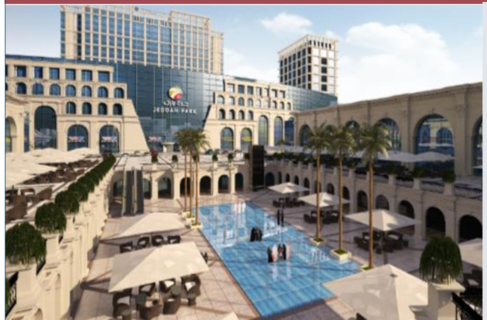
	FY19	FY20	FY21	Q1-FY22	Q2-FY22
Secured Debt	100%	74.0%	74.0%	43.4%	32.3%
Unsecured Debt	0%	26.0%	26.0%	56.6%	67.7%

Financial Policy

Leverage:	Funding:	Hedging:	Liquidity:	Dividend Policy:
Target LTV <30% Target Net leverage <4.0X Target Minimum Interest Coverage Ratio c. 4.0x	Transition towards unsecured debt instruments Long term debt average life c. 5 years Low level of secured debt to total assets Tap multiple liquidity pools. Asset-light, project finance funding structure	Maintain 50% of funding at fixed rate through financial hedges Maintain FX exposure through financial hedges within risk policy scope	Ensure funding for Capex commitments. Minimum SAR 300 mn cash balance Cash/standby lines at c.20% of debt	Min. 60% of FFO paid semi-annually Dividend payments considered in context of adherence to leverage targets

Ambitious SAR 3.8 Billion CAPEX Program, With 8 Market-Leading Projects in Pipeline

NOW OPEN – Jeddah Park



Jeddah Location	Operational Ag Self- Managed	91.1K sqm Land Area	Self-Managed Land Cost
121.6K sqm GLA	350 Shops	None Remaining CAPEX	Sep 2021 Opening

OPENING FY2022 – The View* - 97% Complete – 75% Pre-Leased

Riyadh Location	Freehold Self- Managed	107.1K sqm Land Area	SAR 290m Land Cost
52.2K sqm GLA	160 Shops	SAR 46m Remaining CAPEX	Nov 2021 Opening

Near Term – City Walk Jeddah

Jeddah Location	Leasehold Ownership	161.5 sqm Land Area	Leasehold Land Cost
60K sqm GLA	180+ Shops	SAR 340m Budget	H1-FY23 Opening

Near Term – U-Walk Madinah

Madinah Location	Leasehold Ownership	221.9K sqm Land Area	Leasehold Land Cost
57.2K sqm GLA	95+ Shops	SAR 320m Budget	H1-FY24 Opening

Near Term – City Walk Qassim

Qassim Location	Freehold Ownership	399K sqm Land Area	SAR 91.8m Land Cost
71.7K sqm GLA	135+ Shops	SAR 415m Budget	H1-FY24 Opening

Mid Term – Najd Mall**

Riyadh Location	Leasehold Ownership	103.1 sqm Land Area	Leasehold Land Cost
35.3K sqm GLA	80+ Shops	SAR 170m Budget	H2-FY24 Opening

Mid Term – Jawharat Riyadh

Riyadh Location	Freehold Ownership	524.5K sqm Land Area	SAR 1.5 bn Land Cost
136.5K sqm GLA	370+ Shops	SAR 1.53 bn Budget	H2-FY24 Opening

Mid Term – Jawharat Jeddah

Jeddah Location	Freehold Ownership	170.8 sqm Land Area	SAR 1.1bn Land Cost
83.6K sqm GLA	190+ Shops	SAR 1.08 bn Budget	H2-FY24 Opening

**Khaleej Mall has been renamed The View as it overlooks King Salman Park in the city of Riyadh. ** Lease negotiations for Najd Malls still not finalized with opening date likely to be postponed to FY-2024*

Appendices

Integrated Digital Strategy In Place

Arabian Centres is pioneering an omnichannel model that combines digital shopping with the in-store experience

ACC is pursuing **three digital initiatives** under its integrated strategy

e-Commerce

Key Initiatives:
- Acquisition of VogaCloset
- Launch of cosmetic initiative

Status:
- VogaCloset awaiting closure of GAC
- Expansion strategy being finalized

Loyalty

Key Initiatives:
- Preparing for launch of loyalty program

Status:
- Implementation ongoing
- Launch expected by Q4-2021G

Consumer Finance

Key Initiatives:
- Launching financial services platform to target ACC visitors

Status:
- Startup process ongoing
- Licensing application filed with SAMA
- Launch expected by Q1-2022G

Full activation of **Click-and-Collect** feature expected by **FY2023**

Interactive Screens	WiFi Beacons	IoT	Footfall Counters	5G

ACC is also rolling out **smart mall** infrastructure

Our Malls

	Mall	City	Category	Lease Expiry	Year Opened	GLA (sqm 000s) FY2020	H1-FY22	Occupancy	Company Revenue Contribution (%) FY20	FY21	H1-FY22
						Super-Regional					
1)	Mall of Dhahran	Dammam	A	Feb 2025	2005	162	163	96.3%	15.0%	14.6%	14.7%
2)	Salam Mall	Jeddah	C	July 2032	2012	115	122	83.8%	8.5%	7.1%	6.8%
3)	Mall of Arabia	Jeddah	A	**Freehold**	2008	112	112	96.5%	12.6%	11.5%	11.1%
						Regional					
4)	Aziz Mall	Jeddah	B	Nov 2046	2005	73	73	95.8%	6.2%	5.8%	5.6%
5)	Noor Mall	Madinah	A	**Freehold**	2008	66	66	88.8%	6.2%	6.1%	5.4%
6)	Nakheel Mall	Riyadh	A	July 2034	2014	54	54	98.8%	9.0%	9.9%	9.9%
-	Nakheel Mall Extension	Riyadh	A	Jan 2038	2020	21	20	78.0%	-	0.9%	1.6%
7)	Yasmin Mall	Jeddah	B	Nov 2034	2016	55	55	92.3%	6.5%	6.1%	5.8%
8)	Hamra Mall	Riyadh	A	**Freehold**	2016	56	56	96.2%	5.5%	5.2%	5.3%
9)	Ahsa Mall	Hofuf	C	**Freehold**	2010	47	47	77.7%	1.7%	1.6%	1.9%
10)	Salaam Mall	Riyadh	A	**Freehold**	2005	52	52	95.7%	3.2%	3.1%	3.4%
11)	Jouri Mall	Taif	B	Mar 2035	2015	48	48	97.6%	4.9%	5.0%	4.8%
12)	Khurais Mall	Riyadh	C	Jan 2022	2004	42	37	95.3%	2.2%	1.7%	1.7%
13)	Makkah Mall	Makkah	A	**Freehold**	2011	37	37	97.5%	6.9%	6.4%	6.1%
14)	Nakheel Mall Dammam	Dammam	A	**Freehold**	2019	61	61	93.0%	1.6%	5.3%	6.2%
15)	U-Walk	Riyadh	A	July 2046	2019	59	53	97.1%	1.4%	3.4%	3.4%
						Community					
16)	Nakheel Plaza	Qassim	B	Dec 2029	2004	40	42	88.1%	1.9%	2.0%	1.9%
17)	Haifa Mall	Jeddah	C	Apr 2032	2011	33	34	76.3%	2.7%	1.4%	1.7%
18)	Tala Mall	Riyadh	C	Apr 2029	2014	23	21	79.2%	1.7%	1.5%	1.3%
19)	Jubail Mall	Jubail	C	**Freehold**	2015	21	21	79.1%	1.4%	0.7%	0.8%
20)	Salma Mall	Hail	C	Mar 2022	2014	15	9	41.3%	0.7%	0.5%	0.3%
21)	Sahara Plaza	Riyadh	NA	**Freehold**	2002	15	15	100.0%	0.3%	0.3%	0.3%
	Total**					1,208	1,189	91.9%	100.0%	100.0%	100.0%

**Total occupancy rate reflects like-for-like figures.*

Income Statement

(SAR 000)	H1-FY21	H1-FY22	Y-o-Y Growth
Net Rental Revenue	861,572	925,800	7.5%
Media Sales	23,255	34,292	47.5%
Utilities Revenue	55,869	47,630	-14.7%
Total Revenue	**940,696**	**1,007,721**	**7.1%**
Cost of revenue	-141,960	-186,638	31.5%
Depreciation of investment properties	-149,431	-165,597	10.8%
Depreciation of right-of-use of assets	-95,881	-102,935	7.4%
GROSS PROFIT	**553,424**	**552,552**	**-0.2%**
Gross Profit Margin	*58.8%*	*54.8%*	-4.0%
Other income	86,205	5,269	-93.9%
Other expense	-	-	-
Advertisement and promotion	-10,267	-11,000	7.1%
Impairment loss on accounts receivable	-67,041	-31,510	-53.0%
General and administration	-82,918	-117,682	41.9%
INCOME FROM MAIN OPERATIONS	**479,403**	**397,629**	**-17.1%**
Share of profit of equity-accounted investee	4,134	-	-
Financial charges	-137,740	-90,703	-34.1%
Interest expense on lease liabilities	-73,114	-84,752	15.9%
INCOME BEFORE ZAKAT	**272,683**	**222,175**	**-18.5%**
Zakat	-8,507	-5,073	-40.4%
NET INCOME FOR THE YEAR	**264,175**	**217,101**	**-17.8%**
Profit for the year attributable to:			
Owners of the Company	261,784	218,176	
Non-controlling interests	2,391	-1,075	
	264,175	**217,101**	
Earnings per share:			
Basic and diluted earnings per share	**0.55**	**0.46**	
Recurring Net Income	**328,564**	**395,641**	**20.4%**
Recurring Net Income Margin	*34.9%*	*39.3%*	*4.3%*
EBITDA	**744,416**	**676,925**	**-9.1%**
EBITDA Margin	*79.1%*	*67.2%*	*-12.0%*
Recurring EBITDA	**808,804**	**835,589**	**3.3%**
Recurring EBITDA Margin	*86.0%*	*82.9%*	*-3.1%*
FFO	**427,289**	**392,204**	**-8.2%**
FFO Margin	*45.4%*	*38.9%*	*-6.5%*

Source: Company Audited Financials, Company Information

Cost Breakdown

(SAR 000)	H1-FY21	H1-FY22	Y-o-Y Growth
Utilities expense	48,929	67,285	37.5%
Security expense	30,054	37,368	24.3%
Cleaning expense	27,930	34,133	22.2%
Repairs and maintenance	19,960	26,123	30.9%
Employees' salaries and other benefits	14,981	17,798	18.8%
Other expenses	106	3,932	3628.1%
Cost of Revenue	**141,961**	**186,638**	**31.5%**
As % of Revenue	*15.1%*	*18.5%*	*3.4%*
Depreciation of Inv. Properties	**149,431**	**165,597**	10.8%
Employee salaries and benefits	43,611	75,098	72.2%
Communication	4,092	7,532	84.1%
Professional fees	10,230	9,871	-3.5%
Insurance	3,400	5,642	65.9%
Government expenses	2,048	2,197	7.3%
Lease rent	-	-	-
Maintenance	490	1,106	125.6%
Amortization of right-of-use asset	1,884	1,259	-33.2%
Board expenses	1,925	2,280	18.4%
Others	923	3,193	246.0%
G&A(1)	**68,602**	**108,176**	**57.7%**
Depreciation – P&E	13,683	9,506	-30.5%
Impairment loss on accounts receivable	67,040	31,510	-53.0%
Opex			
Total Cost (ex. Depreciation)	277,602	326,324	
As % of Revenue	*29.5%*	*32.4%*	*2.9%*
Depreciation (IP and PP&E)	163,114	175,102	
As % of Revenue	*17.3%*	*17.4%*	*0.1%*

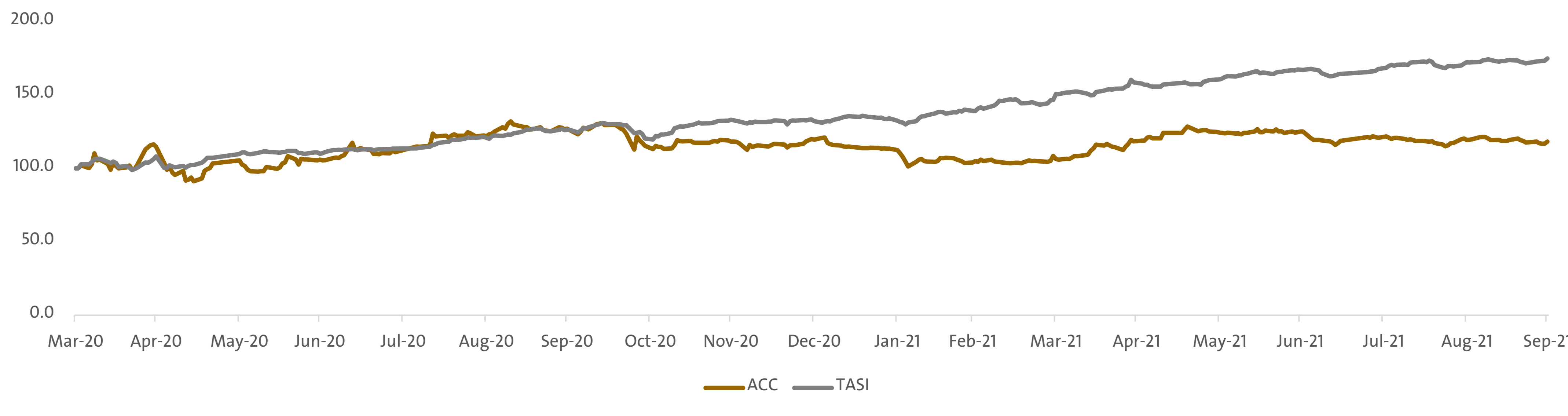
Source: Company Audited Financials, Company Information

Balance Sheet

(SAR 000)	FY2021	H1-FY22
Assets		
Cash and cash equivalents	635,670	814,437
Accounts receivable	247,871	259,821
Amounts due from related parties	379,446	480,421
Assets held for sale	4,675	-
Advances to a contractor, related party	-	-
Prepayments and other current assets	99,459	121,489
Accrued revenue (rentals)	170,698	139,999
Total Current Assets	**1,537,818**	**1,816,167**
Amounts due from related parties	-	-
Advances to a contractor, related party – non-current portion	582,469	574,937
Prepaid rent – non-current portion	-	--
Accrued revenue (rentals) – non-current portion	341,395	279,999
Investment in an equity-accounted investee	-	-
Other investments	5,976	6,505
Right-of-use assets	3,121,597	3,009,640
Investment properties	11,967,477	12,337,363
Other financial receivables	22,500	22,500
Property and equipment	75,546	75,600
Total Non-current Assets	**16,116,960**	**16,306,544**
Total Assets	**17,654,778**	**18,122,711**
Liabilities		
Current portion of long-term loans	119,375	85,655
Lease liability on right-of-use assets – current portion	337,122	284,212
Accounts payable	405,102	459,880
Amounts due to related parties	162	-
Unearned revenue	240,502	240,386
Accrued lease rentals	-	-
Accruals and other current liabilities	-	-
Zakat payable	24,279	23,594
Total Current Liabilities	**1,126,542**	**1,093,728**
Long-term loans	6,861,285	7,562,609
Liabilities under finance lease	3,523,411	3,468,949
Accrued lease rentals – non-current portion	-	-
Employees' end-of-service benefits	21,673	25,399
Derivative liability	-	-
Other non-current liabilities	69,449	59,832
Total Non-current Liabilities	**10,475,818**	**11,116,789**
Total Liabilities	**11,602,360**	**12,210,517**
Total Equity	**6,052,419**	**5,912,195**
Total Liabilities and Equity	**17,654,778**	**18,122,711**

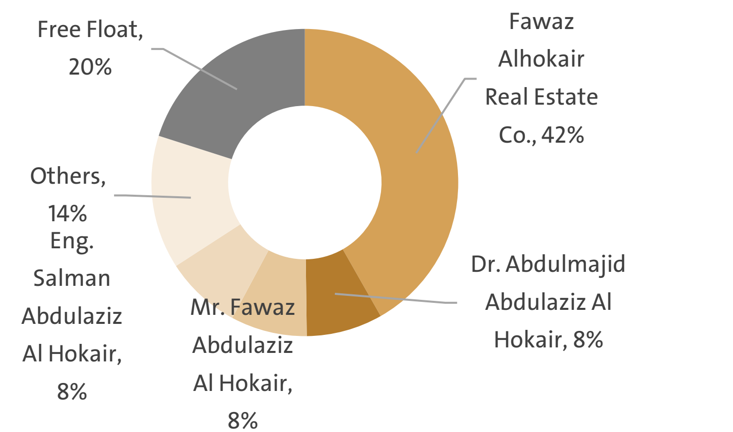
Share Performance

52-Week Share Price Performance – Rebased 100



Trading Summary	SAR, %
Closing Price	24.78
Market Cap	11.77 BN
30-Day Av. Volume	598,158
YTD Change (%)	-2.1%
52 Wk Range	21.22 – 27.45

Shareholder Structure



Thank You

Contacts

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Arabian Centres Company
Jawharat Riyadh Land Q&A Sheet

1) What is the issue with Jawharat Riyadh?

It has come to our attention that the title deed to our land parcel at Jawharat Riyadh has been cancelled. The title deed was canceled based on a decision of the Supreme Court dated 7 March 2021, which may be reversed at a later stage.

2) Why has the title deed been canceled?

The Supreme Court decision comes as part of an administrative review encompassing an area of 2 million sqm including the Company's land plot. This review is a long and diligent process made on the Company's land plot - and on all the land plots within that large area - of which the original ownership may have involved potential irregularities in the procedural steps by which it was granted from the government to its first owner, before it was sold to multiple investors prior to ACC acquisition.

3) What is the impact of this issue on ACC?

The land remains in our possession, and the Jawharat Riyadh project remains in progress. Our ownership and control have not been contested by any government agency as of yet. The main impact on the Company is that the current status limits our ability to sell or mortgage the plot if we so wish. As the final user, developer and current owners of the land, we assess that any prospective impact would affect only the original owner. It is worth noting that we expect the remedial process to clear all parties involved.

4) When did Arabian Centres purchase the parcel?

ACC purchased the parcel in November 2013 from a private real estate investment company and Alinma bank as its security agent. The transaction was completed through a financing arrangement provided by a group of local banks managed by Samba. The Due diligence on the transaction was completed by both Alinma Bank and Samba. The parcel was under the security pool of that financing until recently was released.

5) In whose possession was the parcel at the time of ACC's purchase?

At the time of purchase, the parcel was in the possession of Alinma Bank and the title deed was registered under Samba in its capacity as security agent.

6) When was the title deed transferred to Arabian Centres?

The title deed was transferred to Arabian Centres in November 2020 without any reservations or issues. This followed the completion of the Company's refinancing transaction in November 2019. Upon the completion of this transaction, the loan extended for the purchase of the parcel was settled.

7) What is the status of development at Jawharat Riyadh?

ACC began acquiring the needed licenses and deploying funds to develop the land parcel following its purchase in 2013. To date, the Company has acquired 15 licenses from various regulators and government agencies.

8) How much CAPEX has been incurred at Jawharat Riyadh to date?

As of September 2021, we have incurred a total cost at the project of 628 million riyals, including the capitalization of finance costs. The remaining cost to complete the project is 1.35 billion riyals.

9) Why did ACC not disclose this information at the time the Company was notified in March? Why was this information not included in the July bond disclosure?

The Company's management did not receive a formal notification of the title deed cancellation. As such processes do not affect ACC's daily activities, there was nothing to suggest that management ought to review all title deeds on an ongoing basis. Management became aware of this issue in August in the process of reviewing paperwork for a prospective decision to secure additional financing for the project. Since then, we have engaged the relevant government authorities. We remain confident that this situation is temporary and will be resolved favorably in a timely manner.

10) Why have the Company's auditors disclosed this now and not in March?

As mentioned previously, the issue was not known to us in March. The auditors were similarly uninformed in March and thus made no disclosure regarding the issue.

11) What remedial steps have been taken to resolve this issue?

Arabian Centres has officially contacted the Royal Court and brought this issue to the attention of the highest authorities at the relevant government agencies. We have requested clarification regarding the situation and pressed for a resolution based on Royal Decree No. 38543 dated 11/7/1442 (February 2021).

12) What protection is afforded by this Royal Decree?

The Decree clearly preserves the rights of any purchaser who has completed a purchase through legal channels and has obtained the required licenses from the relevant authorities. The Decree affords the purchaser immunity from any consequences arising as a result of administrative irregularities in the transfer of title deeds.

13) What is the status of the Company's petition?

ACC has been notified that its request has been duly received. We have been assured that our legal ownership rights will be preserved. We are also aware that the Ministry of Investment and the highest authorities at the relevant agencies are personally working to resolve this issue as quickly as possible.

14) When and how do you expect this issue to be resolved?

Based on our communications with the authorities, we expect the issue to be resolved very swiftly and in ACC's favor. We will comment on the expected date once more information is made available by the relevant authorities.

15) How can you be sure that the issue will be resolved?

The abovementioned Royal Decree of February 2021 clearly prohibits the cancellation of title deeds to any lands earmarked for official government development projects and purchased by parties who have obtained all the necessary permits for development and construction. It is worth noting here that financing for Jawharat Riyadh has been provided partly by the Projects Support Fund (PSF), with the relevant committee approving Jawharat Riyadh as a future landmark for the city. We are hopeful that the relevant stakeholders at the Ministry of Finance and the National Development Fund, the administrators of the PSF, will exert the pressure needed to resolve this issue quickly. It is also worth noting that the Royal Decree orders that any dispute of this nature should be resolved through a committee formed for this purpose, avoiding lengthy court procedures.

16) How common is this situation in the Kingdom of Saudi Arabia?

Such cases are extremely rare and are not a common occurrence in the Kingdom. Such incidents have been occurring with relative frequency in recent years on the back of the government's aggressive efforts to level the playing field for local and international investors. We anticipate that such incidents will not arise as frequently n the future. Such issues are not unusual and are not material in nature, and we are aware of similar cases which have been resolved recently in favor of the deedholders. Three such cases which have been resolved under the Decree of February 2021 include a case in Abha Municipality, one in the Eastern Region, and the Al-Mohammadia Trust case in Alkharj Municipality.

17) How do the Company's auditors expect to treat this land parcel moving forward?

To the best of our knowledge, we have disclosed to the external auditors all the documents and information available to us which are related to the matter. As such, the auditors have not asked to make any changes to our financial statements. By the time our next set of financial statements are released, we are confident that this issue will have been resolved or that significant actions will have been taken to clarify our position. Any decision to alter the treatment of the Jawharat Riyadh land in our financials will be taken at that time.

18) What is the expected impact of this issue on ACC's growth?

We are confident that Arabian Centres will continue to enjoy full control and ownership of the land parcel. The land was registered under ACC's name, and we have obtained many of the needed licenses and permits from the municipality and from government agencies. Currently, the land remains under development and construction works are continuing as planned, pending the clearance of the title deed. We have not received any notification from the Riyadh Municipality to cease construction.

19) How will this issue affect ACC's efforts to obtain the project finance the Company was expecting to receive?

Full financing on the Jawharat Riyadh project has been completed and we expect the issue to be resolved soon.

20) Does management expect any issues at other lands to which the Company holds title deeds?

We are not aware of any such issues.