

The Leading Lifestyle Centre Platform in Saudi Arabia

Investor Presentation

Q2-FY2020

30th September 2019



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Leading Developer, Owner and Operator of Shopping Malls Across Saudi Arabia

Headline Figures*

21 Malls

Arabian Centres Company (ACC) is the **leading developer, owner and operator of shopping malls across Saudi Arabia, with a portfolio of 21 malls.**

14% Market Share

ACC's malls are spread across key urban areas throughout the Kingdom, including the top 10 cities **covering 60% of the population and with a 14%⁽¹⁾ market share** by year-end FY2018.

1.2 mn sqm GLA

ACC operates some of the most iconic malls in the Kingdom, including **Mall of Arabia** (Jeddah) and **Mall of Dhahran**, two of the Company's landmark Super-Regional Malls, and **Nakheel Mall** (Riyadh).

93.2% Occupancy²

Its malls are home to more than **1,100 international, regional and local retail brands**, including Zara, Debenhams, Coach, H&M, Virgin Megastores, Panda and IKEA.

59.6 mn H1-FY20 Footfall

ACC seeks to continuously enhance its overall tenant mix, which includes **dining, entertainment, lifestyle and leisure offerings**, in order to attract footfall and maximize returns on its mall portfolio.

Successful IPO

Successfully completed IPO on the Saudi Stock Exchange (Tadawul) in May 2019 at a price of SAR 26 per share, implying a **market capitalization on admission of SAR 12.4 billion.**

Revenue

SAR **1,131.6** mn
▲ 3.8% y-o-y
LFL ▲ 3.4% y-o-y

EBITDA

SAR **872.3** mn
▲ 22.5% y-o-y

FFO³

SAR **583.1** mn
▲ 40.6% y-o-y

Net Profit

SAR **435.1** mn
▲ 59.5% y-o-y

NAV

SAR **17,545.8** mn
▼ 2.2% vs. FY2019

* Six-month period ended 30 September 2019 unless otherwise stated; ACC's fiscal year for 2020 (FY2020) ends on 31 March 2020

(1) Source: JLL Market Study (2018)

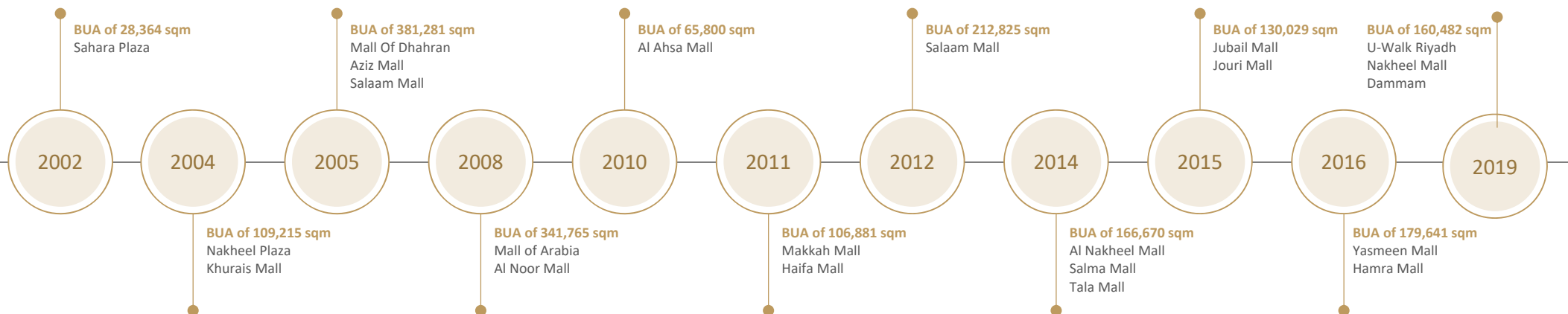
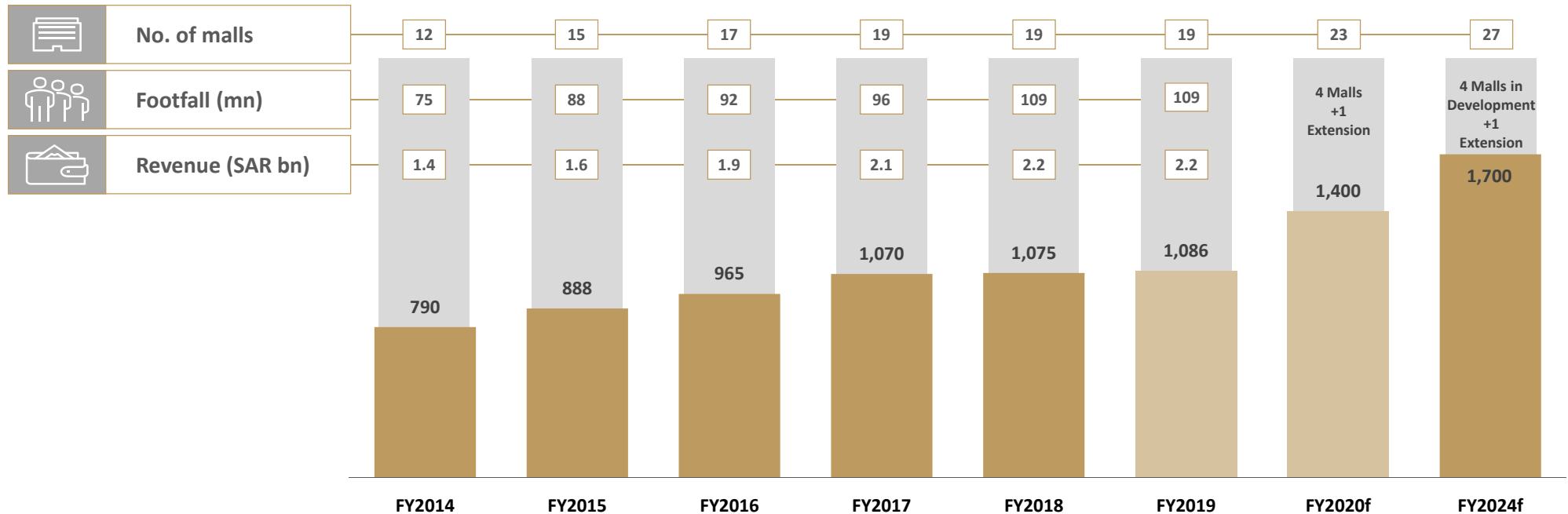
(2) Represents period-end like-for-like occupancy

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



15+ Years Track Record Achieving Leadership Position Through Sustained Growth

GLA Growth FY2014 – FY2024f (000s sqm)





Our Assets are Diversified and Strategically Located across Saudi Arabia

Our Malls

3 Super Regional Malls

GLA
≥ 74,000 sqm



37%
Revenue
Contribution⁽¹⁾

12 Regional Malls

37,000 sqm
≤ GLA
< 74,000 sqm



53%
Revenue
Contribution⁽¹⁾

6 Community Malls

GLA
< 37,000 sqm



10%
Revenue
Contribution⁽¹⁾

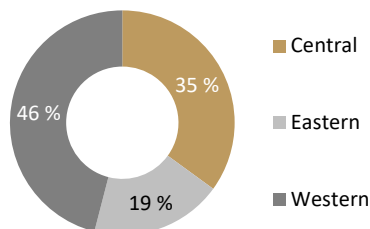
ACC's malls are located in major cities across Saudi Arabia and are anchored by the company's strategic partnerships with major retailers and other tenants.

4,100
stores

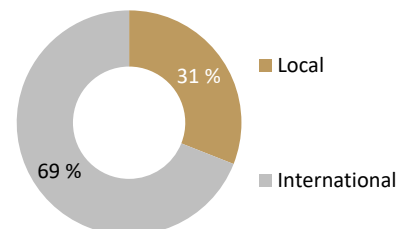
1,100
brands

720
customers

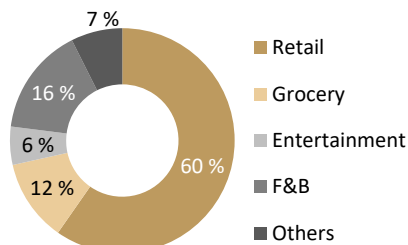
H1-FY20 Geographical Distribution | GLA



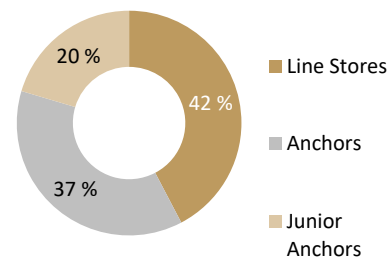
H1-FY20 Brand Split by Origin | No. of brands



H1-FY20 Distribution by Category | GLA



H1-FY20 Distribution by Store (GLA)



(1) As of H1-FY2020, or the 6-month period ended 30 September 2019



The Leading Lifestyle Centre Platform in Saudi Arabia



1

Attractive industry backdrop driven by favorable local demographic and lifestyle trends

2

Largest retail platform in Saudi Arabia with leading positions across key metropolitan areas

3

Strong mall development business with superior returns

4

Fully integrated retail ecosystem

5

Experienced management team with clear roadmap to growth

6

Best-in-Class Corporate Governance Framework



Attractive Industry Backdrop Driven by Favorable Local Demographic and Lifestyle Trends (I/II)

Favorable Macro-economic Drivers



Strong Population Growth

▲ c.1.8% in 2017



A Young Population

52% < 30 yrs in 2018



Steadily Increasing Workforce

▲ c.3% in 2019 (f)

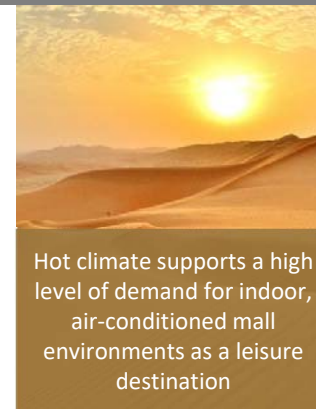
Favorable Demographic & Lifestyle Trends



Cultural predisposition towards shopping as a key leisure activity as well as for family outings



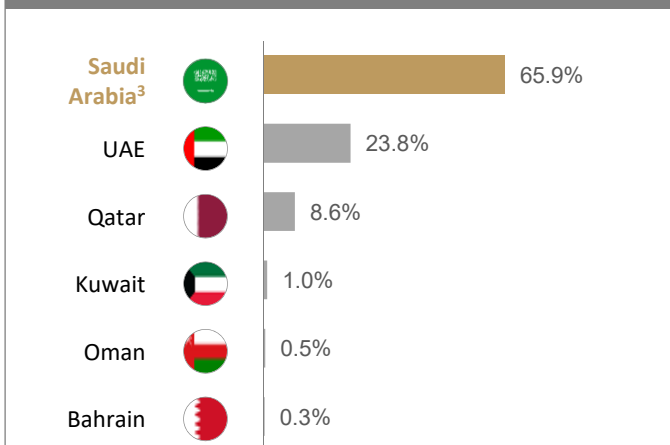
Strong gift-giving culture



Hot climate supports a high level of demand for indoor, air-conditioned mall environments as a leisure destination

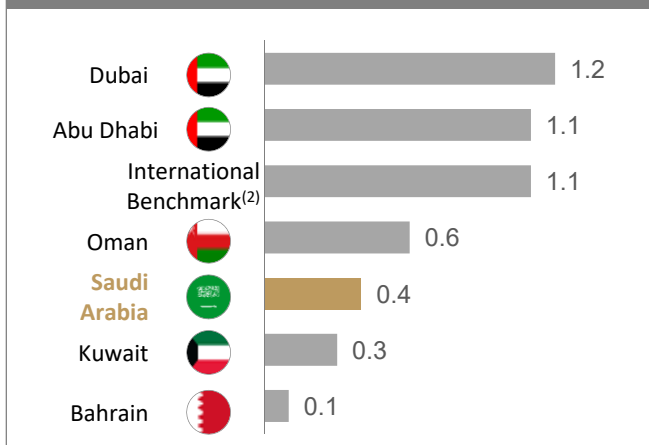
Saudi Arabia's modern retail market remains largely underpenetrated with long-term growth prospects

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

2018A 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

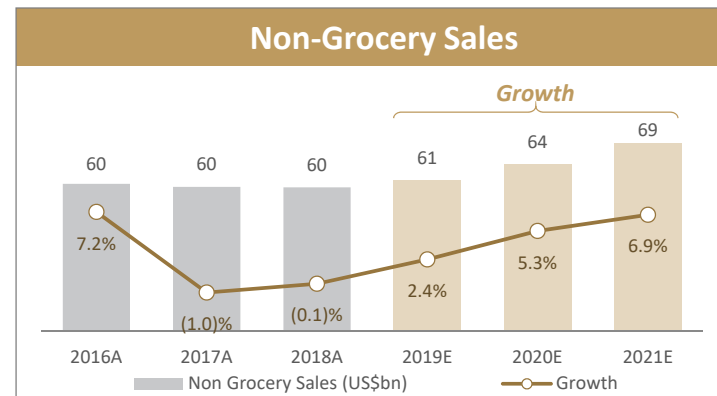
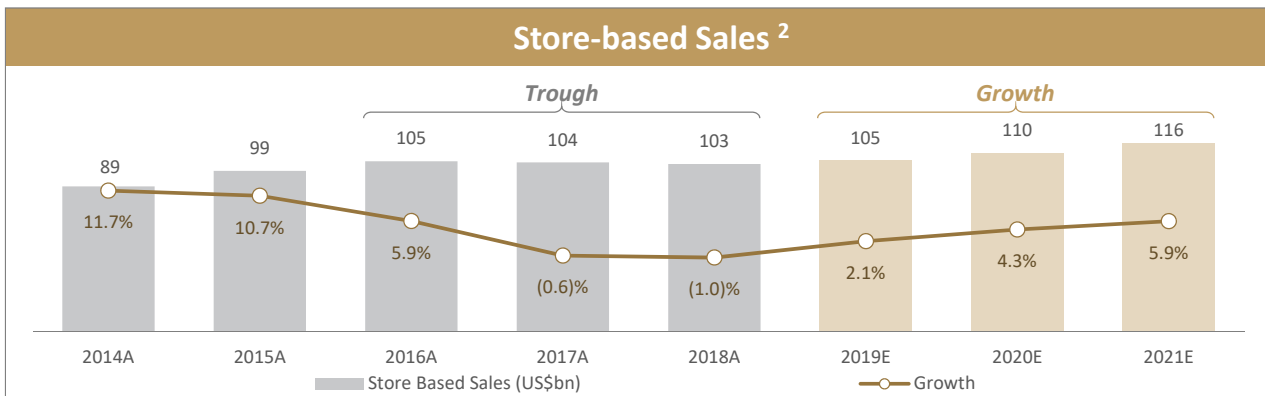
Source: Oxford Economics, JLL Market Study, Middle East Council of Shopping Centres (2018), International Council of Shopping Centres

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



Attractive Industry Backdrop Driven by Favorable Local Demographic and Lifestyle Trends (II/II)

Retail market is recovering following two years of slowdown, with significant upside driven by the Vision 2030 reforms



Key Focus Areas of Vision 2030 Reforms

Enriching Quality of Life	Promote Saudi Arabia’s entertainment industry	Enhance Saudi Arabian cities’ positioning among top cities	
Women Enablement	Government drive to increase women mobility	Increase the participation of women in the workforce from 22% to 30% by 2030 → 7% increase per year in discretionary spend ⁽¹⁾	
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
Infrastructure	Improve public transportation infrastructure / connectivity	Upcoming ~US\$426 billion infrastructure plan	

Expected Impacts for Retail / ACC

Entertainment / leisure including cinemas as incremental footfall generators Recapture retail spending outside of the Kingdom
Enablement of large part of target catchment Boost in total purchasing power
Increasing domestic and international tourist flows in Saudi Arabia
Improved accessibility / mobility leading to higher footfall

Source: Vision 2030, Jadwa Investment, Centre for International Communication, Euromonitor 2018, Saudi Railways Organization, Bloomberg, JLL Market Study, IMF

Notes: 1. Additional 770k working women calculated as 8% (30% minus 22%) of current women population in Saudi Arabia between 15-64 years of age. US\$2.6bn discretionary spend calculated as 38% of the total disposable income of additional working women
Notes: 2. Store-based Sales / Source: JLL Market Study, Euromonitor 2018, IMF



Largest Retail Platform in Saudi Arabia with Leading Positions Across Key Metropolitan Areas

Diversified portfolio strategically positioned in large catchment areas

Key Saudi Arabian Cities Retail Mall Market Share by GLA as of 2018⁽¹⁾

Ahsa Mall

Jubail Mall

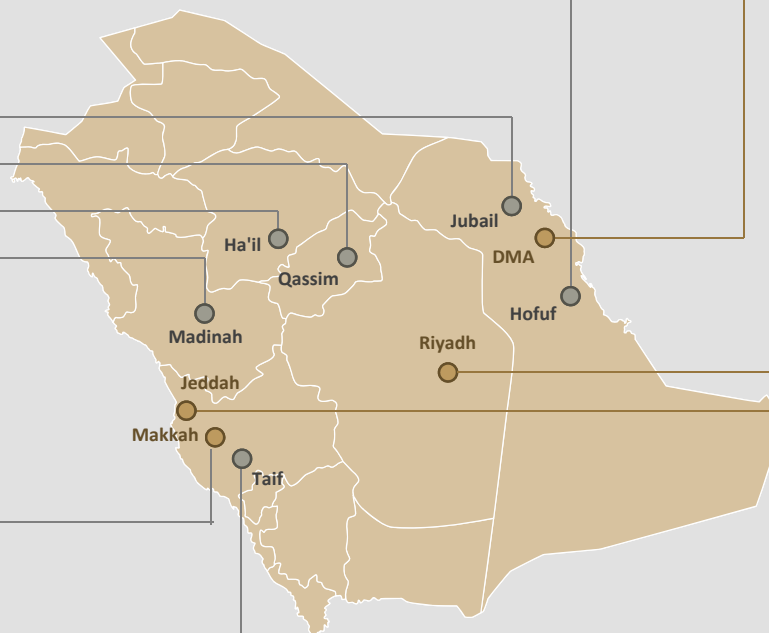
Nakheel Plaza

Salma Mall

Noor Mall

Makkah Mall

Jouri Mall



Other Cities

Top 4 Cities

DMA

17% Market share

- Mall of Dhahran
- Nakheel Mall Dammam

Riyadh

11% Market share

- Sahara Plaza
- Salaam Mall
- Tala Mall
- Khurais Mall
- Nakheel Mall
- Hamra Mall
- U-Walk

Jeddah

28% Market share

- Aziz Mall
- Mall of Arabia
- Haifa Mall
- Salaam Mall
- Yasmin Mall

⁽¹⁾ Source: JLL Market Study (2018), Company information - Based on 4 key cities (Riyadh, Jeddah, DMA and Makkah) and only including organized retail space (>3,000 sqm)



Strong Mall Development Business with Superior Returns

High Mall Development Capabilities and Expertise

Through its partnership with FARE (member of Fawaz Alhokair & Partners Co.), ACC has successfully developed 16 Malls (with the exception of Tala Mall in Riyadh, Salaam Mall in Jeddah and Salma Mall in Hail).

ACC has demonstrated its ability to accurately assess changing market requirements which are important for identifying and securing attractive sites for its Malls.

1-3 Years

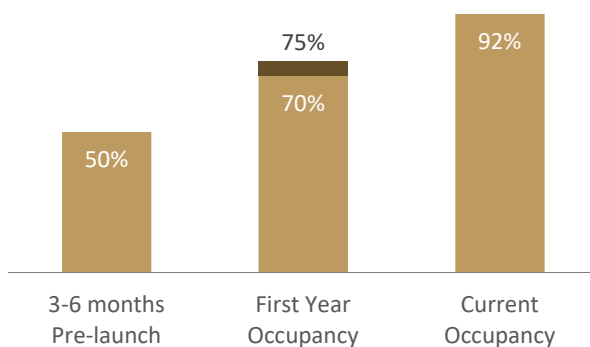
Average total delivery time

< 5%
Av. deviation

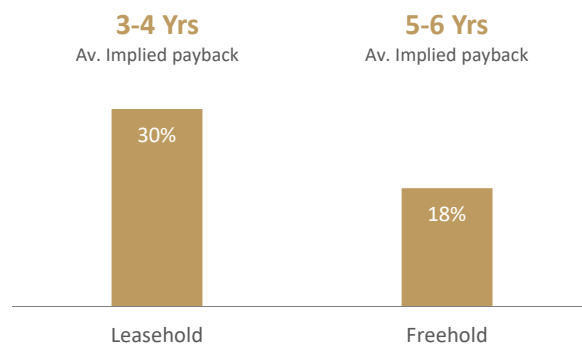
From scheduled budget

Strong Pre-leasing Model

ACC has been able to pre-lease approximately 50% of its recent new malls 3-6 months ahead of their launch



Superior Returns (YTC)



YTC - FY2018 Actual EBITDA (Net of lease expense for leasehold) divided by Total Development Cost (including land for freehold) where Total Development Cost defined as the capital expenditure incurred and the land cost

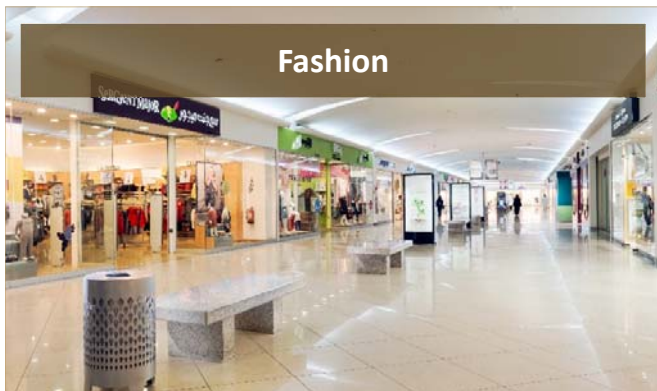
Favorable Lease Terms

~5%	Escalation Clause for Line Stores
~90%+	With Variable Rent Clause
3-5 Years	Typical Tenure for KSA Line Stores



Fully Integrated Retail Ecosystem

Fashion



Alhokair Fashion Retail



75+ BRANDS

Dezigual

ZARA

Bershka



MICHAEL KORS



Massimo Dutti

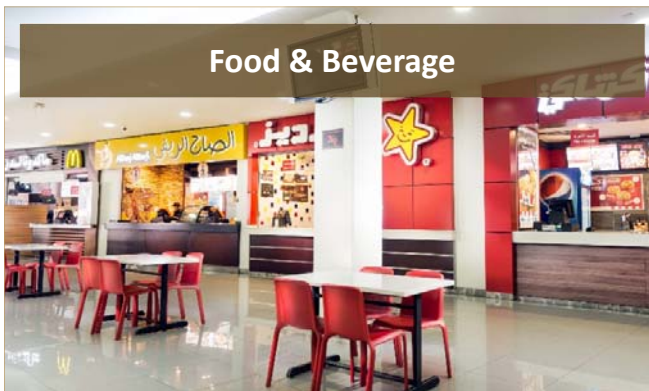
ESTÉE LAUDER

ALDO

COACH

MANGO

Food & Beverage



Food & Entertainment Company⁽¹⁾



20+ BRANDS

CINNABON



rola wala



Life with CACAO



Caffè Concerto

Leisure & Entertainment



FAS Entertainment⁽²⁾



3 BRANDS

KidZania



Billy Beez

Large and Attractive Retail Portfolio

95+ BRANDS

(1) Includes Food & Entertainment Co., Food Gate Company Commercial, and Coffee Centres

(2) Trading Includes Billy Games Company Co, Kids Space Company and Next Generation Company Limited



Experienced Management Team with Clear Roadmap to Growth



Salman Abdulaziz Fahad Alhokair
Vice Chairman Managing Director

Responsible for overseeing the day-to-day activities of the Company and directing its management team on its shareholders' behalf. He is also a founding member of Alhokair Fashion Retail.



Olivier Nougrou
Chief Executive Officer

Over 15 years of senior executive experience in retail property (as CEO for Germany at Unibail-Rodamco-Westfield) and Morgan Stanley Real Estate.



Dr. Lionel Ponsard
VP of Finance

20+ years of experience in financial management and operations including Faisaliah Group and Boston Consulting Group.



Ghassan Abu Mutair
Chief Development & Project Management Officer

Previously held position of Manager of the Supply Chain Group at Fawaz Abdulaziz Alhokair Real Estate Company. He also served in other operations positions at General Electric and the Saudi Binladin Group.



Mohamed Balbaa
Chief Leasing Officer

Previously Senior Director of Leasing at Majid Al Futtaim Properties. 22+ years of experience amongst diverse property markets and regions, ranging from Super Regional to Community Malls.



Jamil Karmoul
Chief Operating Officer

20+ years of experience in strategic planning and daily operational processes for recognized brands including ACC, Fawaz Al Hokair Fashion Retail and Arab Food Catering Company Pizza Hut.



Rayan Al-Karawi
Group Head of Investor Relations

Over 20 years of experience in investor relations and finance at companies including Zain KSA and Dar Al Arkan. He is a founding member and Chairman of the Saudi Chapter of the Middle East Investor Relations Association.



Bruno Wehbe
Chief Strategy & Portfolio Management Officer

Over 12 years of experience in consulting, most recently at Strategy & managing the real estate practice in the region.



Jabri Maali
Chief Financial Officer

25+ years of experience in finance - held several executive roles including Finance Manager of Planet Group and External Audit Supervisor at BDO .



Naji Fayad
Director of Internal Audit Department

He has over 20 years of experience in audit related functions and holds several academic degrees and professional qualifications including a Chartered Accountant (CA) degree and a Certified Internal Auditor.



Turki Al Zahrani
Chief Support Services Officer

Serving as Chief Support Services Officer since 2015 after joining company in 2009 as Director of Human Resources. He previously held management positions at Geant Saudi Limited and Al Othaim Holding Company.



Francois Kanaan
Chief Digital and Marketing Officer

25 years of experience in corporate marketing. His background includes corporate communications, digital transformation, brand development and destinations marketing.



Best-in-Class Corporate Governance Framework (I/II)



Fawaz Abdulaziz Alhokair
Chairman

- Co-founder of Al Hokair Group
- Chairman of the board of FAS Saudi Holding Company



Salman Abdulaziz Alhokair
Vice Chairman and MD

- Co-founder of Al Hokair Group
- Director on the board of FAS Saudi Holding Company



Kamel Al Qalam
Remuneration & Compensation Committee Member

- Consultant to Fawaz Abdulaziz Al Hokair Real Estate Company



Omar Almohammady¹
Board Member

- Group CEO at Fawaz Alhokair Group



Mohamed Al Khorayef
Remuneration & Compensation Committee Chairman

- CEO of Al Khorayef Group

Independent



Omar Al Farisi¹
Corporate Governance Committee Chairman

- Managing member at Diyala Advisors LLC
- Member of the board of the Savola Group

Independent



Bernard Higgins
Audit Committee Chairman
Corp. Gov. Committee Member

- Honorary professor at Edinburgh Business School
- Previously CEO of retail banking at Royal Bank of Scotland

Independent



Abdulrahman Al Tuwaijri
Board Member

- Previously chairman of Capital Market Authority (CMA) in KSA

Independent



VACANT

BOARD COMPOSITION

4

Non-Independent

4

Independent

1

Vacancy

BOARD COMMITTEES

Audit


Remuneration &
Compensation

Corporate
Governance



Best-in-Class Corporate Governance Framework (II/II)

ACC is Committed to Maintaining the Highest Standard of Corporate Governance

	Key Documents	Company Management	Audit Committee	Board of Directors	General Assembly (GA)
 Regulatory Requirements	Corporate Governance Manual	None	Required to supervise and review related party dealings	Independent members must comprise more than a third of the Board or 3 directors	GA to approve related party transactions; conflicted shareholders to abstain from voting
 Additional Protective Measures	✓ Related Party Transaction Policy (RPTP)	✓ RPTP requires management to conduct review of related party relationships on a quarterly basis and present report to Audit Committee	✓ Determines need for new Framework Agreements ✓ Reviews management report on related party dealings	✓ 4 of the 8 currently appointed directors are independent ✓ Review Audit Committee report on related party transactions and provide recommendations to GA	✓ Scope of RPTs which require GA approval
	✓ Framework Agreements	✓ Framework Agreements lay down key parameters to assist management in its dealings with key related parties	✓ Provides recommendations to the board, including on compliance with Framework Agreements		



Financial & Operational Performance





ACC Continues to Deliver on its Growth Strategies

Unlocking new value from existing portfolio

ACC's **recent re-measurements resulted in an increase in GLA** of approximately 28k sqm, which will be reflected in lease renewals over the next 2-3 years.

Year-to-date, ACC has **inaugurated its first cinema theater in August 2019 at Mall of Arabia**, a key growth avenue for the business and an incremental footfall generator.

Developing a new digital platform which will allow customers to reserve/purchase items online for store pick up. The platform is currently in its trial stage, with brands already signed on.

Robust LFL Revenue Growth

ACC achieved **like-for-like revenue growth of 3.4%** in H1-FY20, marking the business' return to strong LFL growth.

Growth was driven by Implementation of a yield and space optimization strategy, with new value unlocked from the portfolio offsetting temporary setbacks from the termination of weak performers. ACC **recorded a 93.2% LFL occupancy rate as of September 2019** with c.86.6% of leases expiring at the end of the 2019 calendar year already renewed.

Optimized Capital Structure & Completed IPO

Completed IPO will allow the company to deliver on its growth strategy, specifically its ambitious expansion plans to develop 8 assets and 2 extensions within the next five years.

IPO primary proceeds of SAR 780 million to be used in debt repayment, with **SAR 997 million already repaid in H1-FY20, accelerating maturity by one year.**

ACC had secured a SAR 7.2 billion Islamic facility with favorable terms in the beginning of 1Q2019 (April 2018).

Continued expansion of mall portfolio to solidify market position

One new mall is currently under construction, which will bring the total number of malls to 22 by the end of 2019.

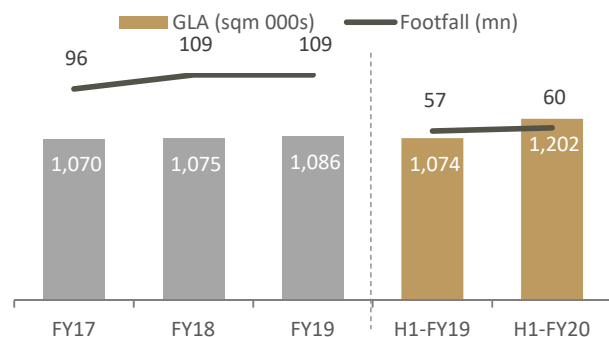
Ongoing extension of Nakheel Mall (Riyadh), with phase 1 expected to be completed year-end 2019.

Acquisition of the 30-year lease for Jeddah Park, a key milestone in the delivery of ACC's near-term growth strategy and poised to add c.128k sqm of GLA upon completion in FY2020.



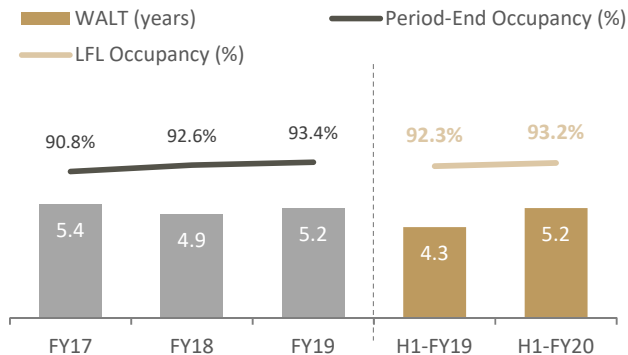
Strong Leasing Activity with Positive Spreads and High Occupancy Rates

GLA Progression vs. Average Footfall



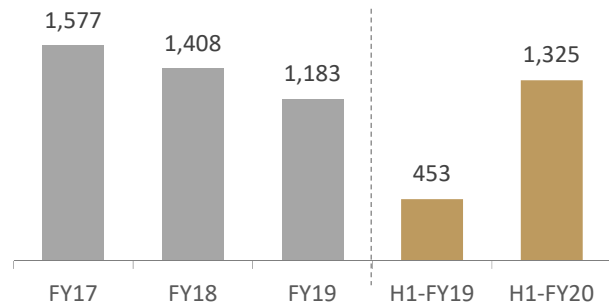
Total GLA increased 12% y-o-y to 1.202 million sqm, while average footfall rose slightly to 60 million visitors.

Occupancy Rates vs. WALT



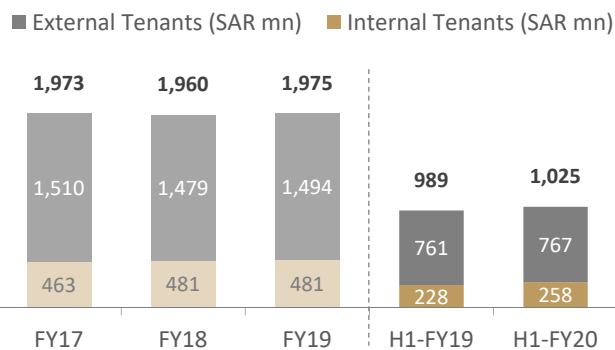
WALT rose 20.4% y-o-y to 5.2 years in H1-FY20, with LFL occupancy at the end of the quarter increasing to 93.2%.

Number of Leases Renewed



The Company renewed a total of 1,325 leases during H1-FY20 with a positive releasing spread and c.86.6% of leases expiring in the calendar year 2019 already renewed as of 30 September 2019

Revenue by Tenant Type ⁽¹⁾



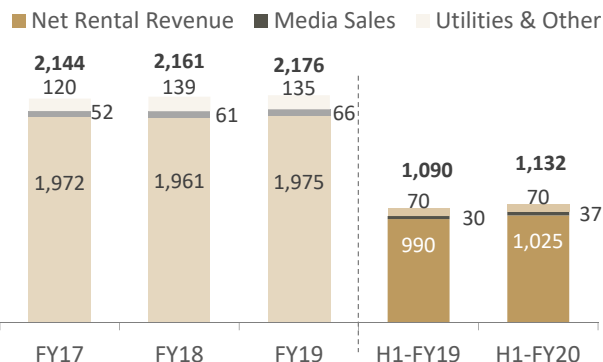
ACC maintained a good tenant mix, with internal tenants constituting c.25% of net rental revenue in H1-FY20.

¹⁾ A previous version of this chart displayed total revenues by tenant type for the historical years FY17, FY18 and FY19. The chart has been modified to display net rental revenues by tenant type for these historical years.



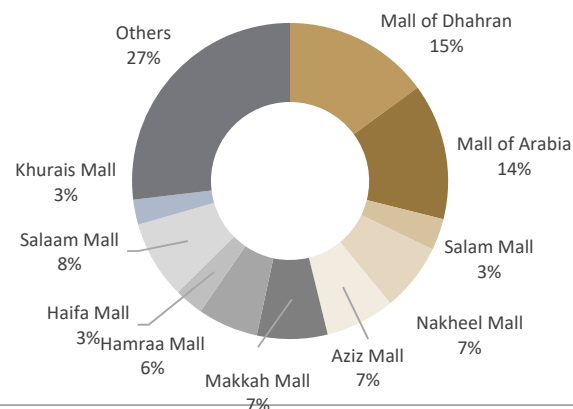
Return to LFL Total Revenue Growth

Revenue | SAR MN ⁽¹⁾



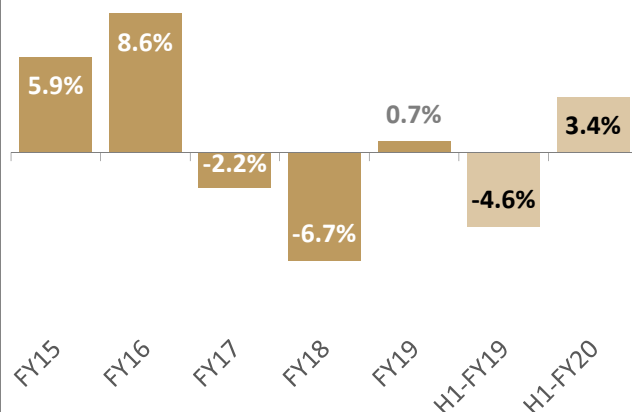
Total revenue rose 3.8% y-o-y to book SAR 1,131.6 million in H1-FY20. The increase was driven by growing net rental revenue, with management implementing improved discount policies.

Revenue by Mall



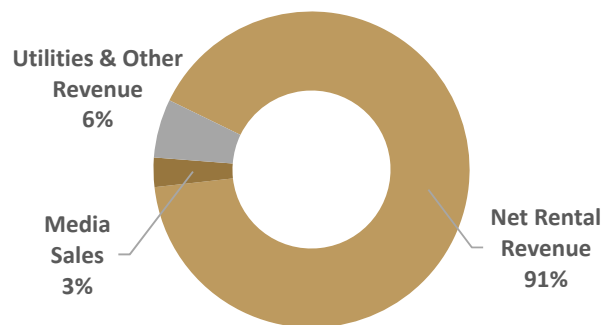
The Mall of Dhahran was the largest contributor to revenues in H1-FY20 at 15%, followed by Mall of Arabia (14%), Salaam Mall (8%) and Makkah Mall (7%).

Like-for-Like Total Revenue Growth



On a like-for-like basis (across 19 malls), total revenue was up 3.4% y-o-y in 1H-FY20 driven by management's yield and space optimization strategies as well as an improvement in like-for-like occupancy rates, which recorded 93.2% compared to 92.3% in 1H-FY19.

Revenue by Type



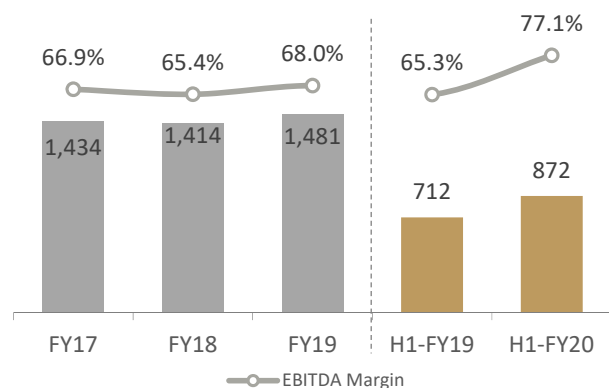
ACC derives the lion's share of its revenues from net rental revenue, which constituted 91% in H1-FY20. ACC is working toward yield optimization on the GLA as well as increasing contributions from non-GLA activities as one of its key growth avenues.

1) A previous version of this chart displayed total revenues for historical year FY17 using the SOCPA formulation. The chart has been modified to include FY17 revenues post-IFRS treatment, in line with the rest of the historical years and the quarterly revenues displayed on the chart.



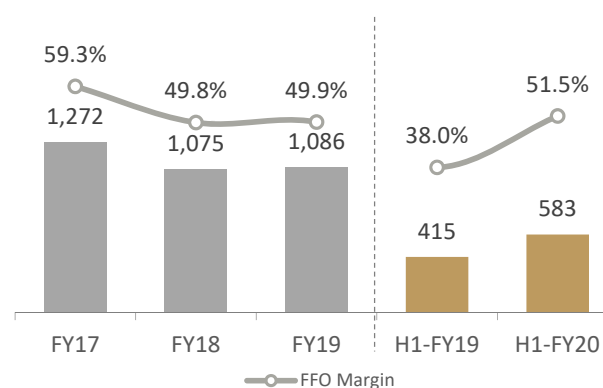
Robust Profitability with Improving Margins

EBITDA | SAR MN



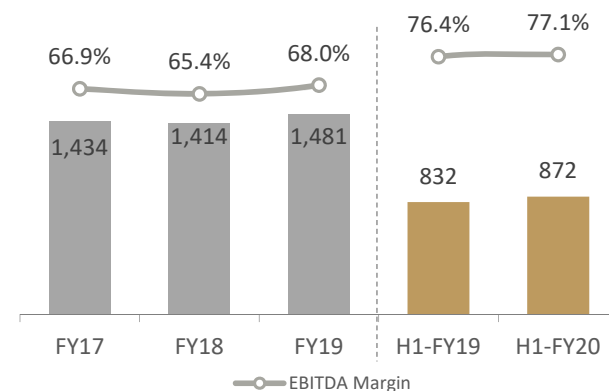
EBITDA growth was driven by cost-control initiatives and the consequent improvement in gross profitability. Additionally, the adoption of IFRS 16 led to a SAR 65.1 million decrease in rental expense earlier in FY20.

FFO | SAR MN⁽¹⁾



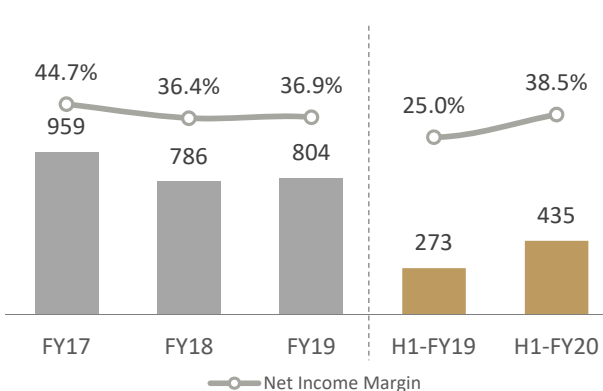
FFO was up 40.6% y-o-y to SAR 583.1 million in H1-FY20, with an FFO margin expansion of 13.5 percentage points to 51.5%.

EBITDAR | SAR MN



Normalizing for the IFRS 16 effect, ACC's EBITDAR would record a 4.8% y-o-y growth, yielding an improved margin of 77.1% and reflecting purely operational efficiencies and higher-value extraction.

Net Income | SAR MN



The strong rise in bottom-line profitability was attributable to higher revenue for the period, improved gross profitability and a significant decline in finance and rent charges. The net profit margin expanded 13.4 percentage points to 38.5% in H1-FY20.

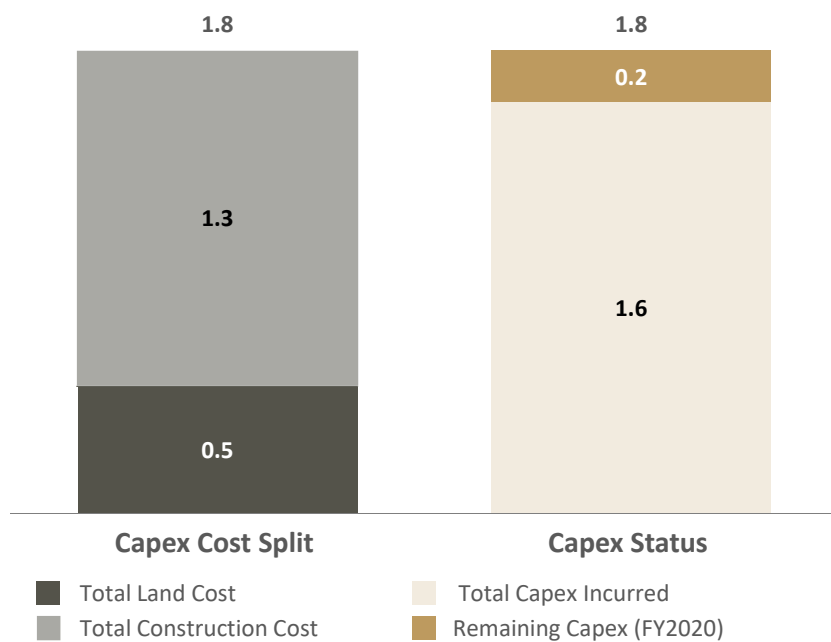
1) Fund from operations: net profit for the year plus depreciation of investment properties and PP&E and write-off of investment properties, if applicable.



Continued Investment in Near- and Medium-Term Pipeline

Capex Overview - Near-Term Pipeline

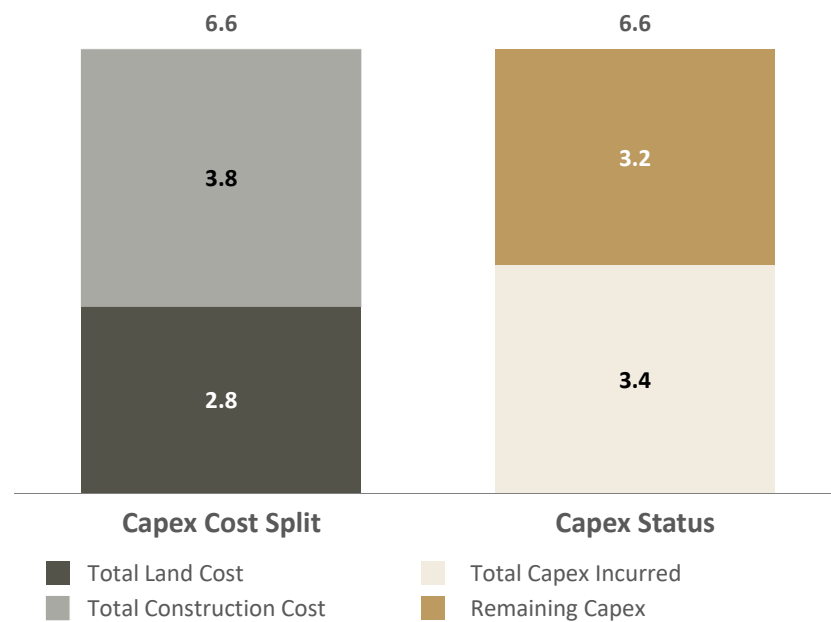
SAR Bn



- Total Capex for Near-Term pipeline including land cost for Nakheel Mall-Dammam and Khaleej Mall is c.SAR1.8bn
- Of the total capex, c.SAR 0.2 bn is remaining and budgeted for FY2020

Capex Overview - Medium-Term Pipeline

SAR Bn



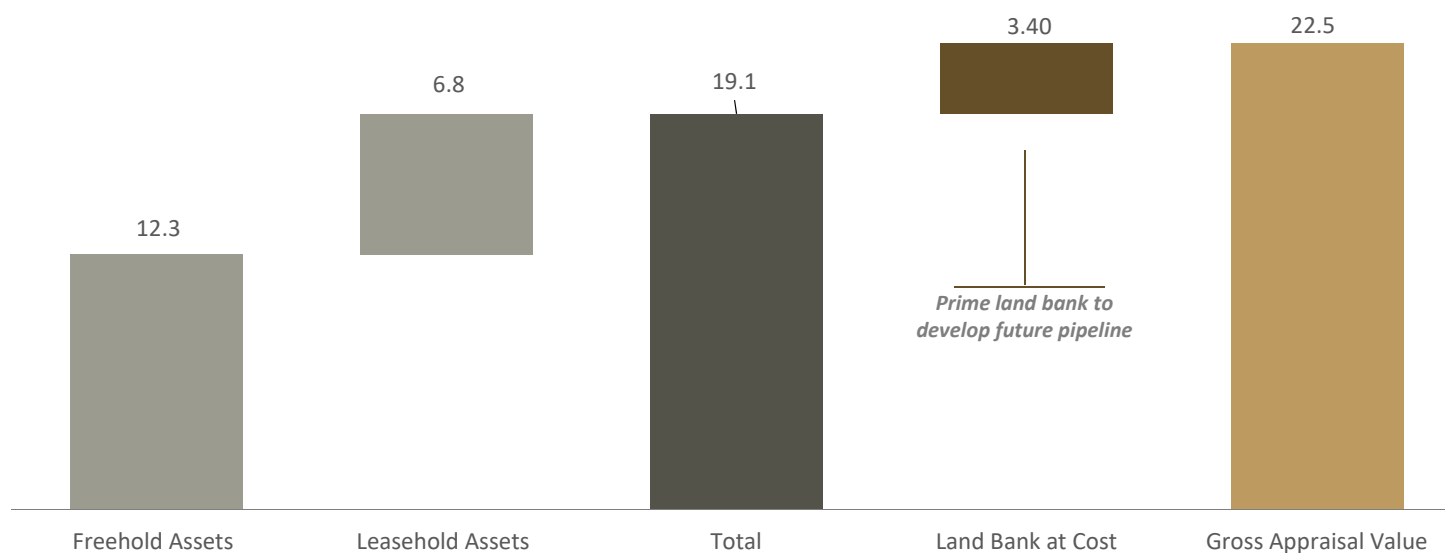
- Total Capex for Medium-Term pipeline including land cost for Mall of Arabia, Riyadh and Jawharat Jeddah is c.SAR 6.6bn (land cost of SAR2.8bn already incurred)
- Of the total capex, c.SAR 3.2bn is targeted to be spent from FY2020 onwards



Property Portfolio & Land Bank Values

Property Portfolio independently valued by Jones Lang LaSalle at SAR19.1Bn and Land Bank of SAR3.4Bn

Value of Assets as of Sep'2019 (SAR bn)⁽¹⁾



EV / GAV²
0.89

Implied Cap Rate¹
0.06

Source: Investment properties valuation from JLL as of 30th September 2019

1) Implied Cap Rate is calculated as (Annualized Income from Main Operations / (Market Capitalization + Outstanding Debt)

2) Calculated using annualized EBITDA



Optimized Capital Structure

New SAR 7.2 billion Islamic facility secured in April 2018



Long maturity profile
10-year term

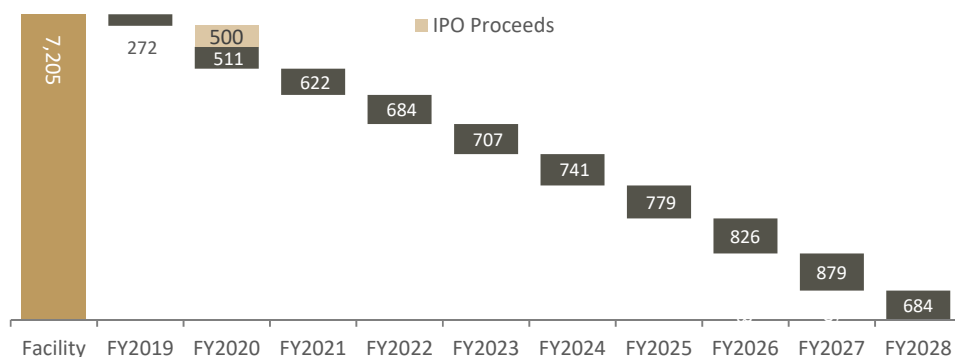


Low cost of funding
6-month
SIBOR+2.5%

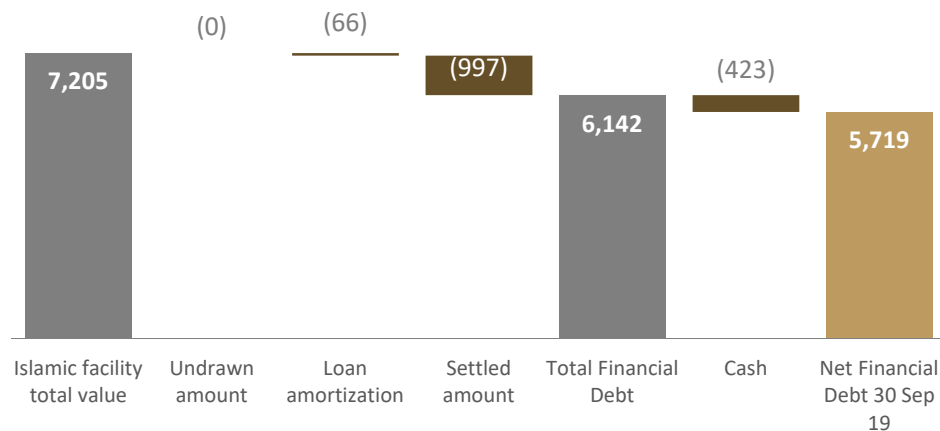


Sufficient Liquidity
SAR 305 mn
undrawn

10-Year Amortization Schedule



Net Debt as of 30 Sep 19 | SAR mn



LTV⁽¹⁾

27%

Net Debt
EBITDA

3.3x

Debt to Equity

1.0x

Ample covenant headroom

Improved leverage position following early repayment using IPO primary proceeds in 1Q FY2020²

1) LTV calculated as net financial debt divided by the sum of the value of investment properties per JLL and land bank book value as of 30-Sep-2019 including Jeddah Park.

2) SAR 780 million in IPO proceeds utilized through a SAR 500 million early debt repayment that accelerated maturity by one year. Remaining SAR 280 million from proceeds to be utilized in accordance with the repayment schedule.



Financing Strategy Allowing for Pipeline Funding and Attractive Dividend Policy

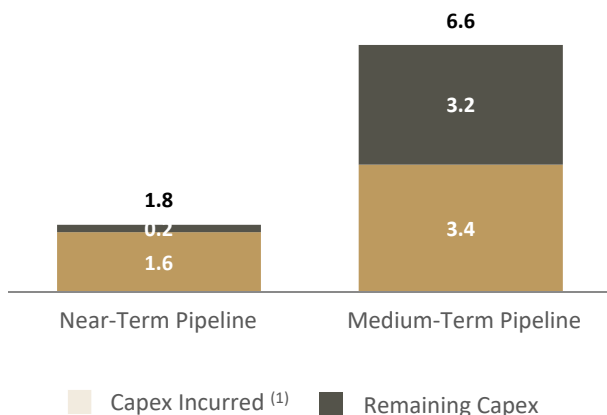
Funding for Growth

Management expects to raise debt financing over the next 5 years as the company repays its existing facility

Land for the near and medium term pipeline already paid

Remaining capex to be funded with debt (focusing on non-amortising debt and/or project finance)

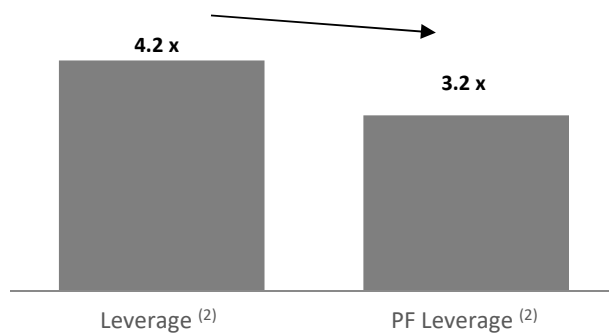
Near-Term and Medium-Term Capex Funding (SAR Bn)



IPO Primary Proceeds

SAR 500 million from IPO primary component of SAR 780 were used for debt repayment. Remaining SAR 280 to be utilized in accordance with debt amortization schedule

Deleveraging post IPO



Dividend Policy

SAR 850-900m

FY2020 dividend closer to 70% of Recurring FFO

SAR 925-975m

FY2021 anticipated dividend

c.22-26% CAGR until FY2024

Dividends to grow in line with FFO growth

Min 60% of FFO

Dividend Policy

Semi-annual

First dividend targeted for H1 FY2020, payment in cash

Notes:

1. For near term pipeline refers to cost incurred till 30-Sep 2019 including land is c.SAR 1.6 bn.

2. Leverage calculated as Net Debt / EBITDA (pre-IFRS16). PF Leverage based on debt outstanding balances as of 30 Sep 2019 divided by annualized EBITDA (H1--FY20 EBITDA x 4).



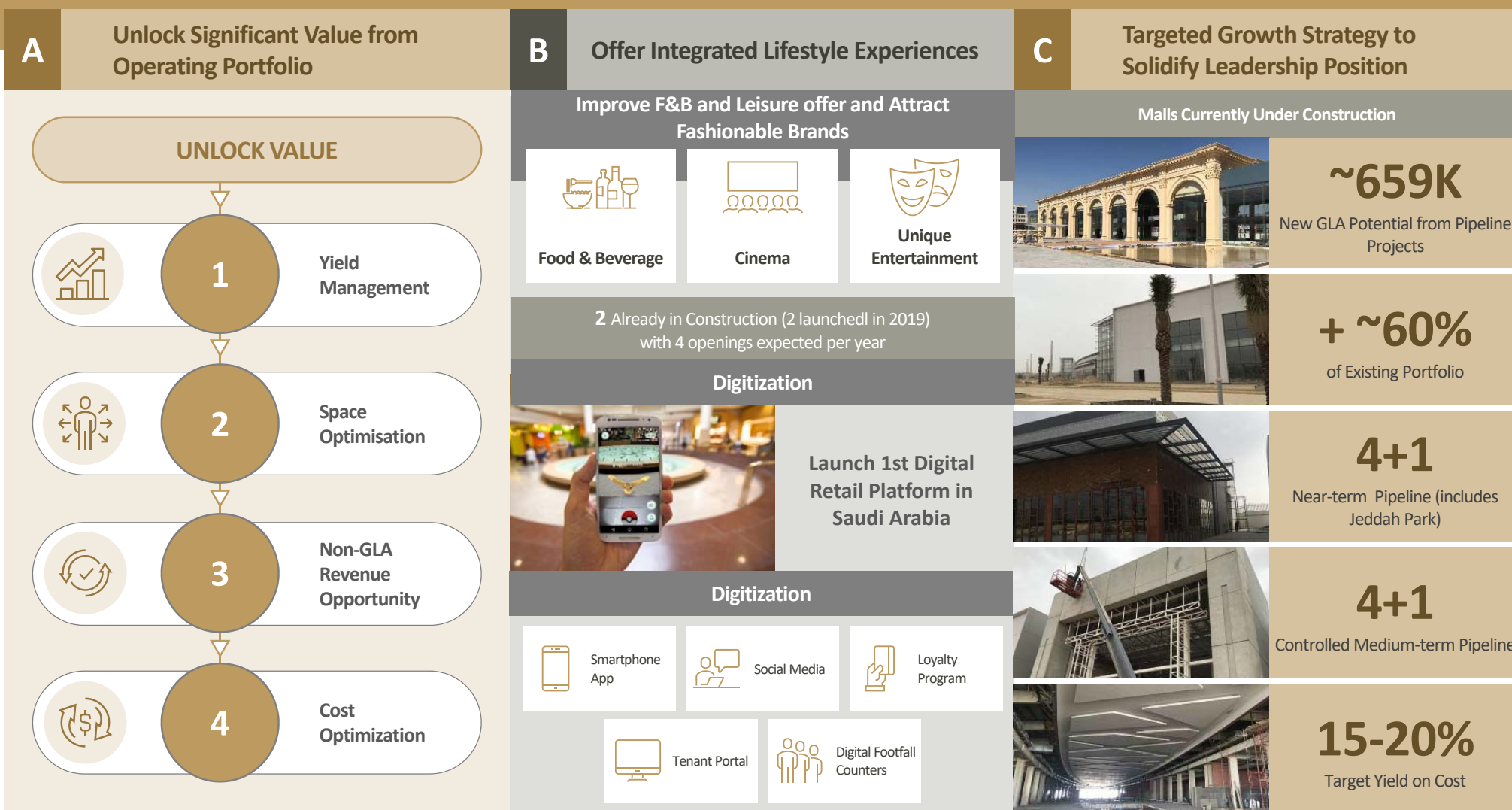
Growth Strategy

A decorative background element consisting of stylized, overlapping leaf or flame-like shapes in a light beige color, set against a solid brown background. The shapes are elongated and pointed, with some internal line details.



ACC's Growth Initiatives

Key Pillars of ACC's Growth Strategy

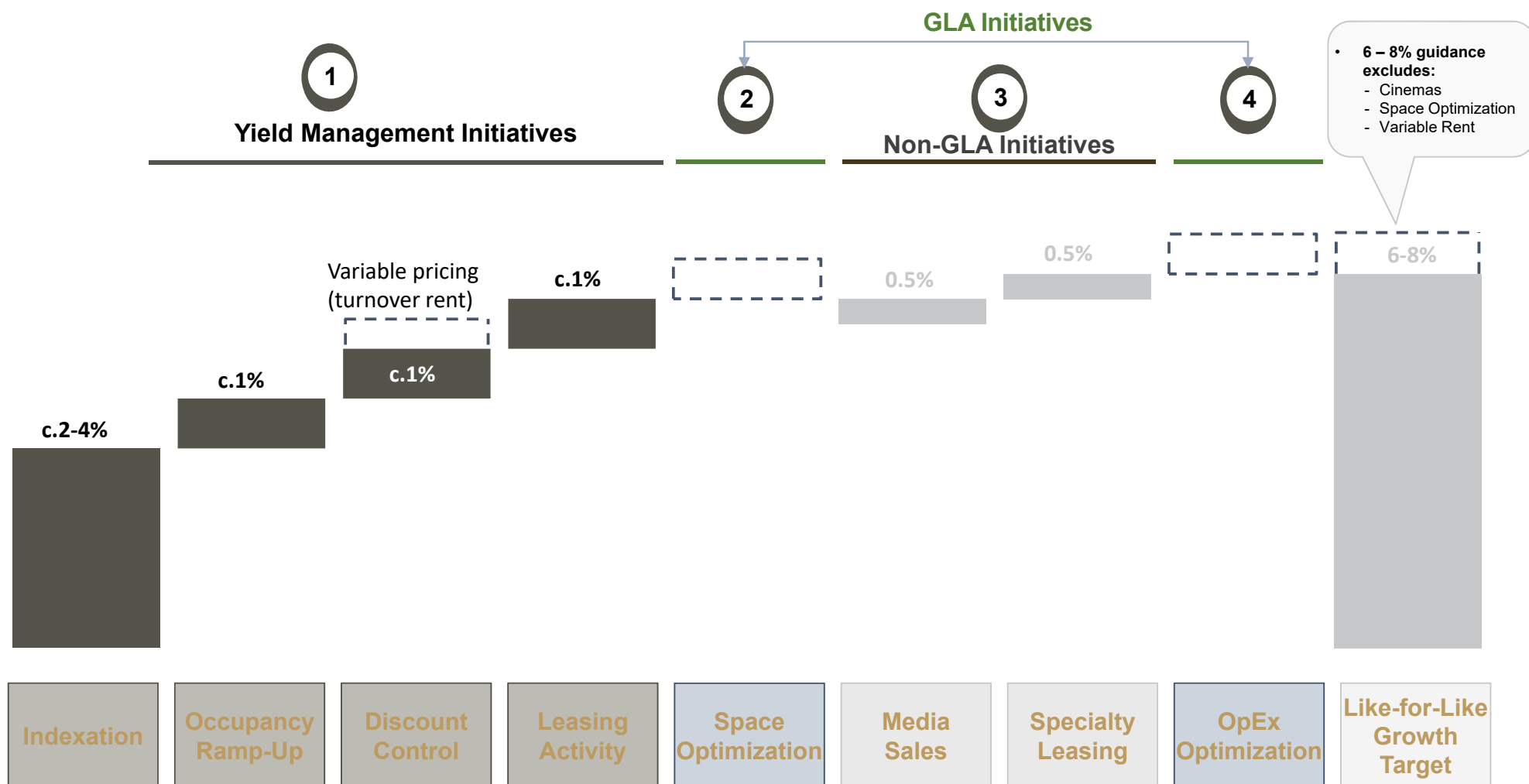




Target High Single Digit Like-for-Like Growth from Existing Assets Through Systematic Data-Driven Asset Management

Active Asset Management Initiatives to Deliver Attractive LfL Growth on Existing Perimeter

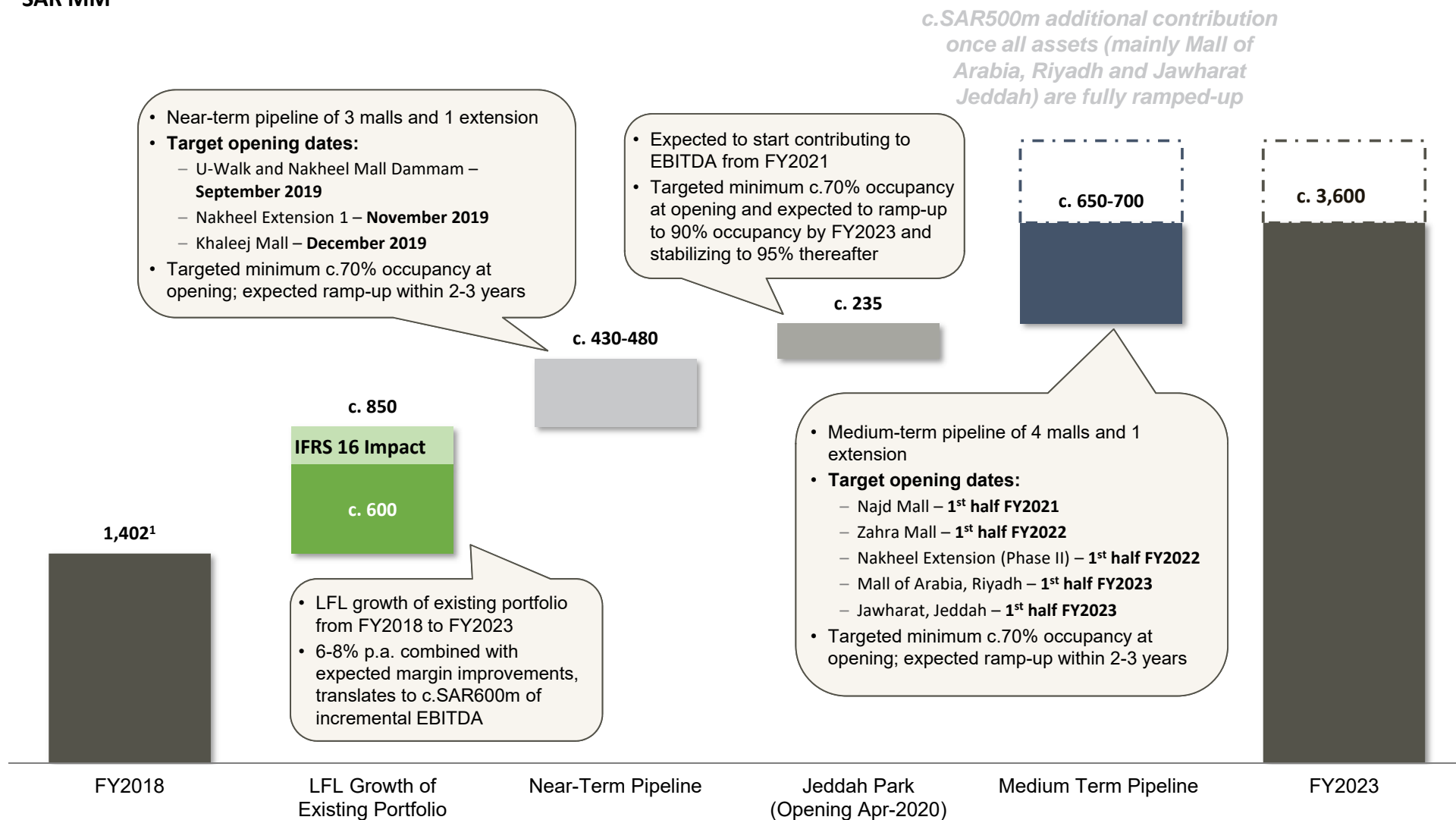
Average Annual Growth Over FY2020-2022E





ACC Growth Trajectory: Illustrative FY2023 EBITDA Build-Up

SAR MM



All financial years are ending 31 March – All data are post IFRS 16 (i.e. Pre-land lease cost) except FY2018
¹ Based on SOCPA



Near-Term Pipeline

Total

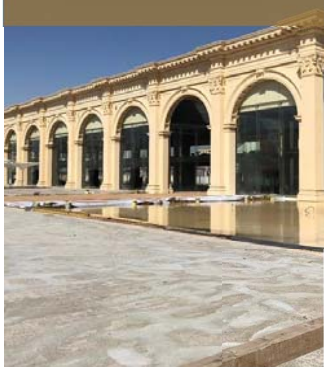
c.309k sqm

GLA Addition

c.53%

Pre-let as of September 2019

Jeddah Park



U Walk



Nakheel Mall Dammam



Nakheel Extension 1



Khaleej Mall*



Location	Jeddah	Riyadh	Dammam	Riyadh	Riyadh
Ownership	Leasehold	Leasehold	Freehold	Leasehold	Freehold
GLA (sqm)	128,740	c. 52,000	c. 61,000	c. 52,000 + 16,000 extension	c. 51,000
Pre-lease Status	35%	96% ⁽¹⁾	76% ⁽¹⁾	20% Starting 2Q-FY20	35% Starting 2Q-FY20
% Completion ⁽²⁾	68%	100%	100%	50%	63%
Target Opening Date	April 2020	September 2019	September 2019	January 2020	April 2020*
Expected Yield on Cost ⁽³⁾	+500% (cash payback < 1 year)	15%-20%			

¹⁾ Based on heads of terms agreed with tenants

²⁾ Based on billing as of 10-Apr-2019

³⁾ Expected Yield on Cost is derived on the basis of stabilized expected EBITDA (Net of lease expense for leasehold) divided by Total Development Cost (including land for freehold) where Total Development Cost defined as the capital expenditure incurred and the land cost

* Delayed from December 2019 due to further re-design of the first floor's façade adjacent to a new megaproject



Appendices





Our Malls

				GLA (sqm)		Company Revenue Contribution (%)				
Mall	City	Tenure	Year Opened	H1-FY20	FY19	BUA (sqm)	Occupancy	FY18	FY19	H1-FY20
Super-Regional										
Mall of Dhahran	Dammam	Leasehold	2005	158,009	160,695	220,550	95.5%	15.90%	15.80%	14.80%
Salam Mall	Jeddah	Leasehold	2012	121,502	121,333	212,825	91.0%	8.80%	8.60%	8.20%
Mall of Arabia	Jeddah	Freehold	2008	112,535	111,268	247,848	97.4%	12.80%	12.70%	13.20%
Regional										
Aziz Mall	Jeddah	Leasehold	2005	72,154	72,279	93,310	96.9%	7.20%	7.10%	6.80%
Noor Mall	Madinah	Freehold	2008	66,957	67,047	93,917	99.7%	6.10%	6.20%	6.20%
Nakheel Mall	Riyadh	Leasehold	2014	56,585	56,166	98,000	97.9%	7.80%	8.7%	8.90%
Yasmin Mall	Jeddah	Leasehold	2016	55,278	54,510	101,672	94.7%	5.90%	6.1%	6.50%
Hamra Mall	Riyadh	Freehold	2016	55,906	56,516	77,969	93.4%	5.00%	5.20%	5.50%
Ahsa Mall	Hofuf	Freehold	2010	52,716	53,117	65,800	76.8%	2.50%	2.40%	2.10%
Salaam Mall	Riyadh	Freehold	2005	48,895	50,043	67,421	99.8%	3.00%	3.20%	3.30%
Jouri Mall	Taif	Leasehold	2015	48,321	48,290	92,663	93.9%	4.70%	4.70%	5.00%
Khurais Mall	Riyadh	Leasehold	2004	41,618	41,618	60,230	92.1%	2.90%	2.60%	2.40%
Makkah Mall	Makkah	Freehold	2011	37,514	37,623	56,720	95.4%	7.10%	7.20%	7.00%
Nakheel Mall Dammam	Dammam	Leasehold	2019	59,630	-	59,630	47.8%	-	-	0.30%
U-Walk	Riyadh	Leasehold	2019	58,671	-	58,671	32.8%	-	-	0.20%
Community										
Nakheel Plaza	Qassim	Leasehold	2004	49,340	49,317	48,985	93.9%	1.90%	2.3%	2.00%
Haifa Mall	Jeddah	Leasehold	2011	33,388	32,881	50,161	80.9%	3.30%	3.00%	2.80%
Tala Mall	Riyadh	Leasehold	2014	22,886	22,835	46,292	83.8%	1.90%	1.80%	1.80%
Jubail Mall	Jubail	Freehold	2015	21,196	21,196	37,366	81.6%	1.80%	1.40%	1.60%
Salma Mall	Hail	Leasehold	2014	16,959	16,959	22,378	84.4%	0.90%	0.80%	0.80%
Sahara Plaza	Riyadh	Freehold	2002	12,217	12,217	28,364	76.4%	0.20%	0.00%	0.30%



Income Statement

(SAR)	FY19 IFRS	H1-FY19 IFRS	H1-FY20 IFRS	Y-o-Y Growth
Net Rental Revenue	1,974,913,970	989,566,368	1,024,965,823	3.58%
Media Sales	66,027,217	30,046,560	36,994,717	23.12%
Utilities Revenue	135,458,493	70,263,625	69,663,140	-0.85%
Total Revenue	2,176,399,680	1,089,876,553	1,131,623,681	3.83%
Cost of revenue	-521,177,627	-281,401,807	-163,626,907	-41.85%
Depreciation of investment properties	-256,916,024	-125,715,001	-131,952,902	4.96%
Depreciation of right-of-use of assets	-	-	-76,945,213	-
Write-off of investment properties	-4,397,441	-	-	-
GROSS PROFIT	1,393,908,588	682,759,745	759,098,658	11.18%
<i>Gross Profit Margin</i>	<i>64.0%</i>	<i>62.6%</i>	<i>67.1%</i>	<i>4.43%</i>
Other income	10,697,190	6,818,370	5,985,184	-12.22%
Other expense	-6,821,779	-4,642,710	-30,218	-99.35%
Impairment loss on accounts receivable	-43,524,466	-3,582,343	-2,410,380	-32.71%
Advertisement and promotion	-5,642,340	-38,654,095	-34,764,364	-10.06%
General and administration	-171,821,914	-80,532,433	-91,347,396	13.43%
INCOME FROM MAIN OPERATIONS	1,176,795,279	562,166,534	636,521,484	13.23%
Share in net income of an associate	11,569,399	8,116,700	8,911,051	9.79%
Financial charges	-439,540,747	-286,364,410	-141,485,463	-50.59%
Interest expense on lease liabilities	-	-	-51,894,509	-
INCOME BEFORE ZAKAT	748,823,931	283,918,824	452,062,563	59.22%
Zakat	55,276,825	-11,032,609	-16,926,962	53.43%
NET INCOME FOR THE YEAR	804,100,756	272,886,215	435,135,600	59.46%
Profit for the year attributable to:				
Owners of the Company	789,599,943	266,302,099	428,052,133	
Non-controlling interests	14,500,813	6,584,116	7,082,467	
	804,100,756	272,886,215	435,135,600	
Earnings per share:				
Basic and diluted earnings per share	1.77	0.58	0.92	
EBITDA	1,480,688,650	712,091,835	872,258,132	22.49%
<i>EBITDA Margin</i>	<i>68.0%</i>	<i>65.3%</i>	<i>77.1%</i>	<i>11.74%</i>
EBITDAR	-	832,312,346	872,258,132	4.80%
<i>EBITDAR Margin</i>	<i>-</i>	<i>76.4%</i>	<i>77.1%</i>	<i>0.71%</i>
FFO	1,086,321,356	414,694,816	583,077,362	40.60%
<i>FFO Margin</i>	<i>49.9%</i>	<i>38.0%</i>	<i>51.5%</i>	<i>13.48%</i>

Source: Company Audited Financials, Company Information



Cost Breakdown

(SAR)	FY19 IFRS	1H-FY19 IFRS	1H-FY20 IFRS	Y-o-Y Growth
Rental expense	224,498,516	118,254,227	-	-
Utilities expense	109,791,055	63,264,292	65,143,688	2.97%
Security expense	56,082,002	31,750,834	28,947,579	-8.83%
Cleaning expense	56,899,719	30,834,202	26,565,019	-13.85%
Repairs and maintenance	43,171,770	21,724,957	27,870,194	28.29%
Employees' salaries and other benefits	30,734,565	15,573,295	15,098,177	-3.05%
Other expenses	-	-	2,251	-
Cost of Revenue	521,177,627	281,401,807	163,626,907	-41.85%
<i>As % of Revenue</i>	<i>23.95%</i>	<i>25.82%</i>	<i>14.46%</i>	<i>-11.36 pts</i>
Depreciation of Inv. Properties	256,916,024	125,715,001	131,952,902	4.96%
Employee salaries and benefits	66,132,681	29,726,611	50,447,336	69.70%
Communication	12,889,776	6,194,258	6,042,086	-2.46%
Professional fees	9,654,787	4,400,416	6,352,212	44.35%
Insurance	8,325,811	3,789,531	3,433,555	-9.39%
Government expenses	28,654,751	16,482,693	4,700,205	-71.48%
Lease rent	3,862,277	1,966,284	-	-
Maintenance	194,867	-	24,241	-
Amortization of right-of-use asset	-	-	1,928,622	-
Others	6,699,016	1,879,040	2,430,280	29.34%
G&A(1)	136,413,966	64,438,833	75,358,536	16.95%
Depreciation – P&E	35,407,948	16,093,600	15,988,860	-0.65%
Write-off of receivables	-	38,654,095	34,764,364	-10.06%
Opex				
Total Cost (ex. Depreciation)				
<i>As % of Revenue</i>	<i>30.2%</i>	<i>35.3%</i>	<i>24.2%</i>	<i>-10.1 pts</i>
Depreciation (IP and PP&E)				
<i>As % of Revenue</i>	<i>13.4%</i>	<i>13.0%</i>	<i>13.1%</i>	<i>0.1pts</i>

Source: Company Audited Financials, Company Information



Balance Sheet

(SAR)	FY19 IFRS	H1-FY20 IFRS
Assets		
Cash and cash equivalents	457,670,983	422,883,334
Accounts receivable	299,245,146	343,533,225
Amounts due from related parties	567,558,035	811,725,843
Advances to a contractor, related party	499,595,478	498,590,407
Prepayments and other current assets	96,244,969	98,057,531
Accrued revenue (rentals)	30,191,211	26,716,830
Total Current Assets	1,950,505,822	2,201,507,170
Amounts due from related parties	--	--
Advances to a contractor, related party – non-current portion	105,318,598	105,318,598
Prepaid rent – non-current portion	--	--
Accrued revenue (rentals) – non-current portion	60,382,421	53,433,745
Investment in an equity-accounted investee	42,238,721	51,149,772
Other investments	108,708,763	104,861,763
Right-of-use assets	-	3,584,718,504
Investment properties	10,983,848,465	11,172,102,080
Property and equipment	114,773,889	104,572,308
Total Non-current Assets	11,415,270,857	15,176,156,770
Total Assets	13,365,776,679	17,377,663,940
Liabilities		
Current portion of long-term loans	501,875,532	543,876,070
Lease liability on right-of-use assets – current portion	-	437,943,878
Accounts payable	217,760,402	203,321,047
Amounts due to related parties	22,499,022	16,125,531
Unearned revenue	305,506,061	245,708,594
Accrued lease rentals	11,480,894	-
Accruals and other current liabilities	326,082,270	274,525,298
Zakat payable	82,457,716	93,506,946
Total Current Liabilities	1,467,661,897	1,815,007,364
Long-term loans	6,239,159,152	5,598,263,990
Liabilities under finance lease	-	3,679,367,497
Accrued lease rentals – non-current portion	515,366,044	-
Employees' end-of-service benefits	31,744,170	30,272,728
Other non-current liabilities	47,085,296	46,977,937
Total Non-current Liabilities	6,833,354,662	9,354,882,152
Total Liabilities	8,301,016,559	11,169,889,516
Total Equity	5,064,760,120	6,207,774,424
Total Liabilities and Equity	13,365,776,679	17,377,663,940

Source: Company Audited Financials, Company Information



Thank You

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