Arabian Centres Company Releases Results for the Year Ended 31 March 2019

(Riyadh, 26 June 2019) Arabian Centres Company ("ACC" or the "Company), the leading owner, developer and operator of lifestyle shopping centres in Saudi Arabia, announces its financial results for the year ended 31 March 2019 (FY2019), reporting a net profit of SAR 804.1 million on total revenue of SAR 2,176.4 million.

Summary Income Statement (SAR mn)	FY19 IFRS	FY18 IFRS	*% Change*
Net Rental Revenue	1,975	1,961	*0.7%*
Media Sales	66	61	*8.2%*
Utilities & Other Revenue	135	139	*(2.9%)*
Total Revenue	**2,176**	**2,161**	***0.7%***
Cost of Revenue	(782)	(795)	*(1.6%)*
Advertisement & Promotion Expenses	(6)	(13)	*(58.0%)*
General & Administrative Expenses	(172)	(174)	*(1.2%)*
Finance Charges	(440)	(295)	*48.8%*
Net Profit	**804**	**786**	***2.3%***
Net Profit Margin	*36.9%*	*36.4%*	*0.5 pts*
Key Profitability Metrics			
EBITDA	**1,481**	**1,414**	***4.7%***
EBITDA Margin	*68.0%*	*65.4%*	*2.6 pts*
FFO[1]	**1,086**	**1,075**	***1.0%***
FFO margin	*49.9%*	*49.8%*	*0.1 pts*
Key Operational Metrics			
Total GLA (mn sqm)	**1.086**	**1.075**	***1%***
Year-End Occupancy Rate	**93.4%**	**92.6%**	***0.8 pts***
Average Footfall (mn)	**109**	**109**	**-**

Financial Highlights

- **Revenue growth of 0.7% in FY2019 and like-for-like (LFL) growth of 0.7%** driven by the Group's strategy to unlock value from its operational portfolio, with improved discount policies and space optimization efforts offsetting a temporary pullback from the termination of weak performers. LFL net rental revenue growth was 0.7% y-o-y in FY2019.
- ***EBITDA margin expansion to 68.0%*** in FY2019 due to higher revenue along with efficiency and cost-control initiatives.
- ***Finance charges were up 48.8% y-o-y to SAR 439.5 million*** in FY2019, driven by a non-recurring write-off of unamortized transaction costs amounting to SAR 125.2 million related to the refinancing of old debt facilities.
- ***Net profit for the year recorded a 2.3% y-o-y increase to SAR 804.1 million***, yielding a 0.5 percentage-point improvement in net profit margin to 36.9%.
- ***FFO was up 1.0% y-o-y to SAR 1,086.3 million*** in FY2019, with FFO margin stable at 49.9%.
- ***Total CAPEX outlays*** on malls in the pipeline during the year reached SAR 442 million.

[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.

- ***Net debt in FY2019 was SAR 6,283.3 million*** compared to SAR 5,747.6 million in FY2018, with a net debt to EBITDA of 4.2x versus 4.1x as of 31 March 2018.

Operational Highlights

- ACC operated a ***portfolio of 19 malls*** as of 31 March 2019 with an aggregate gross leasable area ***(GLA) of 1.1 million sqm***, a 1% increase y-o-y.
- ***Higher year-end occupancy rates across all malls reaching 93.4%*** in FY2019 compared to 92.6% in FY2018, while like-for-like occupancy rate improved from 92.0% to 94.3% in FY2019.
- ***Approximately 109 million visitors during the year,*** *indicating strong demand for ACC's offerings and the leading market position of its malls*
- ***Strong leasing momentum*** with over 500 new leases signed and 1,183 leases renewed.

Outlook

Management remains optimistic as regards the Company's growth prospects and its ability to capitalize on Saudi Arabia's favorable economic trends and underpenetrated retail market. A key growth driver for ACC is unlocking new value from its existing portfolio by deploying space optimization and yield management strategies. Meanwhile, the Company continues to make progress on its pipeline with c. 659 thousand in new GLA being developed, c.172 thousand sqm of which to commence operations by December 2019 and a further c.129 thousand sqm by April 2020. Management thereby maintains its guidance for 6-8% LFL growth for the coming year and reiterates ACC's dividend policy to distribute SAR 850 – 900 million in FY2020 and a minimum of 60% of FFO thereafter.

Commenting on the year's results and the Company's outlook, ACC Chairman Mr. Fawaz Abdulaziz Fahad Alhokair said: "Our Company has delivered a strong set of financial and operational results while pushing forward ACC's initial public offering on the Saudi Stock Exchange (Tadawul) to successful completion in May 2019. As a publicly listed entity, ACC's board of directors will maintain a steadfast commitment to best-in-class corporate governance and to upholding our policies and procedures for ensuring arm's length transactions with related parties. We are optimistic as regards to our Company's potential as we witness a macroeconomic turnaround, and are confident that we have the necessary tools, strategies and people to continue creating long-term sustainable value for our shareholders."

ACC's Chief Executive Officer, Mr. Olivier Nougarou added: "ACC delivered both top- and bottom-line growth driven by its clearly defined strategies and a continued macroeconomic turnaround. Our like-for-like total revenue growth of 0.7% y-o-y is the first positive LFL growth witnessed since 2016 and reflects the merits of our improved discount policies and space optimization strategies. Meanwhile, year-end occupancy rates increased across our malls and we maintained strong leasing activity with new contracts signed and new brands onboarded. Parallel to revenue growth, increased operational efficiency and cost-control efforts allowed us to record a 2.6 percentage-point expansion in EBITDA margin and a 2.3% y-o-y growth in net income.

"Consensus today points to a strengthening economic recovery in Saudi Arabia with resilient long-term consumer spending growth. These favorable trends are further supported by the country's Vision 2030, which will add additional momentum to the retail market. Against this promising backdrop, ACC will leverage its integrated business model and its high level of control over its value chain to capitalize on the market's incredible potential. Meanwhile, having recently raised c.SAR 780 million from our primary share offering alongside securing SAR 7.2 billion in debt financing, ACC enjoys the capital structure and liquidity to realize its ambitious expansion plans that will see it grow its GLA by more than 50% over the next five years."

About Arabian Centres Company

Arabian Centres is the leading owner, operator and developer of contemporary lifestyle centres in Saudi Arabia. For over a decade, the Company has provided customers with a complete range of high-quality lifestyle centres up to international standards, located in the most attractive areas of the country to satisfy all shopping needs and market requirements. As of 31 March 2019, Arabian Centres operated a portfolio of 19 assets strategically located in 10 major Saudi cities. The Company's developments include several iconic lifestyle centres, including Mall of Arabia, Mall of Dhahran, and Nakheel Mall, which was recognized at the Arab Luxury World Forum in 2017 as being consumers' favorite shopping mall in Riyadh. The Company's lifestyle centres have more than 4,100 stores and hosted 109 million visitors in FY2019. For more information about Arabian Centres Company, please visit www.arabiancentres.com

Contact

Investor Relations Department

Email: ir@arabiancentres.com

Tel: +966-11-825-2080

Analyst Call and Investor Presentation

ACC will host an analyst call on the Company's full-year results on 26 June 2019 at 16:00 KSA. For conference call details, please email ir@arabiancentres.com. The Company's full Investor Presentation is available for download at ir.arabiancenters.com

Forward-Looking Statements

The information, statements and opinions contained in this Presentation do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments. Information in this Presentation relating to the price at which investments have been bought or sold in the past, or the yield on such investments, cannot be relied upon as a guide to the future performance of such investments.

This Presentation contains forward-looking statements. Such forward-looking statements contain known and unknown risks, uncertainties and other important factors, which may cause actual results, performance or achievements of Arabian Centres Company (the "Company") to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

None of the future projections, expectations, estimates or prospects in this Presentation should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects are based are accurate or exhaustive or, in the case of the assumptions, entirely covered in the Presentation. These forward-looking statements speak only as of the date they are made and, subject to compliance with applicable law and regulation, the Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in the Presentation to reflect actual results, changes in assumptions or changes in factors affecting those statements.

The information and opinions contained in this Presentation are provided as of the date of the Presentation, are based on general information gathered at such date and are subject to changes without notice. The Company relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness. Subject to compliance with applicable law and regulation, neither the Company, nor any of its respective agents, employees or advisers intends or has any duty or obligation to provide the recipient with access to any additional information, to amend, update or revise this Presentation or any information contained in the Presentation.

Certain financial information contained in this presentation has been extracted from the Company's unaudited management accounts and financial statements. The areas in which management accounts might differ from International Financial Reporting Standards and/or U.S. generally accepted accounting principles could be significant and you should consult your own professional advisors and/or conduct your own due diligence for complete and detailed understanding of such differences and any implications they might have on the relevant financial information contained in this presentation. Some numerical figures included in this Presentation have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables might not be an arithmetic aggregation of the figures that preceded them.

Note from Our CEO

Throughout its two-decade history, ACC has maintained a solid growth trajectory that has seen its business expand from operating one mall with a GLA of 10,000 sqm in 2002, to managing today a portfolio of 19 malls with an aggregate 1.1 million sqm in GLA across Saudi Arabia, making it the country's largest mall operator. ACC's success is driven by its ability to capitalize on Saudi Arabia's favorable demographic trends and consumer spending patterns, while leveraging its integrated business model to deliver superior returns on investment. With its successful IPO on Tadawul in May 2019, ACC stands today as a proxy for the significant growth potential of Saudi Arabia's SAR 450 billion retail market.

In our first post-IPO earnings release, I am pleased to report a solid set of financial results for FY2019 with both top- and bottom-line growth despite the prevailing macro headwinds. ACC's total LFL revenue growth stood at 0.7% y-o-y, while LFL net rental revenue growth recorded a 0.7% increase y-o-y, the first positive LFL growth witnessed since 2016. Growth during the year was driven by the Group's strategy to unlock value from its operational portfolio, with improved discount policies and space optimization efforts offsetting a temporary pullback from the termination of weak performers. Meanwhile, ACC's increased operational efficiency and management's cost-control initiatives led to improved profitability, with EBITDA up 4.7% y-o-y and EBITDA margin expanding 2.6 percentage points to 68%. Our net income was up 2.3% y-o-y to SAR 804 million with an expansion in associated margin to 36.9% versus 36.4% in FY2018.

On the operational front, ACC's recorded a higher year-end occupancy rate of 93.4% in FY2018, maintained strong leasing momentum and welcomed 82 new brands, including world-famous names such as Dior, Nando's and Smashbox, furthering our goal of offering an integrated lifestyle experience to our 109 million annual visitors. Additionally, management began implementing a new asset and space optimization strategy, a key component of which was re-measurement that unlocked c.28 thousand sqm in additional GLA which will be reflected in lease renewals over the next two to three years. This is in addition to progress made in ongoing expansion and extension projects poised to add c. 172 thousand sqm by the end of FY2020.

ACC's financial and operational strength is underlined by the company's integrated business model that sees it maintain a high level of control over its entire value chain. From its ability to identify and secure attractive sites for its malls, to its design, construction and leasing strengths, ACC enjoys a strong track record of mall development and operation with superior returns. Through its partnership with FARE, a subsidiary of the Fawaz Alhokair & Partners Co., ACC is able to deliver a fast construction turnaround of 1-3 years with a less than 5% deviation from budget, which in turn minimizes implied payback periods for its new developments. Meanwhile, its relationship with Fawaz Alhokair Fashion Retail, the largest franchise retailer in Saudi Arabia, provides ACC with capacity to secure high pre-let rates from internal tenants reaching 25% and significantly de-risking the company's projects. This highly integrated ecosystem is ACC's key competitive advantage in a market where large malls are perceived as key entertainment locations, and where retail GLA penetration rates remain well-below international and regional averages.

Outlook & Strategy

There is consensus that Saudi Arabia is on a path toward recovery, with store-based sales having bottomed out during 2018 and with estimates pointing to +2% increase in 2019 and beyond.[2] This upward momentum is expected to further strengthen as the short term shocks from the government's economic reform program are increasingly absorbed into consumers' spending patterns. Resilient long-term consumer spending growth and Saudi Arabia's solid underlying fundamentals are further supported by the country's Vision 2030, which will add additional momentum to retail growth.

[2] *Source: JLL Market Study, Euromonitor 2018, IMF*

The vision's key focus areas, including enriching quality of life, enabling women, promoting tourism and improving infrastructure are all poised to have a positive impact on our market and business.

Against this promising economic backdrop, ACC is fully equipped with the necessary tools and strategies to capitalize on the market's incredible potential. To that end, **our growth strategies can be divided into key primary pillars** that will allow us to continue creating strong returns for our shareholders: **1) consolidate leadership position in the Saudi retail sector by expanding and enhancing our mall portfolio; 2) maximize return from the existing portfolio; 3) maintain and strengthen tenant relationships; 4) enhance visitor experience and strengthen brand awareness.**

ACC is already making significant progress across all pillars. Our yield management and space optimization efforts are generating improved returns and efficiency, while a focus on non-GLA revenue streams is helping unlock new value from our existing portfolio. Meanwhile, our expansion plan is well underway with c.659 thousand sqm in near- and medium-term GLA expected to be operational by 2024, further solidifying our leading market position. Having recently raised c.SAR 780 million in our primary offering alongside securing SAR 7.2 billion in debt financing, ACC enjoys the capital structure and liquidity to realize its ambitious expansion plans. We are also making headway with the introduction of four cinemas at our malls by the end of the year, which are incremental footfall generators, and are actively improving our F&B and leisure tenant mix to deliver a premier lifestyle experience. ACC will further augment its offering with the rollout of its digital platform which is set to promote increased visitor engagement and enhance the tenants' experience.

A strengthening recovery in our market coupled with ACC's strong position, superior offering and clearly-defined strategies leave me optimistic about our company's future growth prospects. We thereby maintain our guidance for 6-8% LFL growth for the coming year and reiterate our dividend policy to distribute SAR 850 – 900 million in FY2020 and a minimum of 60% of FFO thereafter.

I look forward to regularly reporting to you on our results and operational developments in our new journey as a publicly-listed company.

Olivier Nougarou
Chief Executive Officer

Financial & Operational Review

Revenues

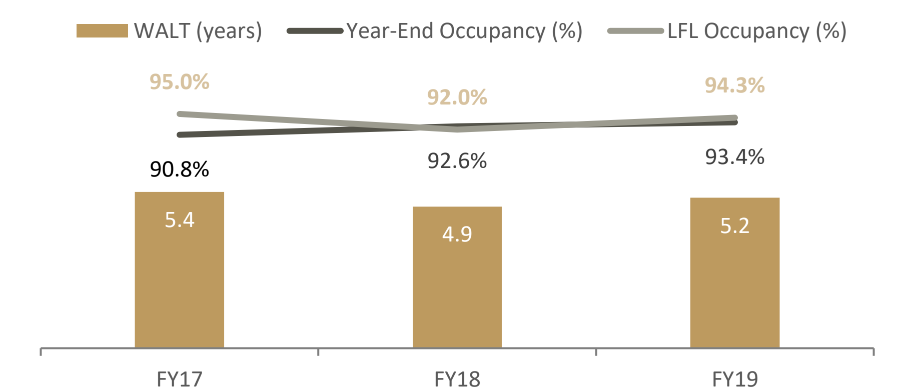
Total revenue for the year was SAR 2,176.4 million in FY2019, up 0.7% compared to the SAR 2,160.5 million recorded in the previous year. Net rental revenue constituted the largest share of total revenue at 91% or SAR 1,974.9 million in FY2019, followed by ACC's utilities and other revenue at 6% and media sales at 3%. Net rental revenue was also the largest contributor to total revenue growth for the year at c.95%.

Growth during the year was driven by management's yield and space optimization strategies that unlocked new value from its operating assets. Among the key initiatives was lower discounts, which helped drive higher net rental revenue from both internal and external tenants, and offset lower contract values for the year. ACC's weighted average discount rate across internal and external tenants was 8.0% in FY2019 (SAR 178.2 million) versus 13.1% in FY2018 (SAR 337.1 million). Meanwhile, at year-end occupancy the rate across all malls stood at 93.4% in FY2019 compared to 92.6% in the previous year.

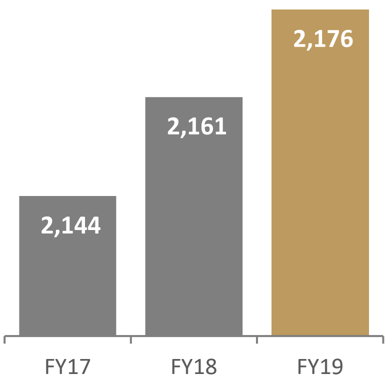
On a like-for-like basis, net rental revenue was up 0.7% y-o-y in FY2019 driven by an improvement in like-for-like occupancy rates, which recorded 94.3% compared to 92.0% in FY2018.

ACC maintained strong leasing momentum having signed over 500 new leases and renewed a total of 1,183 leases with a positive releasing spread and c.90% of leases expiring in the calendar year 2019 already renewed as of 31 March 2019. ACC's Weighted Average Unexpired Lease Term (WALT) stood at 5.2 years as of FY2019 versus 4.9 in FY2018. The average rental rate per square meter increased to SAR 1,985 in FY2019 from SAR 1,961 in FY2018.

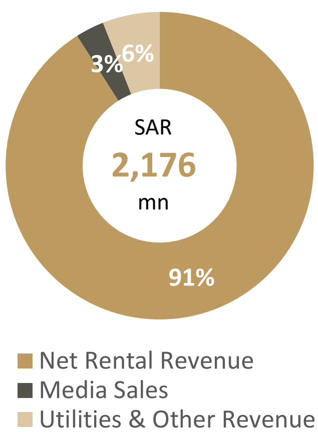
Occupancy Rates vs. WALT (pending WALT figures)



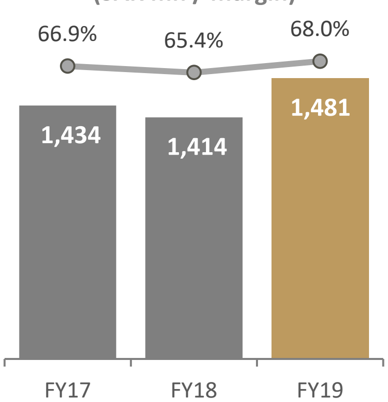
Total Revenue
(SAR mn)

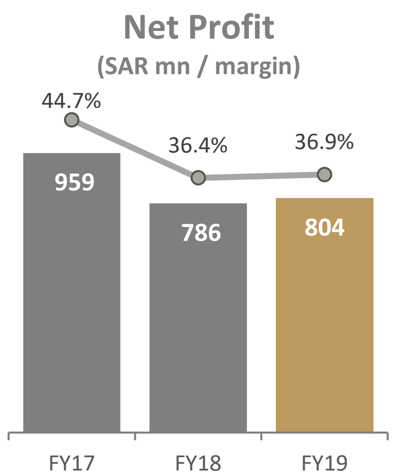


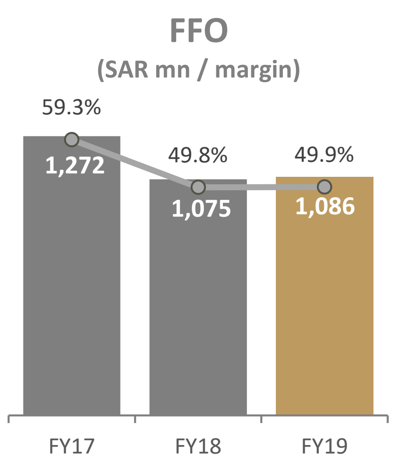
Revenue by Type



EBITDA
(SAR mn / margin)







EBITDA

EBITDA for the year was SAR 1,480.7 million in FY2019, up by 4.7% y-o-y and yielding a 2.6 percentage-point expansion in EBITDA margin to 68%. Improved profitability was driven by higher revenue along with efficiency and cost-control initiatives, including renegotiating third-party contracts for direct services such as cleaning, security and outsourced manpower.

EBITDA was also supported by lower accounts receivables impairment due to a change in provisioning policy (implementing an Expected Credit Loss (ECL) model in line with IFRS 9), as well as management's efforts to improve the company's collection process.

Depreciation Expense

Depreciation of investment properties was SAR 256.9 million in FY2019, down 4.3% y-o-y on account of the leasehold extension for the Company's Aziz Mall in Jeddah.

Finance Charges

ACC recorded finance charges of SAR 439.5 million in FY2019, up 48.8% compared to SAR 295.4 million in FY2018. The increase was driven primarily by a non-recurring write-off of an unamortized transaction cost of SAR 125.2 million related to the refinancing of old facilities. ACC secured a new SAR 7.2 billion debt refinancing facility in April 2018 to optimize its capital structure and finance the Company's expansion costs.

Net Profit

Net profit for the year recorded a 2.3% y-o-y increase to SAR 804.1 million, yielding a 0.5 percentage-point improvement in net profit margin to 36.9%. Improved bottom-line profitability came despite increased finance charges, which were partially offset by a reversal of excess Zakat provision amounting to SAR 75.1 million during the year.

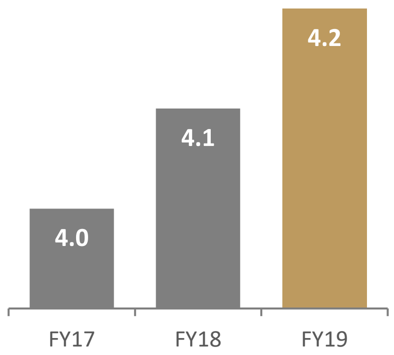
FFO

FFO was up 1.0% y-o-y to SAR 1,086.3 million in FY2019. FFO margin was 49.9%, remaining largely stable compared to the 49.8% recorded in FY2018.

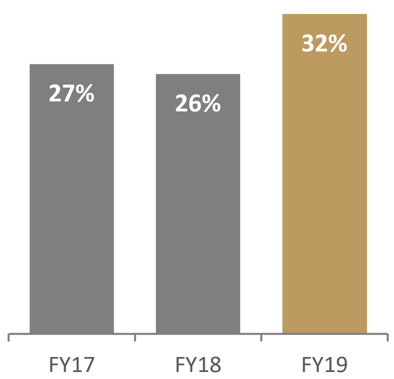
Operating & Pipeline Assets

ACC's book value of total investment properties, representing its investment in 19 operating mall developments, was SAR 10,983.8 million as of 31 March 2019 compared to SAR 10,781.9 million at the close of the previous year. Advances paid to contractors, representing the Company's projects under construction, were SAR 604.9 million as at 31 March 2019, up 70% y-o-y as ACC pushes forward with its expansion strategy.

ACC is currently developing three new malls (University Boulevard, Nakheel Dammam Mall, Khaleej Mall) and an extension to its existing Nakheel Mall, Net Debt / EBITDA



Loan to Value



which are scheduled to commence operations by December 2019 and will add c.172 thousand sqm in new GLA. Additionally, the Company has completed the acquisition of Jeddah Park's leasehold interest, a key pillar of ACC's near-term pipeline which will add a further c.129 thousand sqm in GLA upon completion in April 2020.

Meanwhile, ACC is also pushing forward with its medium-term pipeline with continued investment in five additional developments that will add c.358 thousand sqm of GLA. ACC's medium-term pipeline is scheduled for completion by 2024.

The Company's total CAPEX outlays on malls in the pipeline during the year reached SAR 442 million. Total required CAPEX for near-term projects, including land cost for Nakheel Mall and Khaleej Mall, is estimated at SAR 1.8 billion, of which SAR 1.5 billion were incurred as of FY2019 and SAR 0.3 billion are budgeted for FY2020. Meanwhile, total CAPEX for medium-term projects is estimated at SAR 6.6 billion, including land costs for Mall of Arabia Riyadh and Jawharat Jeddah, of which SAR 3.4 billion were incurred as of FY2019 and SAR 3.2 billion are budgeted for FY2020 onward.

Net Debt

ACC's total interest-bearing debt reached SAR 6,741.0 million as of 31 March 2019, including a CPLTD[3] of SAR 501.9 million, compared to SAR 5,828.0 million as of 31 March 2018. Higher debt balances reflect the Company's increased utilization of the SAR 7.2 billion facility signed in April 2018. The Company's Loan-to-Value ratio was 32% as of 31 March 2019 compared to 26% at the close of the previous year.

Cash and Bank Balances increased from SAR 80.4 million as of 31 March 2018 to SAR 457.7 million as of 31 March 2019, with the increase being driven by the cash reserve required for the loan repayment paid in April 2019 post balance sheet close. It is worth noting that primary proceeds from ACC's IPO, completed in May 2019 were SAR 780 million and will be directed toward debt reduction.

Net debt in FY2019 was SAR 6,283.3 million compared to SAR 5,747.6 million, with a net debt to EBITDA of 4.2x versus 4.1x as of 31 March 2018. It is worth noting that following the completion of the Company's IPO in May 2019 and the subsequent debt reduction, ACC's proforma net debt to EBITDA ratio stood at c.3.8x pre IFRS 16 (c. 3x post IFRS 16)

Equity

ACC's total shareholders' equity stood at SAR 5,064.8 million as of 31 March 2019 compared to SAR 4,905.0 million as of 31 March 2018.

[3] *Current portion of long-term debt*

Recent Corporate Developments

Initial Public Offering on Tadawul

On 14 May 2019, ACC successfully completed the IPO of its shares on the Saudi Stock Exchange (Tadawul) at a price of SAR 26 per share, implying a market capitalization on admission of SAR 12.4 billion. The offering included a total of 95,000,000 shares in an institutional and retail offering, comprised of 65,000,000 existing shares sold by current shareholders and 30,000,000 new shares issued by the Company by way of capital increase. The book building process generated an order book of SAR 3.1 billion, resulting in an oversubscription rate of 126% of the final offer size of SAR 2.8 billion (including over-allotment shares).

Samba Capital & Investment Management Company, Morgan Stanley Saudi Arabia, NCB Capital Company and Goldman Sachs Saudi Arabia acted as Joint Financial Advisors and Joint Bookrunners, and Citigroup Saudi Arabia, Credit Suisse Saudi Arabia, EFG Hermes KSA, Emirates NBD Capital KSA and Natixis acted as Joint Bookrunners in connection with the Offering. In addition, Samba Capital & Investment Management Company was Lead Coordinator and Lead Manager and Samba Financial Group and National Commercial Bank acted as receiving agents for the retail offering.

Appointment of New Board Members

- **Omar Almohammady – Non Executive Director:** Mr. Omar Almohammady is the Chief Executive Officer of the Fawaz Alhokair Group and brings to the table a wealth of industry and executive experience. He previously served in numerous executive positions at international corporations, including Batic Investments & Logistics, Goldman Sachs Saudi Arabia, Barclays Capital, MerchantBridge-UBS Private Equity and Saudi Aramco. He holds a Bachelor of Engineering from Vanderbilt University.

- **Omar Al-Farisi – Independent Director:** Mr. Omar Al-Farisi, a veteran of the financial services industry, is the Managing Director of New York-based advisory boutique Diyala Advisors LLC. Previously, he was an investment banker at Credit Suisse First Boston and, prior to that, a corporate attorney at White & Case in New York. He is also currently a member of the Board of Directors of the Savola Group Company and was previously a member of the Board of Directors of Gulf International Bank B.S.C. He holds a Juris Doctorate from Columbia University School of Law and a Bachelor of Arts in Economics from the University of Notre Dame.

ACC's board of directors now comprises four non-independent directors and four independent directors, with one additional vacancy to be filled.

–Ends–