

# The Leading Lifestyle Centre Platform in Saudi Arabia

## Investor Presentation

FY 2019 (year ended 31 March 2019)

*June 2019*



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

## FY2019 Headline Figures\*

**19  
Malls**

Arabian Centres Company (ACC) is the **leading developer, owner and operator of shopping malls across Saudi Arabia, with a portfolio of 19 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%<sup>(1)</sup> market share** by year-end FY2018.

**1.1 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).

**93.4%  
Occupancy<sup>2</sup>**

Its malls are home to more than **1,000 international, regional and local retail brands**, including Zara, Debenhams, Coach, H&M, Virgin Megastores, Panda and IKEA.

**109 mn  
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 **2,176.4** mn  
▲ 0.7% y-o-y  
LFL ▲ 0.7% y-o-y

**EBITDA**

SAR **1,480.7** mn  
▲ 4.7% y-o-y

**FFO<sup>3</sup>**

SAR **1,086.3** mn  
▲ 1.0% y-o-y

**Net Profit**

SAR **804.1** mn  
▲ 2.3% y-o-y

**NAV**

SAR **17,941.0** mn  
▲ 2.0% y-o-y

\* For the year ended 31 March 2019 - ACC's fiscal year for 2019 (FY2019) ends on 31 March 2019

(1) Source: JLL Market Study (2018)

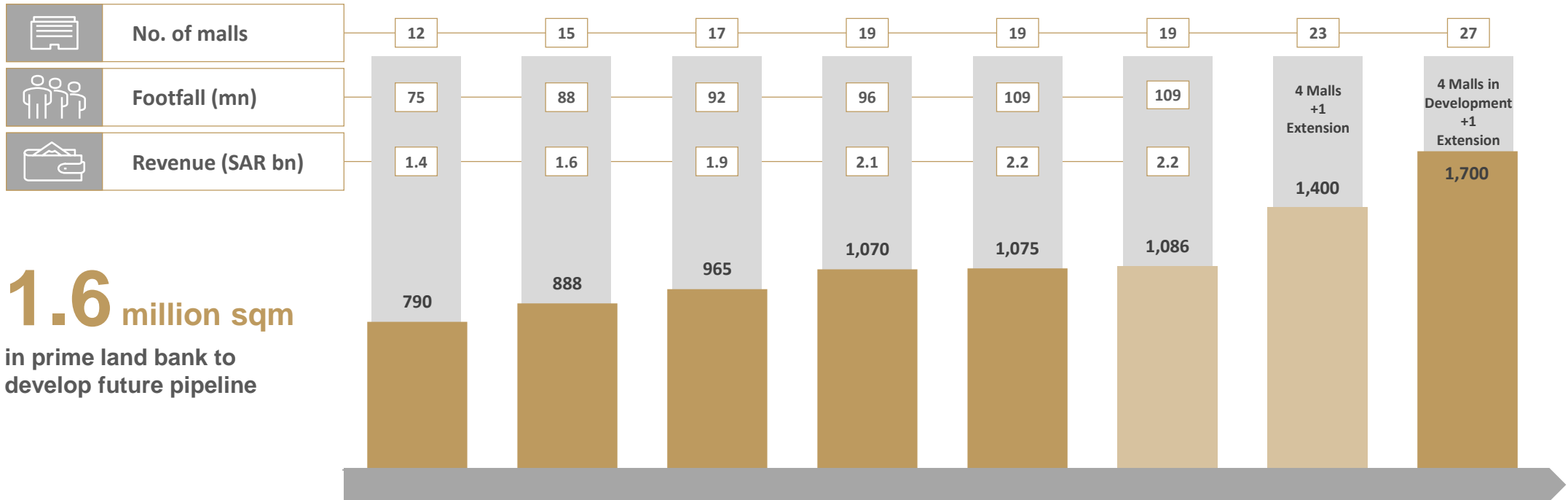
(2) Represents the year-end occupancy

(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.



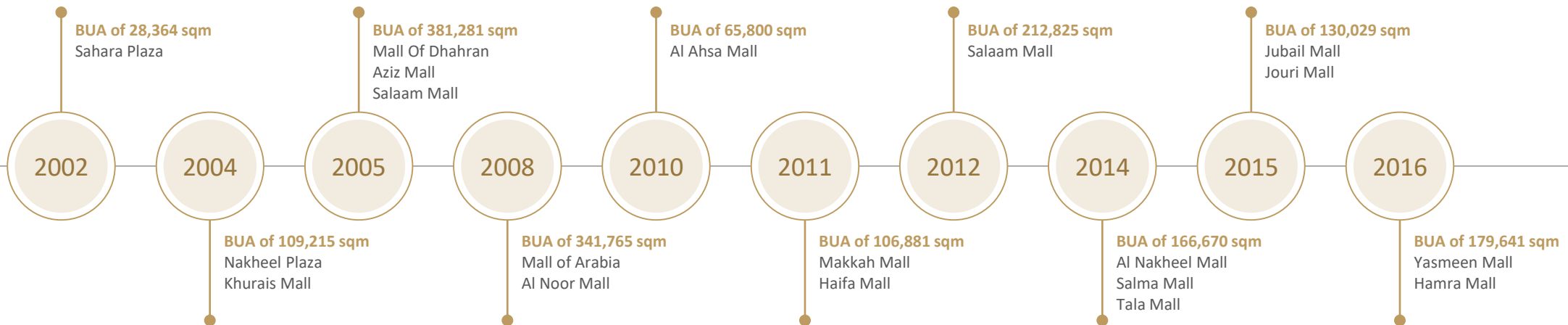
# 15+ Years Track Record Achieving Leadership Position Through Sustained Growth

GLA Growth FY2002 – FY2024f (000s sqm)



**1.6 million sqm**

in prime land bank to develop future pipeline





# Our Assets are Diversified and Strategically Located across Saudi Arabia

## Our Malls



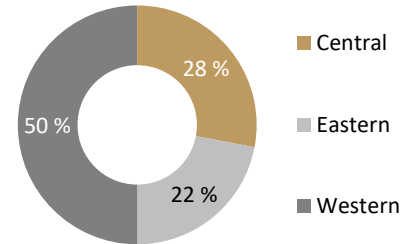
ACC's malls are located in major cities across Saudi Arabia and are anchored by the company's strategic partnerships with major retailers and other tenants.

**4,100**  
stores

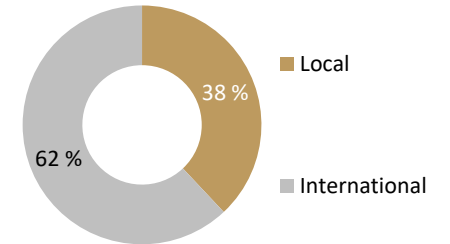
**1,100**  
brands

**720**  
customers

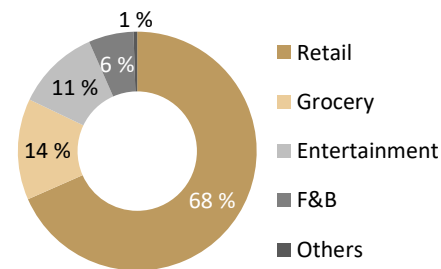
### FY19 Geographical Distribution | GLA



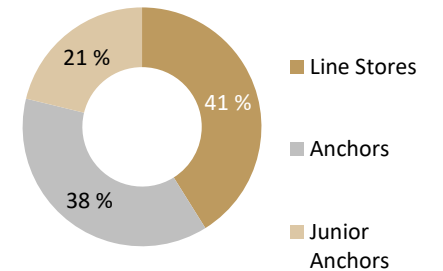
### FY19 Brand Split by Origin | No. of brands



### FY19 Distribution by Category | GLA



### FY19 Distribution by Store (GLA)



(1) As of FY19, or the 12-month period ended 31 March 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



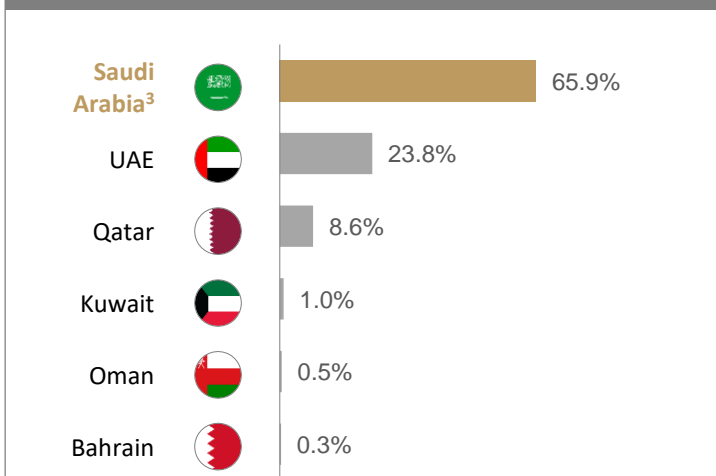
Strong gift-giving culture



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

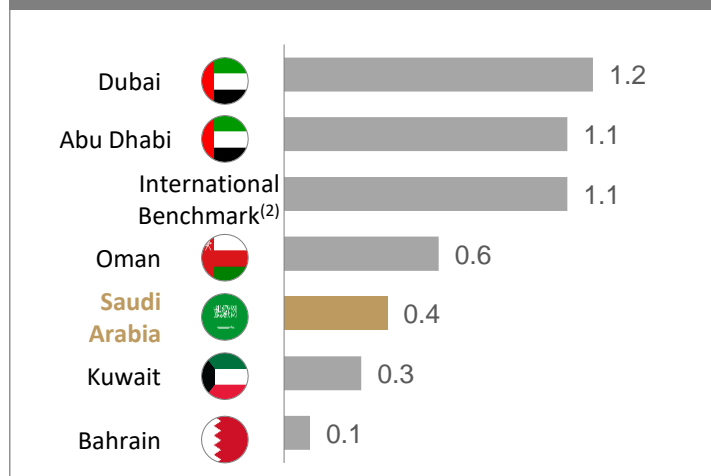
## Saudi Arabia's modern retail market remains largely underpenetrated with long-term growth prospects

### 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) <sup>(1)</sup>



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

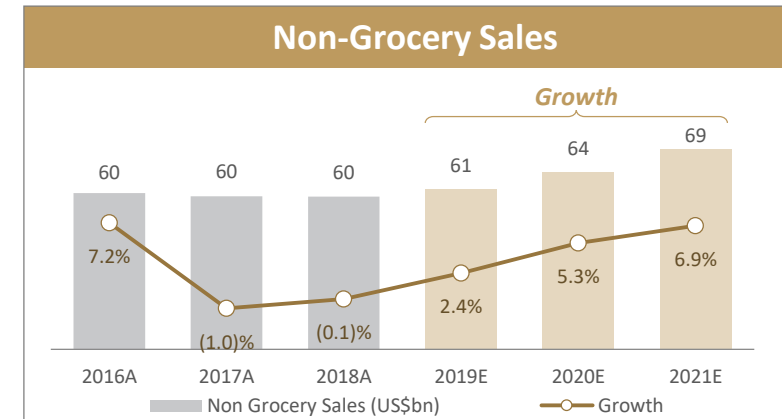
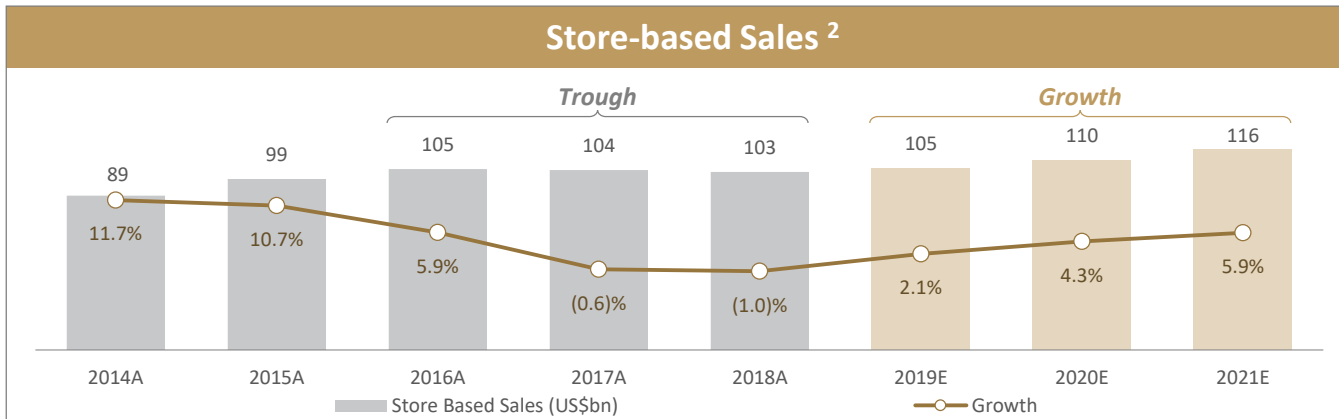
1) Retail mall GLA includes shopping centres / malls and quality strip malls but excludes independent standalone stores. (2) As identified by the International Council of Shopping Centres. (3) For only the four major cities i.e. Riyadh, Makkah, Jeddah and DMA



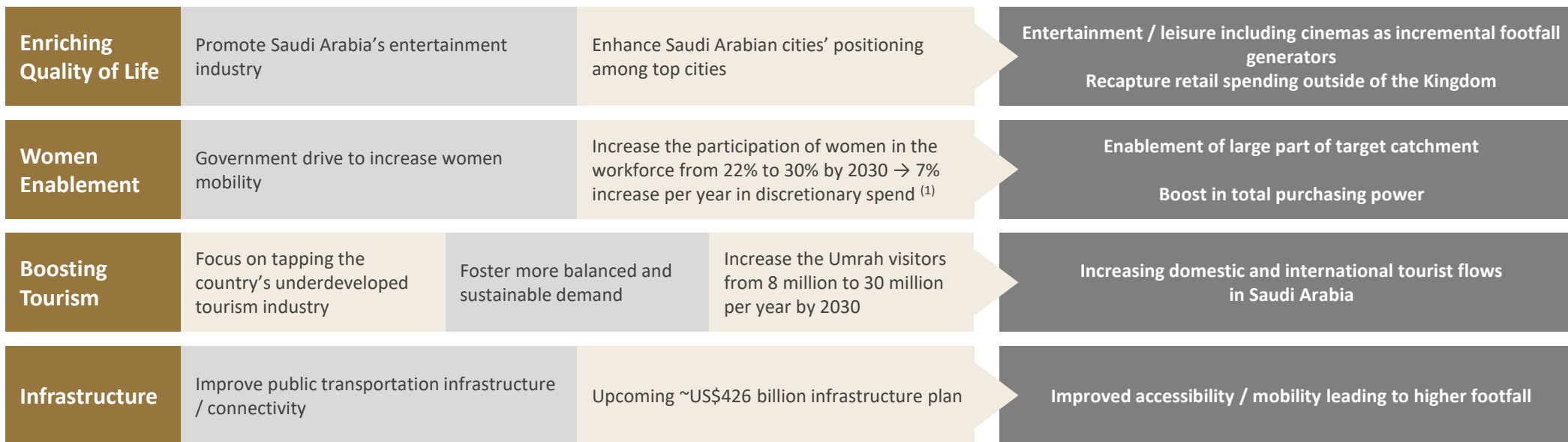


# Attractive Industry Backdrop Driven by Favorable Local Demographic and Lifestyle Trends (II/II)

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



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<sup>(1)</sup>

Ahsa Mall

Jubail Mall

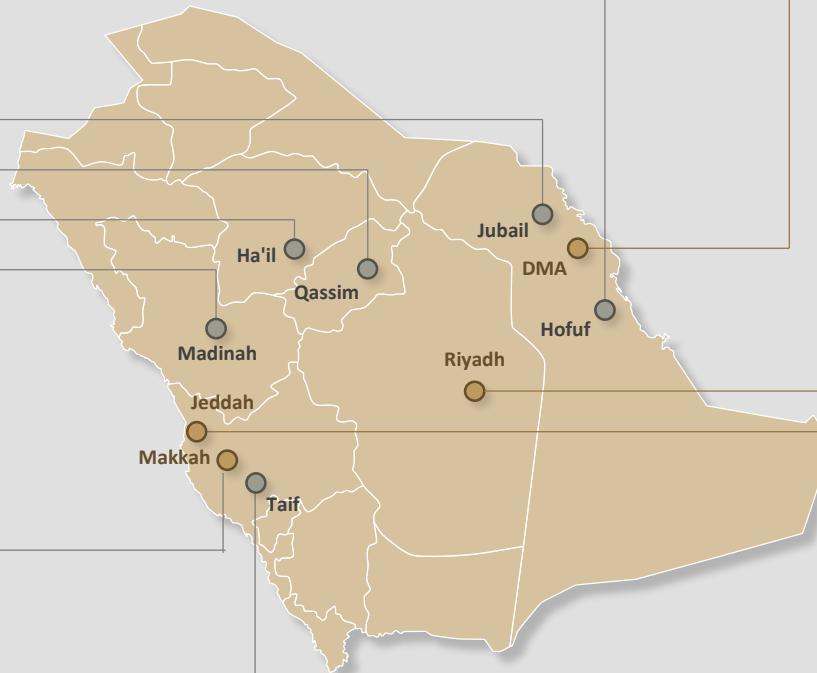
Nakheel Plaza

Salma Mall

Noor Mall

Makkah Mall

Jouri Mall



**DMA**

**17% Market share**

• Mall of Dhahran

**Riyadh**

**11% Market share**

• Sahara Plaza

• Salaam Mall

• Tala Mall

• Khurais Mall

• Nakheel Mall

• Hamra Mall

**Jeddah**

**28% Market share**

• Aziz Mall

• Mall of Arabia

• Haifa Mall

• Salaam Mall

• Yasmin Mall

Other Cities



Top 4 Cities



<sup>(1)</sup> 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**

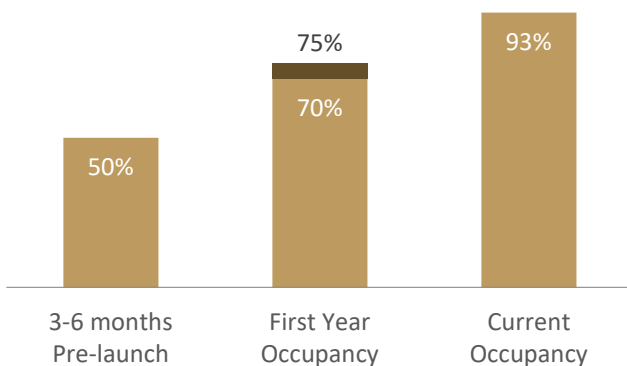
Average total delivery time

**< 5%**  
Av. deviation

From scheduled budget

## Strong Pre-leasing Model

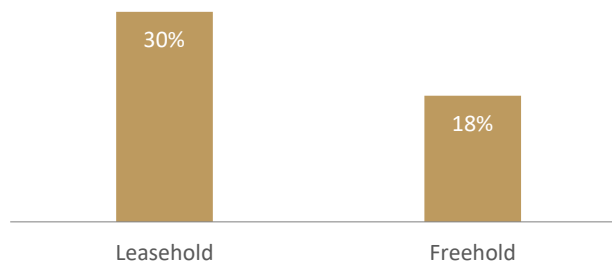
ACC has been able to pre-lease approximately 50% of its recent new malls 3-6 months ahead of their launch



## Superior Returns (YTC)

**3-4 Yrs**  
Av. Implied payback

**5-6 Yrs**  
Av. Implied payback



*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



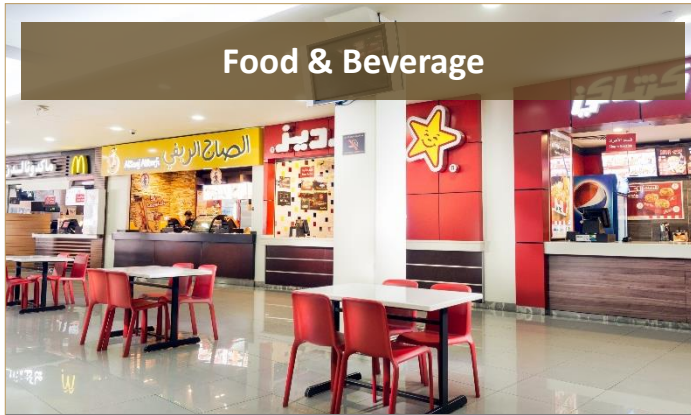
Alhokair Fashion Retail



75+ BRANDS

GAP	ZARA	Bershka
Stradivarius	Maximo Dutti	ESTÉE LAUDER
ALDO	lefties	MANGO

## Food & Beverage



Food & Entertainment Company<sup>(1)</sup>



20+ BRANDS

CINNABON	KAHVE DUNYASI	Molten Chocolate Cafe
rōla wala	SEATTLE'S BEST COFFEE	مطعم كافيه Makana Coffee
Life with CACAO	SKINNYPIZZA	Caffè Concerto

## Leisure & Entertainment



FAS Entertainment<sup>(2)</sup>



3 BRANDS

KidZania	Ostro!	BILLY REES
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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.



**Khalid Al Dubaihi**  
VP of Leasing

Previously served as Director of ACC Media Sales and prior to that was Chief of the Heavy Household Department at Geant Saudi Limited, an LLC established in Saudi Arabia operating in the Trade sector.



**Majed Al Juaid**  
VP of Operations

Held several positions across ACC and its sister company, Alhokair Fashion Retail mall, for 16 years, and now serves as the Company's VP of Operations since September 2013.



**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 .



**Najji 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)

## BOARD COMPOSITION

4

Non-Independent

4

Independent

1

Vacancy



**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**

- Consultant to Fawaz Abdulaziz Al Hokair Real Estate Company



**Omar Almohammady<sup>1</sup>**

- Group CEO at Fawaz Alhokair Group



**Mohamed Al Khorayef**

- CEO of Al Khorayef Group

Independent



**Omar Al Farisi<sup>1</sup>**

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

Independent



**Bernard Higgins<sup>1</sup>**

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

Independent



**Abdulrahman Al Tuwaijri**

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

Independent

Image placeholder

**VACANT**

(1) Appointed on 26 May 2019



# 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	<ul style="list-style-type: none"> <li>✓ Related Party Transaction Policy (RPTP)</li> </ul>	<ul style="list-style-type: none"> <li>✓ RPTP requires management to conduct review of related party relationships on a quarterly basis and present report to Audit Committee</li> </ul>	<ul style="list-style-type: none"> <li>✓ Determines need for new Framework Agreements</li> <li>✓ Reviews management report on related party dealings</li> </ul>	<ul style="list-style-type: none"> <li>✓ 4 of the 8 currently appointed directors are independent</li> <li>✓ Review Audit Committee report on related party transactions and provide recommendations to GA</li> </ul>	<ul style="list-style-type: none"> <li>✓ Scope of RPTs which require GA approval</li> </ul>
	<ul style="list-style-type: none"> <li>✓ Framework Agreements</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Framework Agreements</b> lay down key parameters to assist management in its dealings with key related parties</li> </ul>	<ul style="list-style-type: none"> <li>✓ Provides recommendations to the board, including on compliance with Framework Agreements</li> </ul>		



# Financial & Operational Performance







# ACC Continued to Deliver on its Growth Strategies in FY2019

## 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 **onboarded a total of 82 new brands**, which include Dior, Smashbox, Delfy, Hakkasan and Nandos, among other lucrative brands.

**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.

## Return to LFL Revenue Growth

ACC achieved **like-for-like net rental revenue growth of 0.7%** in FY2019, the first positive LFL growth witnessed since FY2016.

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 94.3% LFL occupancy rate as of March 2019 with c.90% renewal rate** amid an improving macro environment.

## Optimized Capital Structure & Completed IPO

New **SAR 7.2 billion Islamic facility with favorable terms** was secured in the beginning of 1Q2019 (April 2018).

**IPO proceeds 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.

## Continued expansion of mall portfolio to solidify market position

**Three new malls are currently under construction**, which will bring the total number of malls to 22 by the end of 2019.

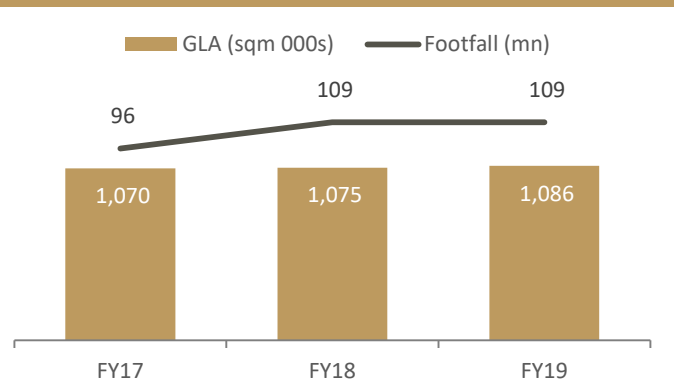
**Ongoing extension of Nakheel Mall (Riyadh)**, with phase 1 expected to be completed year-end 2019.

**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.



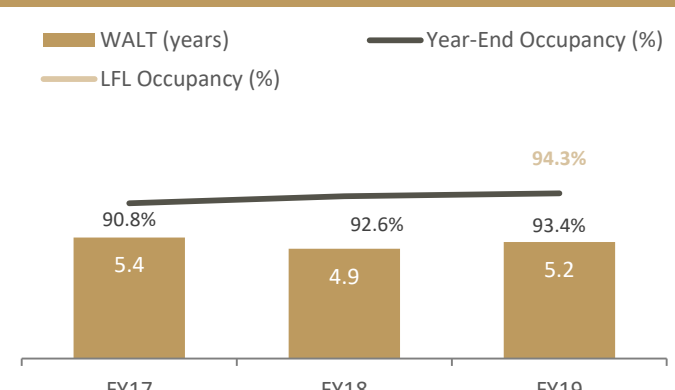
# Strong Leasing Activity with Positive Spreads and High Occupancy Rates

## GLA Progression vs. Average Footfall



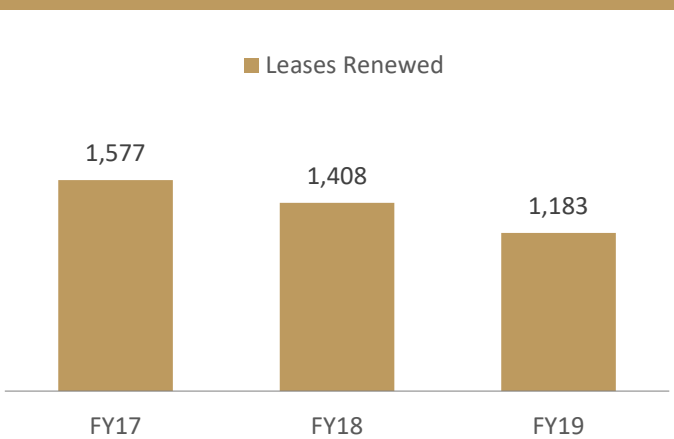
Total GLA increased 1% y-o-y to 1.086 million sqm, while average footfall remained stable at 109 million visitors.

## Occupancy Rates vs. WALT



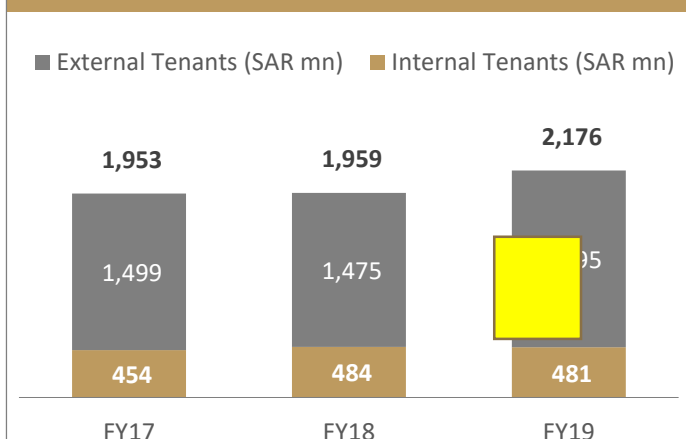
Year-end occupancy across all malls increased to 93.4% as of FY2019, while like-for-like occupancy rate improved two percentage points to 94.3%.

## Number of Leases Renewed



The Company renewed a total of 1,183 leases, with a positive releasing spread and c.90% of leases expiring in calendar year 2019 already renewed. The average rental rate per square meter increased to SAR 1,985 in FY2019 from SAR 1,961 in FY2018.

## Revenue by Tenant Type

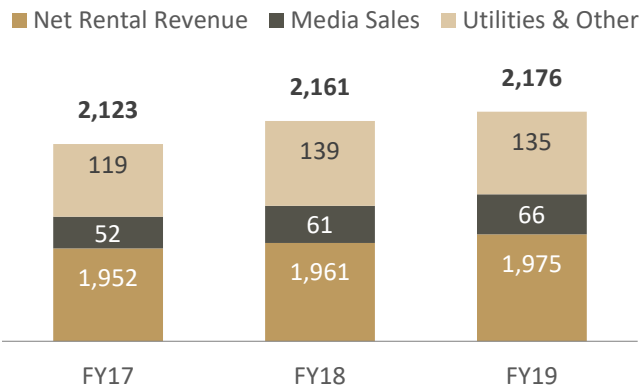


ACC maintained a good tenant mix, with internal tenants constituting c.22% of net rental revenue.



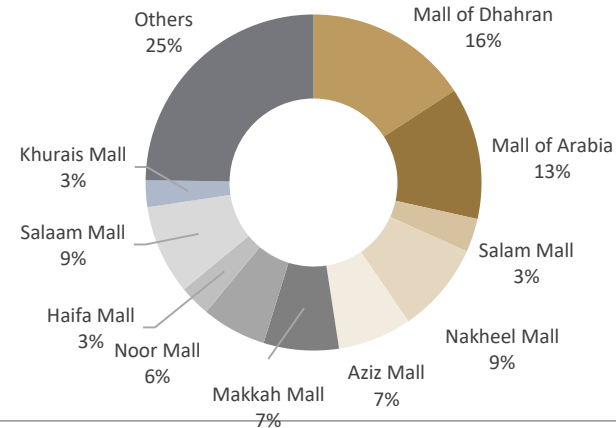
# Return to LFL Total Revenue Growth

## Revenue | SAR MN



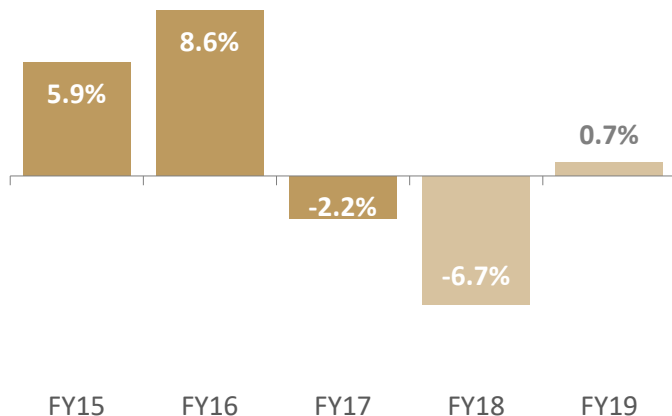
Total revenue for the year was SAR 2,176.4 million in FY2019, up 0.7% y-o-y driven by management's yield and space optimization strategies that unlocked new value from its operating assets, and offsetting temporary setbacks from the termination of weak performers.

## Revenue by Mall



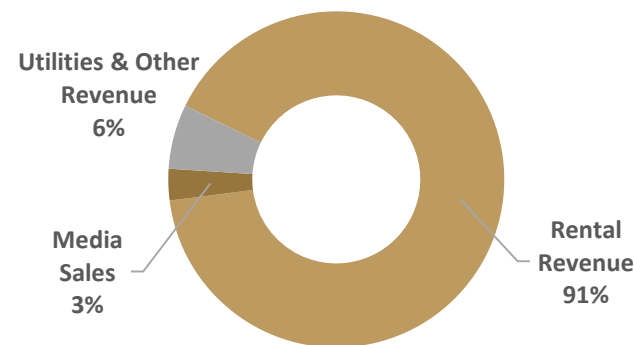
The Mall of Dhahran was the largest contributor to revenues in FY2019 at 16%, following by Mall of Arabia (13%) and Nakheel and Salaam malls each contributing 9%.

## Like-for-Like Total Revenue Growth



On a like-for-like basis, total revenue was up 0.7% y-o-y in FY2019 driven by management's yield and space optimization strategies as well as an improvement in like-for-like occupancy rates, which recorded 94.3% compared to 92.0% in FY2018.

## Revenue by Type

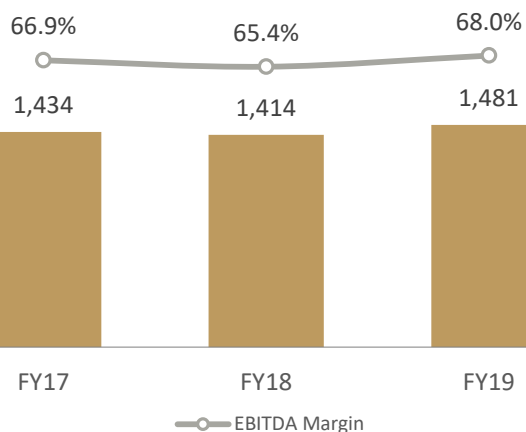


ACC derives the lion's share of its revenues from net rental revenue, which constituted 91% in FY2019. ACC is working toward yield optimization on the GLA as well as increasing contributions from non-GLA activities as one of its key growth avenues.



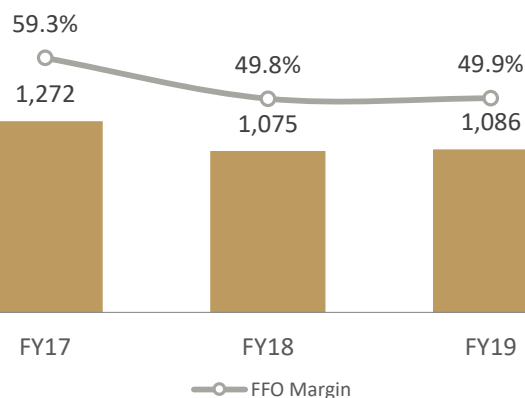
# Robust Profitability with Improving EBITDA Margin

## EBITDA | SAR MN



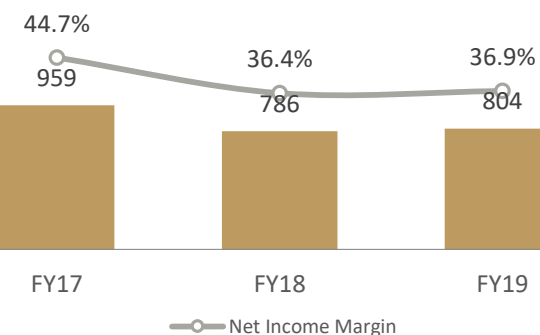
Improved EBITDA was driven by higher revenue along with efficiency and cost-control initiatives, including renegotiating third-party contracts for direct services such as cleaning, security and outsourced manpower. Additionally, ACC booked lower accounts receivables impairment due to a change in provisioning policy (implementing an Expected Credit Loss model in line with IFRS 9), as well as management's efforts to improve the company's collection process.

## FFO | SAR MN<sup>(1)</sup>



FFO was up 1.0% y-o-y in FY2019 to SAR 1,086 million compared to SAR 1,075 million in the previous year. FFO margin was 49.9%, up 0.1 percentage points compared to the 49.8% recorded in FY2018.

## Net Income | SAR MN



Net income for the year recorded a 2.3% y-o-y increase in FY2019 to SAR 804.1 million, yielding a 0.5 percentage-point improvement in net income margin to 36.9% compared to the previous year. Improved bottom-line profitability came despite increased finance charges, which were partially offset by a SAR 75.1 million reversal of a Zakat provision during the year.

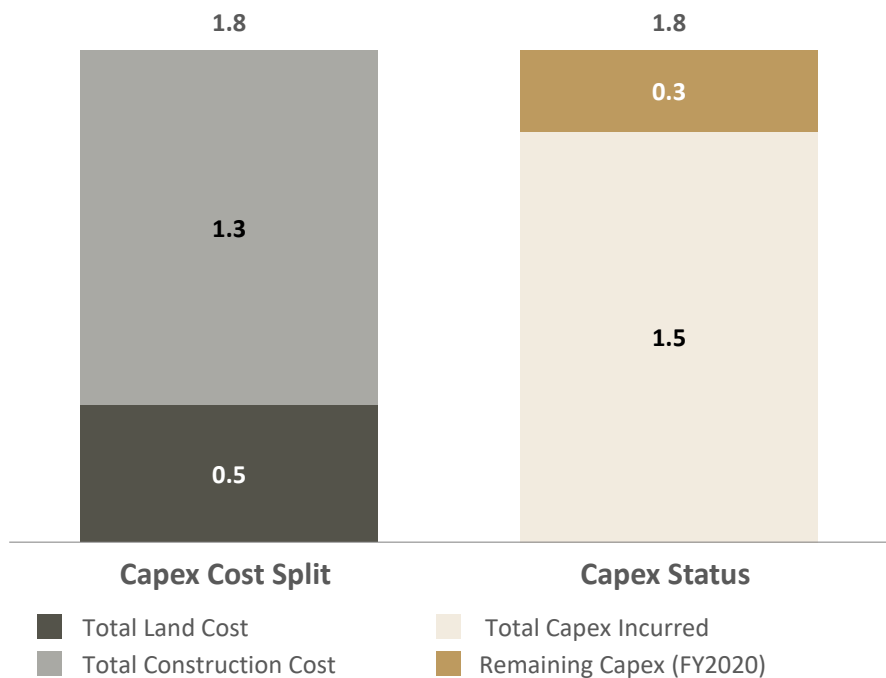
1) Fund from operations: net profit for the year plus depreciation of investment properties and PP&E and write-off of investment properties, if applicable.



# Continued Investment in Near- and Medium-Term Pipeline

## Capex Overview - Near-Term Pipeline

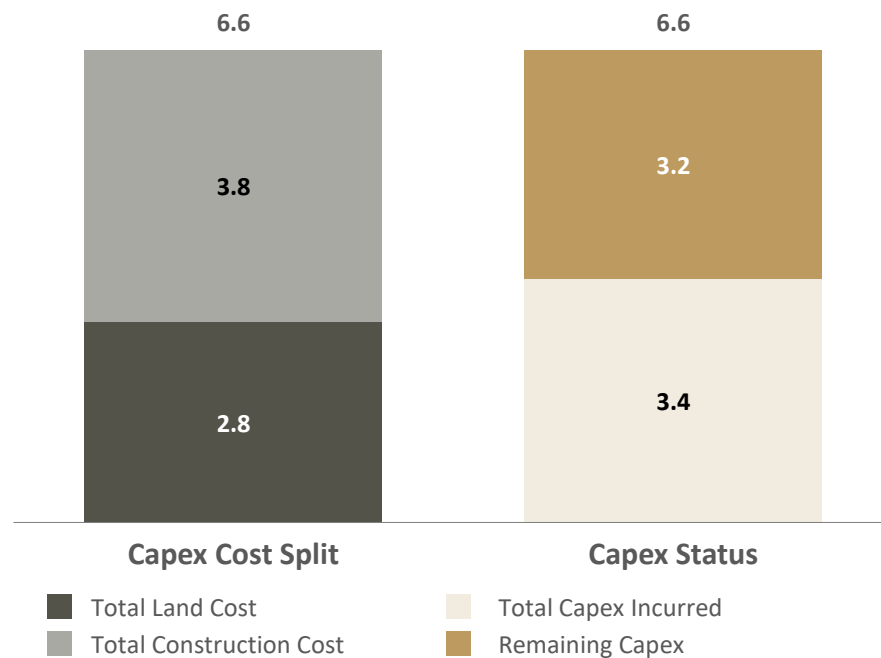
SARbn



- 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 0.3 bn is targeted to be spent in FY2020

## Capex Overview - Medium-Term Pipeline

SARbn



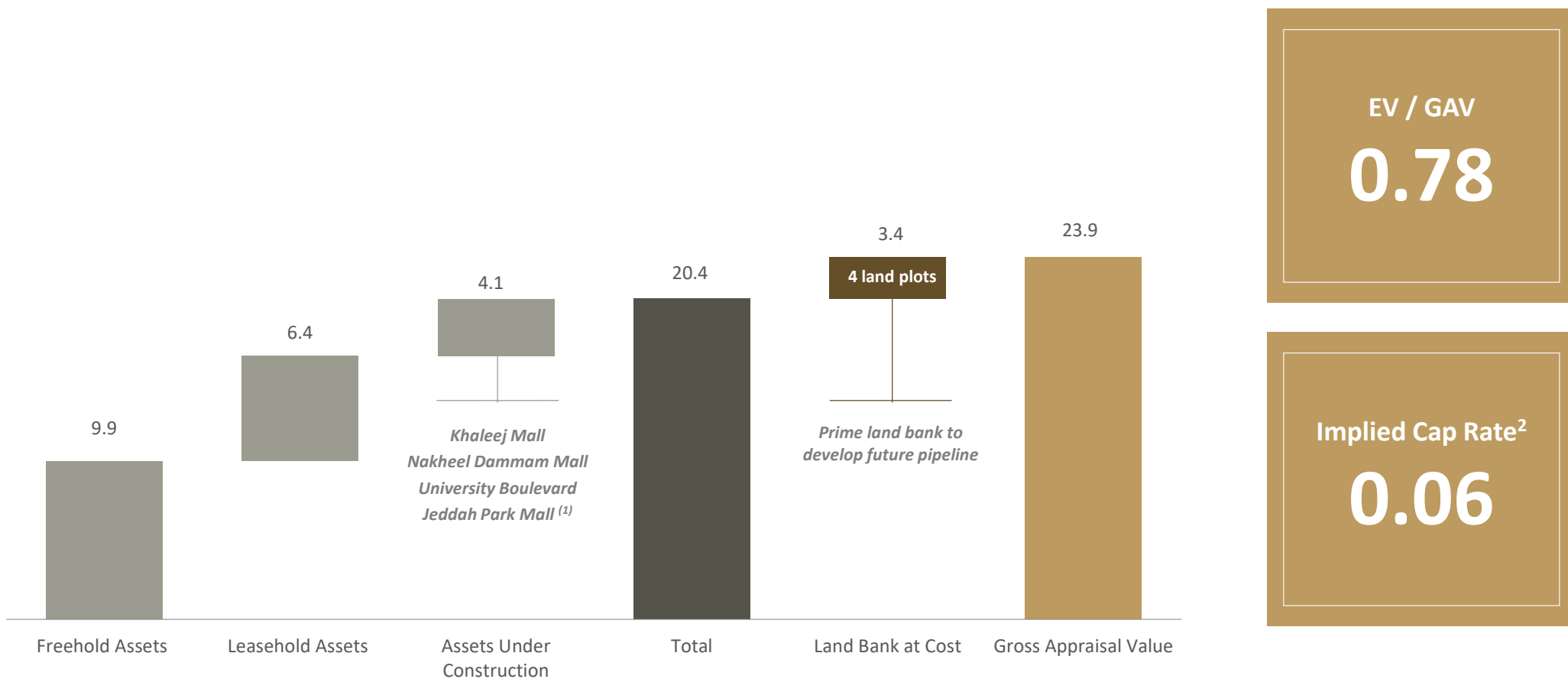
- Total Capex for Medium-Term pipeline including land cost for Mall of Arabia, Riyadh and Jawharat Jeddah is c.SAR 6.6bn (land cost of SAR2.8bn already incurred)
- Of the total capex, c.SAR 3.2bn is targeted to be spent from FY2020 onwards



# Property Portfolio & Land Bank Values

Property Portfolio independently valued by Jones Lang LaSalle at SAR20.4Bn and Land Bank of SAR3.4Bn

## Value of Assets as of Mar'2019 (SAR bn)<sup>(1)</sup>



Source: Investment properties valuation from JLL as of 31st March 2019

1) Jeddah Park Mall valuation as of 11-Mar-2019 and expected to be delivered in 1st half FY2021

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



# Optimized Capital Structure

## New SAR 7.2 billion Islamic facility secured in April 2018



**Long maturity profile**  
10-year term

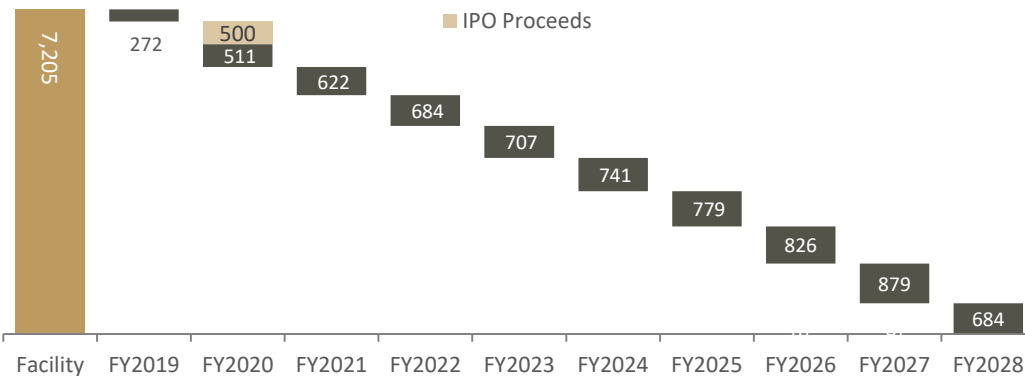


**Low cost of funding**  
6-month SIBOR+2.5%

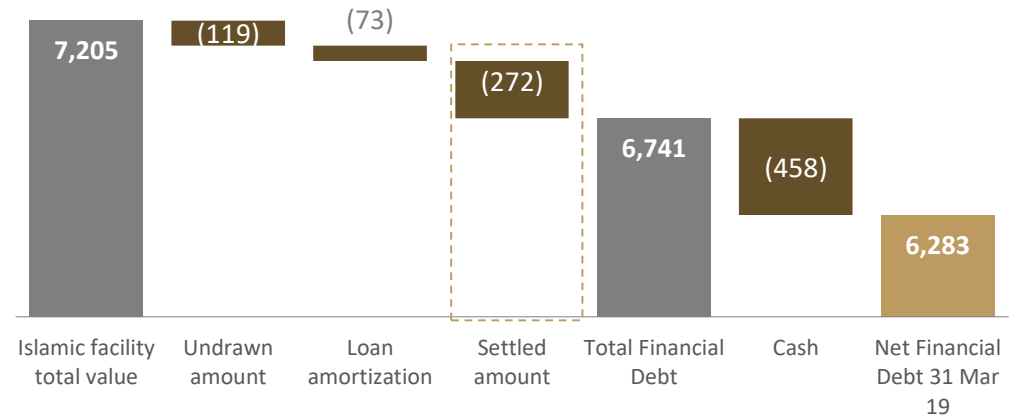


**Sufficient Liquidity**  
SAR 305 mn undrawn

### 10-Year Amortization Schedule



## Net Debt as of 31 March 18 | SAR mn



LTV<sup>(1)</sup>

**32%**

Net Debt  
EBITDA

**4.2x**

Debt to Equity

**1.3x**

Ample covenant headroom

Deleveraging from IPO primary proceeds to be reflected in 1Q FY2020<sup>2</sup>

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 31-Mar-2019 including Jeddah Park.  
2) SAR 780 million from IPO primary component to be used in debt repayment through a SAR 500 million early repayment to accelerate maturity by one year, in addition to SAR 280 million to be utilized in accordance with the repayment schedule.



# Financing Strategy Allowing for Pipeline Funding and Attractive Dividend Policy

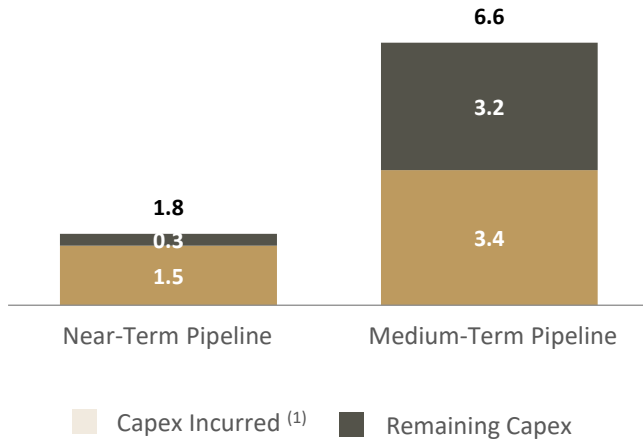
## Funding for Growth

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)

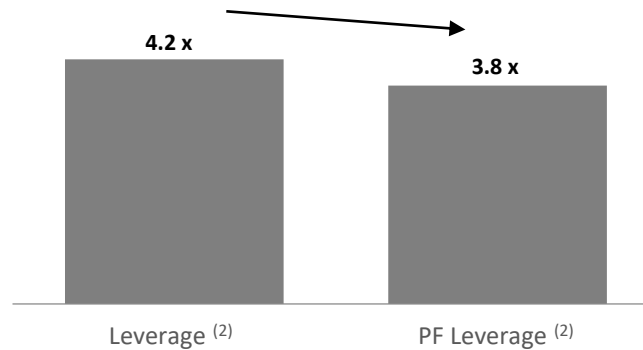
### Near-Term and Medium-Term Capex Funding (SARbn)



## IPO Primary Proceeds

IPO primary component of SAR 780 to be used for debt repayment

### 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 31-March 2019 including land is c.SAR1.1bn.

2. Leverage calculated as Net Debt / EBITDA (pre-IFRS16). PF Leverage based on SAR 780 million primary proceeds to be used for debt repayment for outstanding balances as of 31 March 2019. EBITDA of SAR 1,480 million as of 31 March 2019 (IFRS).





# Growth Strategy

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# ACC's Growth Initiatives

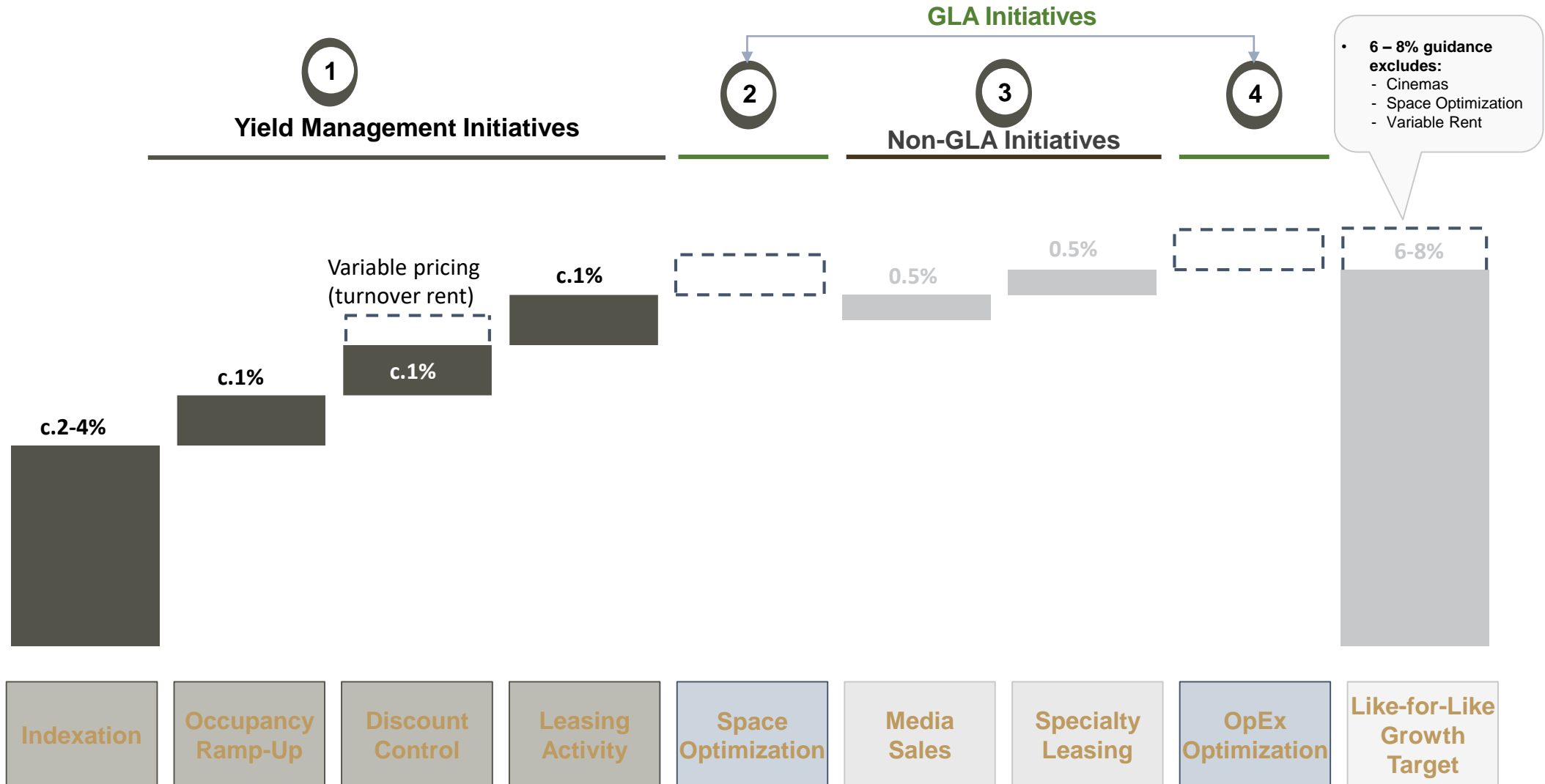
## Key Pillars of ACC's Growth Strategy

A	B	C
<p><b>Unlock Significant Value from Operating Portfolio</b></p> <p><b>UNLOCK VALUE</b></p> <p>1 <b>Yield Management</b></p> <p>2 <b>Space Optimisation</b></p> <p>3 <b>Non-GLA Revenue Opportunity</b></p> <p>4 <b>Cost Optimization</b></p>	<p><b>Offer Integrated Lifestyle Experiences</b></p> <p>Improve F&amp;B and Leisure offer and Attract Fashionable Brands</p> <p>Food &amp; Beverage   Cinema   Unique Entertainment</p> <p>4 Already in Construction (to be operational in 2019) with 4 openings expected per year</p> <p><b>Digitization</b></p> <p>Launch 1st Digital Retail Platform in Saudi Arabia</p> <p><b>Digitization</b></p> <p>Smartphone App   Social Media   Loyalty Program</p> <p>Tenant Portal   Digital Footfall Counters</p>	<p><b>Targeted Growth Strategy to Solidify Leadership Position</b></p> <p>Malls Currently Under Construction</p> <p><b>~659K</b> New GLA Potential from Pipeline Projects</p> <p><b>+ ~60%</b> of Existing Portfolio</p> <p><b>4+1</b> Near-term Pipeline (includes Jeddah Park)</p> <p><b>4+1</b> Controlled Medium-term Pipeline</p> <p><b>15-20%</b> Target Yield on Cost</p>



# 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

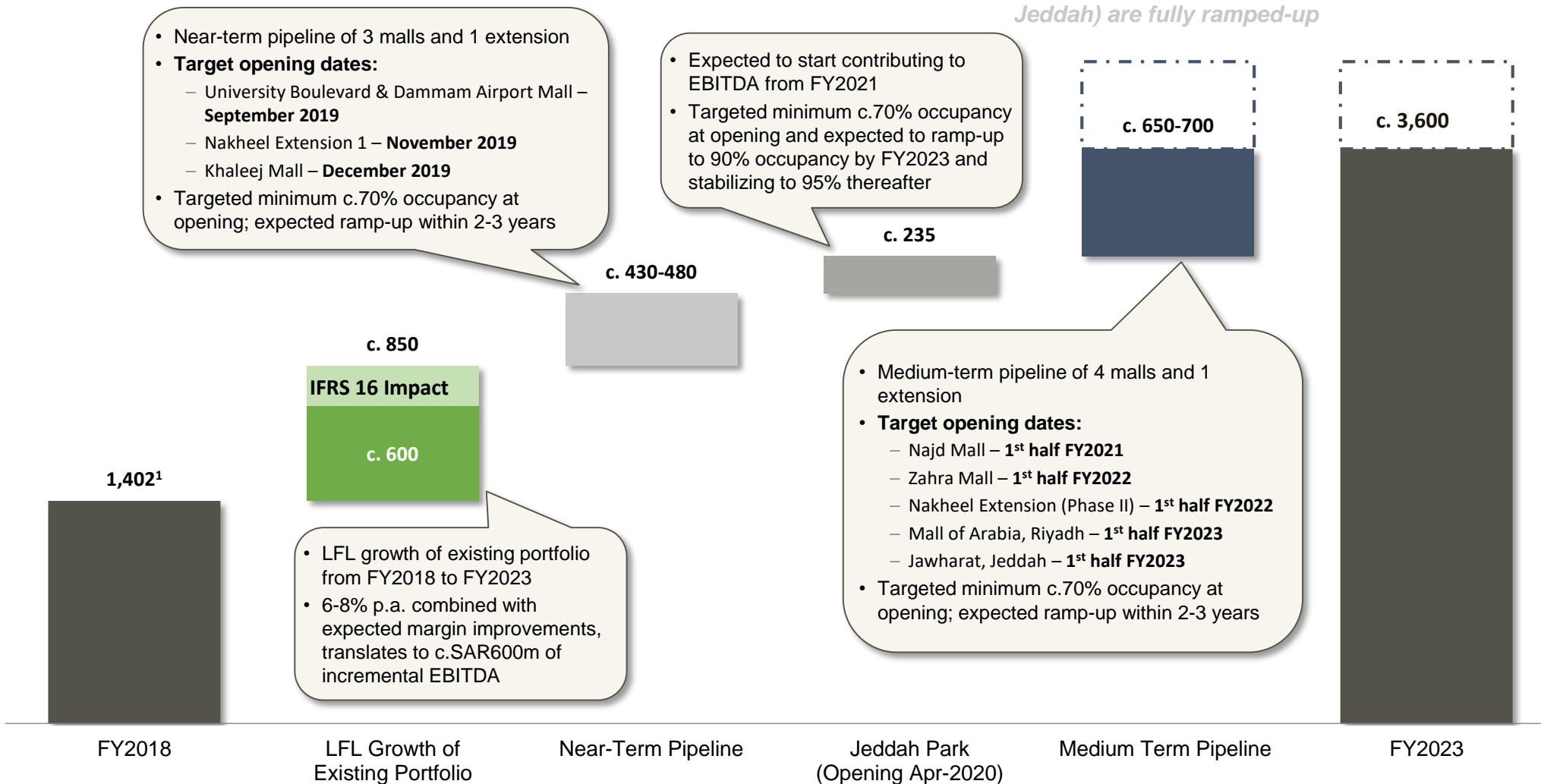




# ACC Growth Trajectory: Illustrative FY2023 EBITDA Build-Up

SAR MM

*c.SAR500m additional contribution once all assets (mainly Mall of Arabia, Riyadh and Jawharat Jeddah) are fully ramped-up*



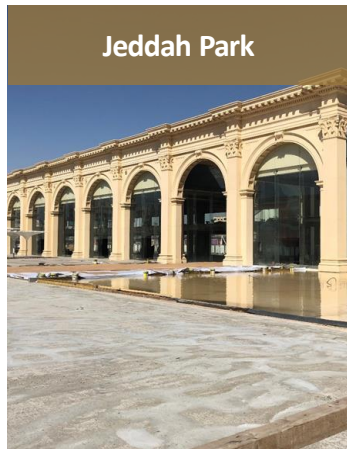
All financial years are ending 31 March – All data are post IFRS 16 (i.e. Pre-land lease cost) except FY2018  
<sup>1</sup> Based on SOCPA



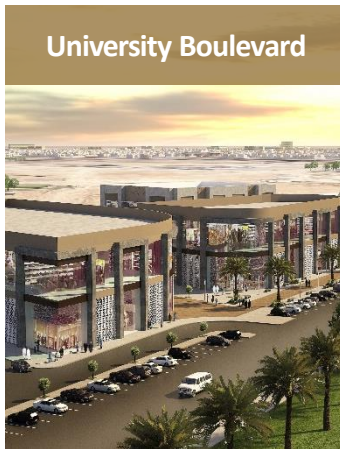
# Near-Term Pipeline

Total  
**c.301k sqm**  
GLA Addition

**c.50%**  
Pre-let as of January 2019



Jeddah Park



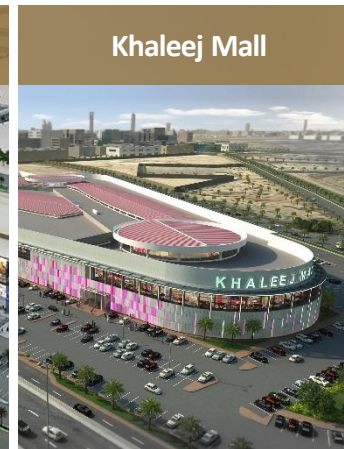
University Boulevard



Nakheel Dammam Mall



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. 53,000	c. 52,000 + 16,000 extension	c. 51,000
Pre-lease Status	10% Pre-leasing process to be started	75%+ <sup>(1)</sup>	65% <sup>(1)</sup>	30% Starting April/May 2019	25% Starting April/May 2019
% Completion(2)	62%	95%	80%	20%	63%
Target Opening Date	April 2020	September 2019	September 2019	November 2019	December 2019
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




# Thank You

## Contacts

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# Our Malls

Mall	City	Ownership Type	Year Opened	GLA (sqm)		BUA (sqm)	Company Revenue Contribution (%)		
				31 Dec 18	31 Mar 19		FY17	FY18	FY19
<b>Super-Regional</b>									
Mall of Dhahran	Dammam	Leasehold	2005	160,647	160,695	220,550	17.30%	15.90%	15.80%
Salam Mall	Jeddah	Leasehold	2012	121,363	121,333	212,825	9.50%	8.80%	8.60%
Mall of Arabia	Jeddah	Freehold	2008	109,185	111,268	247,848	12.40%	12.80%	12.70%
<b>Regional</b>									
Aziz Mal	Jeddah	Leasehold	2005	72,153	72,279	93,310	8.10%	7.20%	7.10%
Noor Mall	Madinah	Freehold	2008	67,110	67,047	93,917	6.70%	6.10%	6.20%
Nakheel Mall	Riyadh	Leasehold	2014	55,707	56,166	98,000	8.00%	7.80%	8.7%
Yasmin Mall	Jeddah	Leasehold	2016	54,634	54,510	101,672	2.50%	5.90%	6.1%
Hamra Mall	Riyadh	Freehold	2016	53,951	56,516	77,969	1.30%	5.00%	5.20%
Ahsa Mall	Hofuf	Freehold	2010	51,979	53,117	65,800	2.90%	2.50%	2.40%
Salaam Mall	Riyadh	Freehold	2005	49,926	50,043	67,421	3.50%	3.00%	3.20%
Jouri Mall	Taif	Leasehold	2015	48,122	48,290	92,663	4.60%	4.70%	4.70%
Khurais Mall	Riyadh	Leasehold	2004	41,372	41,618	60,230	3.20%	2.90%	2.60%
Makkah Mall	Makkah	Freehold	2011	37,545	37,623	56,720	7.50%	7.10%	7.20%
<b>Community</b>									
Nakheel Plaza	Qassim	Leasehold	2004	49,387	49,317	48,985	2.40%	1.90%	2.3%
Haifa Mall	Jeddah	Leasehold	2011	32,946	32,881	50,161	4.40%	3.30%	3.00%
Tala Mall	Riyadh	Leasehold	2014	22,711	22,835	46,292	2.10%	1.90%	1.80%
Jubail Mall	Jubail	Freehold	2015	20,908	21,196	37,366	1.80%	1.80%	1.40%
Salma Mall	Hail	Leasehold	2014	16,952	16,959	22,378	1.10%	0.90%	0.80%
Sahara Plaza	Riyadh	Freehold	2002	12,223	12,217	28,364	0.40%	0.20%	0.00%



# Income Statement

(SAR)	FY2018 IFRS	FY2019 IFRS	Y-o-Y Growth
Net Rental Revenue	1,959,826,740	1,974,913,970	0.77%
Media Sales	61,245,647	66,027,217	7.81%
Utilities Revenue	139,435,031	135,458,493	-2.85%
<b>Total Revenue</b>	<b>2,160,507,418</b>	<b>2,176,399,680</b>	<b>0.74%</b>
Cost of revenue	-527,034,783	-521,177,627	-1.11%
Depreciation of investment properties	-268,366,279	-256,916,024	-4.27%
Write-off of investment properties	--	-4,397,441	n/a
<b>GROSS PROFIT</b>	<b>1,365,106,356</b>	<b>1,393,908,588</b>	<b>2.11%</b>
<i>Gross Profit Margin</i>	63.20%	63.20%	-
Other income	31,757,095	10,697,190	-66.32%
Other expense	-9,751,949	-6,821,779	-30.05%
Impairment loss on accounts receivable	-94,814,498	-43,524,466	-54.10%
Advertisement and promotion	-13,444,488	-5,642,340	-58.03%
General and administration	-174,050,094	-171,821,914	-1.28%
<b>INCOME FROM MAIN OPERATIONS</b>	<b>1,104,802,422</b>	<b>1,176,795,279</b>	<b>6.52%</b>
Share in net income of an associate	9,650,928	11,569,399	19.88%
Financial charges	-295,358,031	-439,540,747	48.82%
<b>INCOME BEFORE ZAKAT</b>	<b>819,095,319</b>	<b>748,823,931</b>	<b>-8.58%</b>
Zakat	-32,684,346	55,276,825	-269.12%
<b>NET INCOME FOR THE YEAR</b>	<b>786,410,973</b>	<b>804,100,756</b>	<b>2.25%</b>
<b>Profit for the year attributable to:</b>			
Owners of the Company	774,568,050	789,599,943	
Non-controlling interests	11,842,923	14,500,813	
	<b>786,410,973</b>	<b>804,100,756</b>	
<b>Earnings per share:</b>			
Basic and diluted earnings per share	<b>1.74</b>	<b>1.77</b>	
<b>EBITDA</b>	<b>1,413,642,992</b>	<b>1,480,688,650</b>	<b>4.7%</b>
<i>EBITDA Margin</i>	65.4%	68.0%	2.6 pts
<b>FFO</b>	<b>1,075,389,692</b>	<b>1,086,321,356</b>	<b>1.0%</b>
<i>FFO Margin</i>	49.8%	49.9%	0.1 pts

Source: Company Audited Financials, Company Information





# Cost Breakdown

(SAR)	FY2018 IFRS	FY2019 IFRS	Y-o-Y Growth
Rental expense	191,281,762	224,498,516	17.37%
Utilities expense	108,568,959	109,791,055	1.13%
Security expense	84,765,413	56,082,002	-33.84%
Cleaning expense	74,896,503	56,899,719	-24.03%
Repairs and maintenance	39,780,122	43,171,770	8.53%
Employees' salaries and other benefits	27,742,024	30,734,565	10.79%
<b>Cost of Revenue</b>	<b>527,034,783</b>	<b>521,177,627</b>	<b>-1.11%</b>
<i>As % of Revenue</i>	<i>24.39%</i>	<i>23.95%</i>	
<b>Depreciation of Inv. Properties</b>	<b>268,366,279</b>	<b>256,916,024</b>	
Employee salaries and benefits	94,067,765	66,132,681	-29.70%
Communication	11,808,676	12,889,776	9.16%
Professional fees	10,420,979	9,654,787	-7.35%
Insurance	7,989,260	8,325,811	4.21%
Government expenses	6,681,815	28,654,751	328.85%
Lease rent	3,862,277	3,862,277	0.00%
Maintenance	382,312	194,867	-49.03%
Others	6,451,387	6,699,016	3.84%
<b>G&amp;A(1)</b>	<b>141,664,471</b>	<b>136,413,966</b>	
Depreciation – P&E	30,823,363	35,407,948	14.87%
Write-off of receivables	1,562,261	0	-100.00%
<b>Opex</b>			
<b>Total Cost (ex. Depreciation)</b>			
<i>As % of Revenue</i>	<i>31.0%</i>	<i>30.2%</i>	<i>-2.6 pts</i>
<b>Depreciation (IP and PP&amp;E)</b>			
<i>As % of Revenue</i>	<i>13.8%</i>	<i>13.4%</i>	<i>-0.4 pts</i>

Source: Company Audited Financials, Company Information



# Balance Sheet

(SAR)	FY2018 IFRS	FY2019 IFRS
<b>Assets</b>		
Cash and cash equivalents	80,350,968	457,670,983 <sup>1</sup>
Accounts receivable	246,733,176	299,245,146
Amounts due from related parties	238,579,401	567,558,035
Advances to a contractor, related party	274,507,859	499,595,478
Prepayments and other current assets	119,091,960	96,244,969
Accrued revenue (rentals)	32,984,696	30,191,211
<b>Total Current Assets</b>	<b>992,248,060</b>	<b>1,950,505,822</b>
Amounts due from related parties	200,322,570	--
Advances to a contractor, related party – non-current portion	80,692,116	105318598
Prepaid rent – non-current portion	48,517,542	--
Accrued revenue (rentals) – non-current portion	65,969,394	60,382,421
Investment in an equity-accounted investee	39,669,322	42,238,721
Other investments	128,476,217	108,708,763
Investment properties	10,781,869,500	10,983,848,465
Property and equipment	136,827,578	114,773,889
<b>Total Non-current Assets</b>	<b>11,482,344,239</b>	<b>11,415,270,857</b>
<b>Liabilities</b>		
Current portion of long-term loans	433,000,000	501,875,532
Accounts payable	276,725,098	217,760,402
Amounts due to related parties	221,619,546	22,499,022
Unearned revenue	277,252,240	305,506,061
Accrued lease rentals	11,301,470	11,480,894
Accruals and other current liabilities	162,539,755	326,082,270
Zakat payable	146,559,970	82,457,716
<b>Total Current Liabilities</b>	<b>1,528,998,079</b>	<b>1,467,661,897</b>
Long-term loans	5,395,029,126	6,239,159,152
Accrued lease rentals – non-current portion	560,359,883	515,366,044
Employees' end-of-service benefits	30,338,170	31,744,170
Other non-current liabilities	54,914,387	47,085,296
<b>Total Non-current Liabilities</b>	<b>6,040,641,566</b>	<b>6,833,354,662</b>
<b>Total Liabilities</b>	<b>7,569,639,645</b>	<b>8,301,016,559</b>
<b>Total Equity</b>	<b>4,904,952,654</b>	<b>5,064,760,120</b>
<b>Total Liabilities and Equity</b>	<b>12,474,592,299</b>	<b>13,365,776,679</b>

Source: Company Audited Financials, Company Information

(1) Does not reflect SAR 780 million from primary proceeds of ACC's IPO completed in May 2019 which are to be utilized in debt repayment through a SAR 500 million early repayment to accelerate maturity by one year, in addition to SAR 280 million to be utilized in accordance with the repayment schedule.