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Press Release

ABDULLAH AL OTHAIM INVESTMENT COMPANY ANNOUNCES ITS INTENTION TO LIST ON SAUDI EXCHANGE'S MAIN MARKET

Offering overview

- *Abdullah Al Othaim Investment Company (“AOIC” or the “Company”) today announces its intention to proceed with an initial public offering (“IPO” or the “Offering”) and listing of its ordinary shares (“Shares”) on the Saudi Exchange’s Main Market.*
- *The Capital Market Authority (“CMA”) approved the Company’s application for the Offering on 16 March 2022.*
- *The IPO comprises an offer of 30 million ordinary shares (“Offer Shares”), representing 30% of the Company’s issued share capital of 100 million shares by way of a sale of existing shares by the current shareholders.*
- *The Company’s Shares will be listed on the Saudi Exchange’s Main Market following the completion of the IPO and listing formalities with both the CMA and the Saudi Exchange.*
- *The Offering Shares will be offered for subscription to retail and institutional investors. All of the Offering Shares will be offered to the institutional investors, with a clawback by the retail subscribers of up to 10%, as determined by the Financial Advisor.*

Company overview

- *The Company is one of the largest shopping mall operators in the Kingdom of Saudi Arabia and is the largest operator in secondary cities. The Company operates a total of 10 shopping malls, with 9 of them operating under “Al Othaim Mall” brand, while one of them is currently in the process of changing its name to “Al Othaim Mall”. Additionally, the Company operates 38 entertainment centers across the GCC and North Africa, 37 fashion retail stores, 29 restaurants and coffee shops and 2 cinemas (with 7 lease agreements signed to operate cinemas in the pipeline).*
- *It welcomed approximately 41 million visitors per year on average and achieved an average occupancy rate of more than 85% between 2018-2021.*
- *The Company has a clear strategy to continue profitable growth through targeted expansion in the Kingdom’s secondary cities and densely-populated areas of the major cities.*



- *It has a proven track record of operational performance and financial returns, with strong revenue and earnings growth driving robust cash flow generation.*

RIYADH – 10 May, 2022 – Abdullah Al Othaim Investment Company, a leading diversified mall, entertainment, fashion, and food and beverage operator in the Kingdom of Saudi Arabia (the “**Kingdom**” or “**Saudi Arabia**”), today announced its intention to proceed with an IPO and listing of its Shares on the Saudi Exchange’s Main Market.

The CMA approved the Company’s application for the Offering of 30,000,000 Shares in March 2022, representing 30% of the Company’s issued share capital, by way of sale of existing Shares by the Company’s current shareholders, Abdullah AlOthaim Markets Co. and Abdullah Saleh AlOthaim (“**Current Shareholders**” or “**Selling Shareholders**”). The final offer price of the Offer Shares will be determined at the end of the book-building period.

Over the past 15 years since its establishment, AOIC has served the Kingdom and excelled in developing and maintaining successful large shopping malls. The Company has a strategically positioned mall portfolio, with market leadership in small and medium cities and a targeted offering in major cities, showcased by its 10 shopping malls, 37 fashion retail stores and 29 restaurants and coffee shops in the Kingdom, and 38 entertainment centers in six countries across the GCC and North Africa.

Chairman Abdullah Saleh AlOthaim commented: “Since its establishment, the Company has built a reputation for being trustworthy and resilient while delivering long-term value for all stakeholders. The listing will provide an important strategic dimension to propel the Company’s growth strategy, enabling expansion into new geographies and building upon the success of its mall and entertainment offerings. Ultimately, our customers, investors, and the wider community alike will benefit from the resulting increase in quality offerings, particularly in currently underserved areas, as well as job creation in line with Vision 2030.”

CEO Meshaal Bin Omairah commented: “Thanks to our diversified revenue streams, strong balance sheet, and agility and responsiveness as a business, Abdullah Al Othaim Investment Company weathered the pandemic. Now is the time to embrace the next phase of our journey through our intention to list, thereby further enhancing our governance and business operations, aligning our strategy with the Kingdom’s Vision 2030 aspirations. By listing, we seek to fuel our growth strategy, strengthening our already competitive offering and unlocking new opportunities. We will continue to diversify our complementary products and services and leverage multiple consumer-driven avenues for growth in parallel, supported by positive market dynamics.”

The Company’s growth is intertwined with Vision 2030 in line with the Quality of Life Program and the Kingdom’s emphasis on developing currently under-served areas, resulting in market growth for promising sectors such as tourism, leisure, and entertainment. These sectors are benefitting from Vision 2030’s target of increasing spending on cultural and entertainment activities to approximately 6% of household spending, further advanced by the Kingdom’s rapid urbanization. In addition, the Kingdom continues to experience a strong post-pandemic upward growth trajectory for the retail, entertainment, and food and beverage sectors, contributing to the positive market dynamics.

ENDS

Background to the Offering

- With respect to the Offering, the Company appointed GIB Capital (“**GIB Capital**”) to act as Financial Advisor, Lead Manager, Bookrunner, and Lead Underwriter. In addition, the Company has appointed Alinma Investment Company as Joint Underwriter in relation to the Offering (“**Joint Underwriter**”).
- The Saudi National Bank, Riyad Bank, Saudi British Bank, Bank Saudi Fransi, Meem by Gulf International Bank, and Alinma Bank have been appointed as receiving entities (collectively, the “**Receiving Entities**”).
- The CMA and Saudi Exchange approvals have been obtained for the offering and listing as outlined below:
 - AOIC to register its shares and offer 30 million Offer Shares, representing 30% of the Company’s issued share capital of 100 million Shares by way of a sale of existing Offer Shares by the Selling Shareholders.
 - The Shares will be listed on the Main Market of the Saudi Exchange following the completion of the Offering and listing formalities with both the CMA and the Saudi Exchange.
- The Offering will be restricted to the following groups of subscribers:
 - **Tranche (A):** Participating Parties (Institutional Investors): This tranche comprises the entities entitled to participate in the book-building process as set out under the Capital Market Authority Instructions on Book Building and Allocation of Shares in Initial Public Offerings (the “**Book-Building Instructions**”). Participating Parties will initially be allocated thirty million (30,000,000) shares, representing 100% of the Offer Shares. Final allocation will be made after the end of the subscription period for Retail Subscribers. The Financial Advisor shall have the right, if there is sufficient demand from Retail Subscribers, to reduce the number of Offer Shares allocated to Participating Entities to twenty-seven million (27,000,000) shares, representing 90% of the Offer Shares.
 - **Tranche (B):** Retail Subscribers: This tranche comprises Saudi Arabian nationals, including any divorced or widowed Saudi woman having minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit in the names of her minor children, on the condition that she proves that she is divorced or widowed and the mother of her minor children, and GCC natural persons (collectively “**Retail Subscribers**” and each an “**Retail Subscriber**”). The subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of three million (3,000,000) shares, representing 10% of the Offer Shares, shall be allocated to Retail Subscribers, provided that Participating Entities subscribe for all Offer Shares allocated to them. In the event that Retail Subscribers do not subscribe in full to the Offer Shares allocated to them, the Financial Advisor may reduce the number of Offer Shares allocated to Retail Subscribers in proportion to the number of Offer Shares subscribed for by them.

Key Investment Highlights

One of the largest shopping mall operators in the Kingdom and the largest operator in secondary cities

- 10 shopping malls strategically positioned across the Kingdom.
- An average occupancy rate of more than 85% between 2018-2021.
- More than 41 million average visitors per year between 2018 – 2021.
- 38 entertainment centers operating in six countries across the GCC and North Africa.
- 37 fashion retail stores in the Kingdom.



- 29 restaurants and coffee shops operating in the Kingdom.
- 2 cinemas with 7 lease agreements signed to operate cinemas in the pipeline.

A proven track record of excellence and resilience

- AOIC has been at the forefront of the Kingdom’s leisure culture and its growing experiential offerings, building a reputation of being trustworthy and resilient while delivering value for shareholders.
- The Company ensures sustainable operations and attractive profits for its shareholders through the ownership, development, and management of its malls and entertainment facilities, attracting top local and international brands.
- AOIC is a market leader in small and medium cities, where its positioning provides a high barrier to competition, with a targeted offering in major cities.
- AOIC is led by a highly experienced management team with an exemplary track record of success and depth of experience in mall development and management, along with the entertainment, trade, and real estate sectors, with an aggregate 150+ years of experience.

A growth strategy underpinned by supportive market conditions

- AOIC benefits from a strong market ecosystem resulting in favorable capital market conditions, in parallel with supportive market dynamics.
- The IPO will provide an important strategic dimension to propel the Company’s growth strategy.
- The Company intends to leverage supportive market conditions and government initiatives to fuel its strategy, expanding into new geographies and building upon the success of its mall and entertainment offerings, and exploring multiple consumer-driven avenues for growth.
- Its success is intertwined with the Vision 2030 story in line with the Quality of Life Program and the Kingdom’s emphasis on developing currently under-served areas, resulting in market growth for promising sectors such as tourism, leisure, and entertainment.

A strong financial position supporting solid growth

- AOIC has a proven track record of operational performance and financial returns, with strong revenue and earnings growth driving cash flow generation.
- The gross profit margins reached 51.0%, 53.3%, 50.7% and 46.0% in 2018, 2019, 2020 and 2021 respectively.
- The net profit margins reached 27.0%, 23.1%, 16.6% and 27.1% in 2018, 2019, 2020 and 2021 respectively.
- The Company has a scalable business model built to maximize the Company’s value, driving a diverse revenue profile and leveraging vast opportunities to further expand its offerings.
- AOIC has five distinct streams of revenue, resulting in financial stability and risk diversification:
 - Rental income earned from mall operations.
 - Revenues from entertainment, fashion, food and beverage, and cinema segments.

Contact details

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This announcement does not contain or constitute an offer of, or the solicitation of an offer to buy, the Offer Shares referred to herein to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. The offer and sale of the Offer Shares has not been and will not be registered under the applicable securities laws of any jurisdiction other than Saudi Arabia.

This announcement is being distributed in accordance with Article 32 (g) of the Rules on the Offer of Securities and Continuing Obligations (“**OSCO Rules**”) issued by the CMA for the purposes of ascertaining the extent to which potential investors are willing to participate in the potential IPO of the Company, and should not result in any binding undertakings to acquire shares or subscribe in the Offering. This announcement is for information purposes only and under no circumstances shall constitute an offer or invitation, or form the basis for a decision, to invest in any securities of the Company. Neither this announcement nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Investors may only subscribe in the Offer Shares on the basis of the CMA approved Arabic language prospectus to be issued and published in due course (the “**Prospectus**”). The information in this announcement is subject to change. In accordance with Article 33(d) of the OSCO Rules, copies of the Prospectus will, following publication, be available on the websites of the Company at www.othaimalls.com, the Saudi Exchange at www.saudiexchange.sa, the CMA at www.cma.org.sa and the Financial Advisor at www.gibcapital.com.

This announcement is not an offer document for the purposes of the OSCO Rules and should not be construed as such. The CMA and the Saudi Exchange do not take any responsibility for the contents of this announcement, do not make any representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this announcement.

This announcement does not represent or constitute an offer to sell or solicitation of an offer to purchase the Offer Shares referred to herein by any person in any jurisdiction in which such offer or solicitation would be unlawful.

This announcement may include statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “aim,” “anticipate,” “believe,” “can,” “consider,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “ought to,” “potential,” “plan,” “projection,” “seek,” “should,” “will,” “would,” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Any forward-looking statements reflect the Company’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company’s business, results of operations, financial position, liquidity, prospects, growth or strategies. Many factors could cause the actual results to differ materially from those expressed or implied by any such forward-looking statements or contained in projections, including, among other things, risks specifically related to the Company and its operations, the development of global economic and industry conditions, and the impact of economic, political and social developments in Saudi Arabia. Forward-looking statements speak only as of the date they are made. Each of the Company, the Financial Advisor and its respective affiliates



expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statements contained in this announcement whether as a result of new information, future developments or otherwise.

There is no guarantee that the Offering will occur and you should not base your financial decisions on the Company's intentions in relation to the Offering at this stage. This announcement does not constitute a recommendation concerning the Offering nor any declaration or undertaking by any means. Acquiring Offer Shares to which this announcement relates may expose an investor to a significant risk of losing the entire amount invested.

Persons considering investment should consult an investment advisor or an authorized person specializing in advising on such investments.

The Financial Advisor is acting exclusively for the Company and no-one else in connection with the Offering. It will not regard any other person as its respective client, nor for providing advice in relation to the Offering, the contents of this announcement or any transaction, in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to its respective clients, arrangement or other matter referred to herein.

The contents of this announcement have been prepared by and are the sole responsibility of the Company. Neither the Financial Advisor nor any of its affiliates or respective directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.

In connection with the Offering, the Financial Advisor and any of its affiliates, may take up a portion of the Offer Shares in connection with the Offering as a principal position and in that capacity may retain, purchase, sell, offer to sell for their own accounts such Offer Shares and other securities of the Company or related investments in connection with the Offering or otherwise.

Accordingly, references in the Prospectus, once published, to the Company's shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Financial Advisor and any of its affiliates acting in such capacity. In addition, the Financial Advisor and any of its affiliates may enter into financing arrangements (including swaps or contracts for difference) with investors in connection with which the Financial Advisor and any of its affiliates may from time to time, acquire, hold or dispose of securities. The Financial Advisor does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.
