

## CENOMI CENTERS NET PROFIT INCREASES 48.8% IN 2023 IN A STRATEGIC LEAP FORWARD

- Record annual footfall of 124 million, up 19.1% y-o-y
- Full-year net rental revenue increased 3.8% y-o-y on strong pricing momentum
- Full-year EBITDA and Net Profit up 6.5% and 48.8% y-o-y respectively
- U Walk Jeddah, a premier lifestyle destination, opened in December 2023

**Riyadh, Saudi Arabia, 26 March 2024:** Cenomi Centers, Saudi Arabia's largest owner, operator and developer of shopping malls and complexes, published its financial results for the year ended 31 December 2023 (FY-23).

In 2023, the company delivered SAR 2,254 million in revenue (up 2.1% y-o-y), EBITDA of SAR 1,545 million (up 6.5% y-o-y) and net profit of SAR 1,501 million (up 48.8% y-o-y). These results were driven by the growth in net rental revenue, income on the sale of non-core investment property as well as a net fair-value gain on investment properties.

Cenomi Centers achieved key milestones across its five core pillars in 2023: portfolio growth; product and operational excellence; organizational enhancement and sustainability leadership. The strategic success is evident in the company's strong y-o-y financial growth, record-high footfall and a sequential improvement in occupancy rates.

The company is committed to growing its portfolio with flagship and lifestyle malls. Its portfolio of six new projects including three flagship and three lifestyle centers will increase the total GLA by 44% to c. 2 million sqm by 2027 with prime retail space. Cenomi is on track to open at least one new mall per year over the next four years.

In December, Cenomi Centers opened the first of four lifestyle centers, U Walk Jeddah, the city's first hybrid center that combines indoor and outdoor retail experiences. The asset has a GLA of approximately 60,000 sqm and was officially inaugurated on 15 February 2024 at close to 80% pre-let levels. In addition, the remaining development pipeline is advancing and Jawharat Jeddah and Jawharat Riyadh are on track for H2-25 openings.

Footfall in 2023 surged 19.1% y-o-y to 124 million visitors, smashing the previous 2019 record of 114 million. This firmly anchors Cenomi Centers as the premier destination and the gateway to Saudi consumers for local and international retailers.

Throughout the year, Cenomi Centers put significant efforts towards a tenant rotation program, improving the retail mix and quality. As a result, occupancy rates rebounded strongly from 90.3% in Q3-23 to 92.9% at year-end and full-year net rental revenue increased 3.8% y-o-y.

**Alison Rehill-Erguven, CEO, Cenomi Centers, commented:** "In 2023, Cenomi Centers solidified its position as the leading mall developer in Saudi Arabia. This year, we achieved record-breaking footfall, and we increased our revenue, EBITDA and net profits.

*Our strong operating performance, along with continued success on our non-core asset sale program, strengthened our balance sheet. Securing a SAR 5.25 billion financing and refinancing our November 2024 Sukuk maturity in early 2024 further enhances our debt position and liquidity.*

*We continue to focus on our flagship and lifestyle centers development pipeline. The recent opening of U Walk Jeddah, already pre-let at close to 80%, signifies a new era in retail and entertainment. Cenomi Centers' has a robust pipeline with six flagship and lifestyle centers underway including flagships Jawharat Riyadh and Jawharat Jeddah set to open next year and Jawharat Al Khobar in 2027, delivering unique and differentiated premium shopping experiences. The strong interest from international and local brands highlights the KSA market's potential. We look forward to Cenomi Centers' sustained success and continued growth in Saudi Arabia."*

## **Business and Operating highlights**

In 2023, Cenomi Centers set a new benchmark by welcoming 124 million visitors to its malls—a remarkable 19.1% increase from the previous year. This surge underscores the strength of its assets and the allure of its on trend dynamic offerings. Throughout the year, Cenomi Centers strategically implemented a range of marketing initiatives reinforcing Cenomi Centers' commitment to cultivating and sustaining consumer engagement and driving footfall and sales.

Demand for prime retail space in the Kingdom remains strong. After a proactive tenant rotation program in 2023, occupancy rates have strongly rebounded as of 31 December 2023 to 92.9% up from 90.3% in September 2023, reflecting strong interest from regional as well as international brands.

During the year, the company renewed 2,133 lease contracts and onboarded 160 brands (63 of which were new brands). The latter includes international brands such as Samsonite, Dyson and the inaugural Starbucks Reserve in Jeddah Park, along with regional brands like LuLu Hypermarket. The company's gross leasable area (GLA) mix is now 62% retail and 38% non-retail (entertainment, F&B) with further brand deals in progress.

The company is committed to expanding its footprint via its development pipeline, which remains on schedule. U Walk Jeddah which soft-opened in December 2023 and had its official inauguration on February 15<sup>th</sup> 2024, has drawn significant attention from potential tenants with a pre-let rate of close to 80%. Construction of the flagship developments, Jawharat Riyadh and Jawharat Jeddah, is progressing according to schedule with expected openings in H2-25. A third flagship, Jawharat Al Khobar, is slated for a 2027 inauguration. The additional six flagships and lifestyle centers will add 597,000 sqm of GLA.

In 2023, Cenomi Centers strengthened its leadership team, established regional asset management units, and overhauled its leasing operations. Additionally, the company initiated a set of efficiency measures to streamline internal operations including the development of a digitization platform to elevate collaboration and transparency with tenants.

In line with Cenomi Centers' commitment to environment responsibility, the company unveiled in December 2023 a strategic partnership with FAS Energy and Marubeni Corporation to deploy solar panels across 13 malls. This initiative will generate meaningful savings on utilities costs while helping to reduce Cenomi Centers' carbon footprint. The project aims to generate 52MWp renewable energy (which would represent 15% of the Company's energy consumption) and reduce emissions by an estimated 53,000 tons of CO<sub>2</sub> annually. The panel installations will be phased over the next two years.

These forward-thinking initiatives underscore Cenomi Centers' overarching goal—to optimize operations, amplify performance, and explore new revenue avenues, ensuring a sustained commitment to shareholder value.

Cenomi Centers made significant headway on its SAR 2 billion non-core asset sales program. In 2023, plots in the Al Raed district and Al Ahsa were sold for SAR 644.5 million and SAR 62.5 million respectively. In February 2024, Sahara Plaza in Riyadh was sold for SAR 200 million, with the remaining SAR 800 million still to be realized from the program.

Cenomi Centers and Cenomi Retail's respective Board of Directors have mutually agreed to terminate discussions regarding a potential business combination. Both companies acknowledge the strategic merits of a merger but believe current conditions and timing at this stage are not favorable.

### Financial highlights

Full-year revenues increased 2.1% to SAR 2,254 million. This is driven by strong pricing dynamics and a favorable operating environment which supported a 3.8% increase in net rental revenue to SAR 2,055 million and a 8.8% y-o-y growth for media sales to SAR 89 million.

Full-year EBITDA increased 6.5% to SAR 1,545 million reflecting higher revenues, other operating income of SAR 291 million mostly from the ongoing non-core asset sale program, and lower other operating expenses by 66.9%. General and administrative expenses increased to SAR 349 million primarily from higher personnel, fund management, and transaction related costs. Net profit increased 48.8% to SAR 1,501 million including SAR 370 million net fair valuation gains on investment properties.

### Income Statement

Income Statement (SAR million)	FY 2022 Pro-forma	FY 2023	% Change
<b>Revenues</b>	<b>2,206.7</b>	<b>2,253.7</b>	<b>2.1%</b>
Cost of Revenue	(361.0)	(383.5)	6.2%
<b>GROSS PROFIT</b>	<b>1,845.7</b>	<b>1,870.2</b>	<b>1.3%</b>
Gross Profit Margin	83.6%	83.0%	-0.66pp
Other operating income	23.6	291.5	1,135.5%
Net fair value gain / (loss) on investment properties	(13.4)	369.9	2,867.9%
Advertisement and promotion	(38.2)	(65.5)	71.4%
General and administration	(269.7)	(348.5)	29.2%
Impairment loss on accounts receivable	(66.4)	(189.7)	185.5%
Other operating expenses	(55.6)	(18.4)	-66.9%
<b>INCOME FROM MAIN OPERATIONS</b>	<b>1,426.0</b>	<b>1,909.5</b>	<b>33.9%</b>
Finance Income	-	7.1	100%
Finance Costs Over Loans and Borrowings	(187.6)	(253.8)	35.3%
Finance Costs Over Lease Liabilities	(142.8)	(110.4)	-22.6%
<b>NET FINANCE COST</b>	<b>(330.4)</b>	<b>(357.1)</b>	<b>8.1%</b>
Share of profit of equity-accounted investee	(18.2)	(10.9)	-40.3%
<b>INCOME BEFORE ZAKAT</b>	<b>1,077.4</b>	<b>1,541.5</b>	<b>43.1%</b>
Zakat	(68.5)	(40.5)	-40.9%
<b>NET INCOME FOR THE YEAR</b>	<b>1,008.9</b>	<b>1,501.0</b>	<b>48.8%</b>
Net Profit Margin	45.7%	66.6%	20.9pp

## Balance Sheet

Balance Sheet (SAR million)	December 2022	December 2023	Change %
Investment properties	23,075.7	25,333.8	9.8%
Property and equipment	63.4	56.6	-10.7%
Accrued revenue – non-current portion	182.4	157.1	-13.9%
Investment in equity-accounted investee and others	63.7	78.6	23.4%
Other investments	1.2	0.1	-93.0%
Other non-current assets	24.8	18.7	-24.7%
<b>Non-current assets</b>	<b>23,411.2</b>	<b>25,644.9</b>	<b>9.5%</b>
Development properties	345.7	353.5	2.3%
Accrued revenue	91.2	78.5	-13.9%
Accounts receivable	466.4	464.5	-0.4%
Amounts due from related parties	417.8	483.8	15.8%
Prepayments and other assets	128.2	128.1	-0.1%
Investments listed at fair value through profit or loss	-	303.0	100%
Cash and cash equivalents	610.4	85.0	-86.1%
Asset held for sale	405.9	209.9	-48.3%
<b>Current Assets</b>	<b>2,465.6</b>	<b>2,106.3</b>	<b>-14.6%</b>
<b>Total Assets</b>	<b>25,876.9</b>	<b>27,751.2</b>	<b>7.2%</b>
Loans and borrowings	7,433.7	5,881.7	-20.9%
Lease liabilities	2,383.7	2,839.9	19.1%
Employee benefits	28.5	35.8	25.7%
Other non-current liabilities	47.6	42.7	-10.2%
<b>Non-current liabilities</b>	<b>9,893.4</b>	<b>8,800.1</b>	<b>-11.1%</b>
Loans and borrowings	903.3	3,105.0	243.7%
Lease liabilities – current portion	255.6	328.4	28.5%
Accounts payable and other liabilities	454.3	703.1	54.8%
Provision	5.0	30.0	500.0%
Amount due to related parties	6.3	102.1	1510.3%
Unearned revenue	239.1	302.2	26.4%
Zakat liabilities	51.2	68.4	33.5%
<b>Current liabilities</b>	<b>1,914.8</b>	<b>4,639.2</b>	<b>142.3%</b>
<b>Total Liabilities</b>	<b>11,808.3</b>	<b>13,439.3</b>	<b>13.8%</b>
Total Equity	14,068.6	14,312.0	1.7%
<b>Total Liabilities and Equity</b>	<b>25,876.9</b>	<b>27,751.2</b>	<b>7.2%</b>

## **Subsequent Events**

### **\$100 million Sukuk placement**

On 12 March, Cenomi Centers concluded a private placement offering of supplementary Sukuk valued at \$100 million. This additional issuance will form part of the existing \$500 million Sukuk launched on March 6, 2024, set to mature in 2029. The issuance comprised 500 Sak, each valued at \$200,000, bearing a yield of 9.50% and maturing over a five-year period.

### **\$500 million international Sukuk offering**

On 6 March 2024, Cenomi Centers completed the placement of a \$500 million International USD denominated Shariah compliant Sukuk. The Sukuk has a 5-year tenor and a 9.5% yield. With a total order book exceeding US\$1.6 billion and 3.2X oversubscription, the transaction was met with strong international investor demand from Asia, the Middle East, Europe, and North America, demonstrating confidence from the market. The Company has used the proceeds from the issuance to fully redeem the 2019 Sukuk which was due to mature in November 2024.

### **Secured up to SAR 5.25 billion Shariah compliant facilities**

Cenomi Centers secured SAR 5.25 billion in Shariah-compliant facilities with improved terms from a syndicate of banks. The funds will repay existing facilities and support future growth. The facilities include a revolving Murabaha facility and two term Murabaha tranches, all linked to sustainability targets. These targets focus on reducing carbon emissions, increasing grid connectivity and enhancing female representation in leadership roles.

### **Sale of Sahara Plaza**

Cenomi Centers has sold Sahara Plaza in Riyadh for SAR 200 million, marking the fourth sale in its SAR 2 billion non-core asset disposal program. The sale aligns with the company's strategy to focus on flagship and lifestyle destinations in Saudi Arabia. Profits from the sale amount to SAR 53 million, with a marginal revenue impact of SAR 5 million per year. The financial impact will be reflected in Q1-24, with funds used to enhance liquidity and support the balance sheet.

### **The Grand Opening of U Walk Jeddah in Jeddah**

Cenomi Centers inaugurated U Walk Jeddah, the city's first hybrid mall combining indoor and outdoor retail experiences, on February 15, 2024. It spans 60,000sqm with 136 stores and parking for 1,250 vehicles in the Al Zahar district. Currently, it is approximately 80% pre-let with leading brands like Nike and Starbucks already open with additional brands opening soon including Victoria's Secret, Adidas, Zara and Lululemon. The financial impact will be reflected in Q1-24 statements.

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**About Cenomi Centers:**

Cenomi Centers is the leading owner, operator and developer of contemporary lifestyle centers in Saudi Arabia. For over two decades, the company has provided customers with a complete range of high-quality lifestyle centers up to international standards, located in the most attractive areas of the country to satisfy all shopping needs and market requirements.

Today, Cenomi Centers has a portfolio of 22 assets, with circa 5,000 stores strategically located in 10 major Saudi cities. The Company's developments include several iconic lifestyle centers, such as Mall of Arabia Jeddah, Mall of Dhahran, and Nakheel Mall Riyadh, a consumers' favorite in the capital city. With a total GLA of nearly 1.4 million square meters, the company's malls provide Saudi shoppers with their preferred point of access to the full range of international, regional and local retail brands.

For more information about Cenomi Centers, please visit [www.cenomicenters.com](http://www.cenomicenters.com).

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