Arabian Centres Company Releases Results for the First Quarter Ended 30 June 2022

(Riyadh, 17 August 2022) 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 first quarter ended 30 June 2022 (Q1-FY2023), reporting a net profit of SAR 127.7 million on total revenues of SAR 563.0 million.

Summary Income Statement (SAR Mn)	Q1-FY2023	Q1-FY2022	*% Change*
Total Revenue	**563.0**	**510.7**	***10.2%***
Gross Profit	**306.1**	**285.7**	***7.2%***
Gross Profit Margin	*54.4%*	*55.9%*	*-1.6 pts*
Net Profit	**127.7**	**126.3**	***1.1%***
Net Profit Margin	*22.7%*	*24.7%*	*-2.0 pts*
Key Profitability Metrics			
Recurring Net Profit[1]	**185.0**	**190.7**	***-3.0%***
Recurring Net Profit Margin	*31.3%*	*34.0%*	*-2.8 pts*
Recurring EBITDA[2]	**419.4**	**420.9**	***-0.3%***
Recurring EBITDA Margin	*70.9%*	*75.1%*	*-4.2 pts*
EBITDA	**387.2**	**349.7**	***10.7%***
EBITDA Margin	*68.8%*	*68.5%*	*0.3 pts*
FFO[3]	**245.0**	**212.9**	***15.1%***
FFO margin	*43.5%*	*41.7%*	*1.8 pts*
Key Operational Metrics			
Total GLA (Mn SQM)	**1.340**	**1.200**	***11.6%***
Period-end Occupancy Rate (LFL)	**94.1%**	**92.3%**	***1.8 pts***
Footfall (Mn)	**27.3**	**18.7**	***45.9%***

Key Period Highlights

- Arabian Centres booked ***total revenues*** of SAR 563.0 million in Q1-FY23, up by 10.2% y-o-y. Strong revenue growth for the period was driven by the normalization in rental discounts, significant growth in occupancy rates, continuous increases in visitor footfall and the ramp-up of operations at newly launched shopping centres. Conventional discounts have maintained the downward trend observed since FY2018, while the amount of nonrecurring, COVID-19-related discounts amortized during Q1-FY23 was down by 43.0% y-o-y.
- Arabian Centres posted a ***net profit*** of SAR 127.7 million in Q1-FY23, up by 1.1% y-o-y. The increase in ACC's net profit came as rapid revenue growth was efficiently filtered down to the bottom line. It is worth noting that this increase in net profit came despite the recording of an ***impairment loss on investment properties*** amounting to SAR 25.0 million, reflecting a partial fire outbreak occurring on 13 May 2022 at part of Mall of Dhahran. This impairment resulted in a reduction of the bottom-line from SAR 152.7 million to SAR 127.7 million for the

[1] Recurring net profit normalizes for the effects nonrecurring items and all one-off transactions. Nonrecurring items include one-time landlord discounts classified as other income, COVID-related discounts granted to tenants, COVID-related impairments on accounts receivable, one-time provisions for doubtful debts, and income from the disposal of noncore investments.
[2] Recurring EBITDA normalizes for the effects nonrecurring items and all one-off transactions. See footnote 1 for more information on nonrecurring items.
[3] Funds from operations: net profit for the year plus depreciation of investment properties and PP&E minus write-off/impairment of investment properties, if applicable.

quarter. ACC has in place a comprehensive insurance policy, with the proceeds from this claim expected to be recorded in H2-FY23 and to exceed the recorded impairment loss. ACC's net profit margin (NPM) recorded 22.7% against the 24.7% booked for Q1-FY22. ACC's NPM was down primarily on the one-off impairment loss on Mall of Dhahran (MoD) and increased depreciation expenses, reflecting new centre launches during the period. The bottom-line was further impacted by an increase in general & administrative (G&A) expenses, as well as an increase in zakat charges for the quarter.

- ***Recurring net profit*** recorded SAR 185.0 million in Q1-FY23, down by 3.0% y-o-y against the SAR 190.7 million booked for Q1-FY22. The decrease in recurring net profit during the period was mainly due to the increase in depreciation expense of investment properties, which booked SAR 87.7 million in Q1-FY23 compared to SAR 81.4 million booked in Q1-FY22, reflecting the launch of a new centre during the period. Recurring net profit was further impacted by an increase in in general & administrative (G&A) expenses.
- ***Recurring EBITDA*** registered SAR 419.4 million for Q1-FY23, down by a slight 0.3% y-o-y and yielding a margin of 70.9% in Q1-FY23 against 75.1% for Q1-FY22. The stable recurring EBITDA came despite the normalization of operating expenses and the ramp-up of operations at newly launched shopping centres.
- ***Occupancy*** at the Company's centres recorded 94.1% at the close of Q1-FY23, up from 92.3% one year previously and exceeding the pre-COVID rate of 90.6% recorded for FY2020.
- ***Visitor footfall*** posted 27.3 million for Q1-FY23, an increase of 45.9% y-o-y from the 18.7 million recorded for the same quarter of the previous year. The first quarter of FY2023 coincided with the holy month of Ramadan and the associated peak in retail activity, with footfall for April 2022G exceeding pre-pandemic levels.

Managing Director's Note

Arabian Centres has made a strong start to FY2023. The Company booked double-digit revenue growth for Q1-FY23, helped by the ongoing normalization in discounts to tenants, as well as the strengthening of our occupancy rate to 94.1% from 92.3% one year previously, exceeding pre-COVID levels. Meanwhile, footfall was up by a strong 45.9% y-o-y to 27.3 million visits for the quarter. Solid top-line performance drove strength in our core profitability, with ACC's EBITDA climbing by 10.7% y-o-y to reach SAR 387.2 million, yielding a margin of 68.8% against 68.5% for 1Q-FY22. In addition to this strong financial and operational performance, the quarter saw Arabian Centres make important progress on a number of strategic objectives.

ACC's new asset-light operating model is now coming into its own. Following on our first management and operation agreement at Jeddah Park, this quarter saw us complete a similar agreement of Jubail Marina Mall, a 93-thousand-sqm centre which will add 30 thousand sqm of GLA to our portfolio. Coupled with mutually beneficial leasehold arrangements at ten of our 21 existing centres, such agreements boost our ability to optimize costs and offer the financial flexibility to scale operations and launch new locations quickly, ensuring ACC a broad and profitable geographic presence across the Kingdom's urban areas. Moving forward, we expect our asset-light model to deepen our competitive advantage in the Saudi market, with the smaller average GLAs of our portfolio and our larger overall number of locations providing the Company a highly nimble and resilient revenue-generating base compared to peers who operate a smaller number of typically larger locations.

The quarter also saw ACC sign its first-ever public-private partnership, joining with the National Housing Company (NHC) to develop and operate a mall at NHC's Murcia residential project. This is yet another development which will help Arabian Centres maintain a lean balance sheet and provide the Company with the flexibility to scale operations and expand our geographic footprint. We have already established the JV with our partners at NHC for the purpose of leasing the designated plot, and expect to inaugurate Murcia Mall by the first half of 2025G. This hybrid-concept centre will bring 45 thousand sqm of new GLA to ACC's growing portfolio.

Meanwhile, we are exploring several means for further consolidating ACC's financial resilience and strength. To this end, Company is committed to making optimal use of our land bank. Following on our receipt of Wafi certification, we have broken ground at the Jouri Project, located in Al-Qassim on a 1.2-million-sqm plot adjacent to our under-development Qassim Walk centre. ACC aims to subdivide the plot for off-plan sales of residential and commercial units, with a net saleable space estimated at 600 thousand sqm. Another source of financial strength moving forward will be our adoption of a fair value model for valuing ACC's investments beginning from Q3-FY23, which will bring us into line with best practice by booking investment properties at fair value instead of historical cost.

In another highly promising development, we have received preliminary approval from the Saudi Central Bank to establish FAS Labs, a consumer microfinance platform jointly owned with Fawaz Abdulaziz Alhokair Co. and ValU. The launch of this platform is perfectly aligned with our commitment to creating a fully integrated omnichannel experience for the Saudi consumer. Through the integration of innovative payment solutions, Arabian Centres will offer its visitors greater value and choice all through one digital platform, in turn driving value for our tenants across the Kingdom and cementing our place as the partner of choice for local and international brands doing business in Saudi Arabia.

Mohamed Mourad
Managing Director

Income Statement Analysis

- **Total revenues rose by 10.2% y-o-y in Q1-FY23, booking SAR 563.0 million.** Double-digit growth was driven by an increase of 8.6% in net rental revenue[4], which recorded SAR 508.5 million in Q1-FY23 versus SAR 468.1 million in Q1-FY22. Net rental revenue growth was supported by a significant decrease in the Company's weighted average discount rate, as well as a strong increase in occupancy rates. Consolidated top-line growth was also driven by a strong increase in media sales, which rose to SAR 24.0 million in Q1-FY23 from SAR 18.0 million in Q1-FY22. Meanwhile, utility and other revenues increased by 23.8% y-o-y to post SAR 30.4 million for Q1-FY23. Arabian Centres is pursuing a variety of means for accelerating top-line growth, including the ramping up of operations at newly launched locations, controlling prices on lease renewals, pursuing new tenants, and expanding income from turnover rent. **On a like-for-like (LFL) basis**, ACC's revenues rose by 3.7% y-o-y during Q1-FY23, driven by the growth in occupancy rates and the decrease in weighted average discount rates.
- **ACC's weighted average discount rate recorded 5.4% (SAR 29.1 million) in Q1-FY23, down from the 9.8% (SAR 50.8 million) recorded for Q1-FY22.** The y-o-y decrease in ACC's weighted average discount rate maintains the downward trend observed since the Company's rationalization of discount policies in FY2018. Nonrecurring, COVID-related discounts accounted for 97.2% of total discounts recognized during the quarter. The Company amortized SAR 28.3 million in nonrecurring, COVID-19-related discounts during Q1-FY23, a decrease of 43.0% y-o-y from the SAR 49.6 million amortized in Q1-FY22
- **Gross profit booked SAR 306.1 million for Q1-FY23, up by 7.2% y-o-y** to yield a gross profit margin (GPM) of 54.4%, a decrease from the 55.9% recorded in Q1-FY22. The absolute increase in gross profit for the period was driven by a decline of 0.9% y-o-y in the Company's cost of revenue, led by a decrease of 18.6% y-o-y in security expense for the period. The decrease in Arabian Centres' GPM came largely as a result of heightened depreciation expenses on investment properties, which rose by 7.8% y-o-y to book SAR 87.7 million due to the launch of a new shopping centre during the period (The View), in addition to the booking of a one-off impairment loss related to Mall of Dhahran following the May 2022 fire outbreak at a part of the mall.

[4] Net rental revenue is calculated as gross rental revenue plus turnover revenue less conventional discounts and amortized COVID-19 related discounts.

- **Arabian Centres recorded an EBITDA of SAR 387.2 million for Q1-FY23, up by 10.7% against the SAR 349.7 million booked for Q1-FY22.** The EBITDA margin rose to 68.8% in Q1-FY23 from 68.5% one year previously. Double-digit growth in EBITDA came despite a decrease of 38.9% y-o-y in other income and an increase of 22.3% y-o-y in G&A expenses. G&A expenses booked SAR 62.5 million in Q1-FY23, with the increase reflecting ACC's ramp-up of operations at new and existing centres as commercial conditions continued to normalize following the impact of the COVID-19 pandemic. Growth in EBITDA reflects Arabian Centres' ability to leverage the recovery in commercial conditions and the normalization of the operating environment to drive profitability from its core operations.
- **ACC booked SAR 15.0 million in impairment losses on accounts receivable during Q1-FY23, a decrease of 1.9% y-o-y** from the SAR 15.3 million recorded for Q1-FY22. The decline in impairment losses marks another consecutive quarter of decrease in impairments and reflects the success of the Company's efforts to improve total collections by leveraging the post-pandemic recovery of operations at its centres.
- **The Company's recurring EBITDA, which normalizes for the impacts of nonrecurring and one-off items, recorded SAR 419.4 million for Q1-FY23 versus SAR 420.9 million for Q1-FY22.** ACC's recurring EBITDA margin came in at 70.9% in Q1-FY23 against 75.1% for Q1-FY22. Stability in recurring EBITDA came despite the normalization of operating expenses and the ramp-up of operations at newly launched shopping centres. Nonrecurring items for the comparable quarter of FY2022 were composed largely of nonrecurring COVID-related discounts extended to tenants. These recorded SAR 28.3 million in Q1-FY23 against SAR 49.6 million in Q1-FY22.
- **ACC booked a net profit of SAR 127.7 million in Q1-FY23, an increase of 1.1% y-o-y from the SAR 126.3 million posted in Q1-FY22.** The Company recorded a net profit margin (NPM) of 22.7% for Q1-FY23, down from the margin of 24.7% booked one year previously. The decrease in ACC's NPM was driven largely by the increase in depreciation expense on investment properties, which came as ACC worked to ramp up operations at centres newly launched during the period. The Company also recorded a one-off impairment loss on Mall of Dhahran amounting to SAR 25.0 million following a fire outbreak at part of the mall in May 2022. A secondary impact on net profit came from a near fourfold increase in Zakat charges, which booked SAR 9.3 million in Q1-FY23 against SAR 2.5 million one year previously, as well as the increase in G&A costs during the period. ACC's bottom line was further impacted by a decrease in other income, which fell by 38.9% y-o-y to record SAR 1.3 million in Q1-FY23, as well as the recognition of SAR 1.6 million in losses from an equity-accounted investee for the quarter.
- **Recurring net profit, which normalizes for the effects of nonrecurring items, booked SAR 185.0 million for Q1-FY23, a decrease of 3.0% y-o-y** against the SAR 190.7 million booked in Q1-FY22. The Company reported a recurring NPM of 31.3% for the quarter, down from 34.0% in Q1-FY22. In addition to the effects of heightened depreciation, Zakat, G&A, and interest expense on lease liabilities, the Company's recurring net profit for the quarter was affected by a base effect in nonrecurring amortization of COVID-related discounts, which booked SAR 28.3 million in Q1-FY23 against SAR 49.6 million in Q1-FY22.
- **Funds from operations (FFO) increased by 15.1% y-o-y to SAR 245.0 million** in Q1-FY23. ACC's FFO margin rose to 43.5% in Q1-FY23 from 41.7% in Q1-FY22, reflecting the period's strong increase in core profitability.

Balance Sheet Analysis

- **Total CAPEX outlays amounted to SAR 172.6 million for Q1-FY23.** Investments during the quarter included outlays on shopping centres in ACC's project pipeline and maintenance CAPEX and refurbishment outlays at existing shopping centres. ACC continues to phase its geographic expansion to reflect prevailing market conditions, while maintaining solid progress on its investment plan. Total maintenance CAPEX booked on existing shopping centres recorded SAR 32.6 million for Q1-FY23, with the associated works occurring largely at Salaam Mall in Jeddah and Al Ahsa Mall.

- **ACC's Board of Directors has approved the adoption of a fair value model for valuing the Company's assets.** Starting from Q3-FY2023 (ending 31 December 2022), Arabian Centres' investment properties will be booked at fair value instead of historical cost. This is expected to add approximately SAR 10 billion each to the Company's asset position through the revaluation of investment properties and to shareholder equity through retained earnings. Management anticipates that the adoption of the fair value model will positively affect ACC's income statement, which will reflect the fair value revaluation of investment properties and result in the removal of the depreciation element from the income statement. It worth noting that there will be no impact on ACC's cash flow or Zakat charges from the adoption of the fair value model.
- **Arabian Centres recorded net debt[5] of SAR 7,583.1 million at the close of Q1-FY23 on 30 June 2022,** up from SAR 7,235.0 million at the close of FY2022. **The Company held SAR 465.0 million in cash and cash equivalents[6] as at 30 June 2022**, down from the SAR 556.1 million booked at year-end FY2022. Arabian Centres made SAR 225.1 million in principal and interest payments on its outstanding debts during Q1-FY23, in accordance with its facility and Sukuk repayment plans, while drawing down SAR 294.7 million from its revolving credit facility.
- **Amounts due from related parties recorded SAR 431.7 million as at 30 June 2022**, up from the SAR 325.3 million booked at year-end FY2022. This amount includes SAR 349.9 million in rental receivables, up from the SAR 257.3 million booked for FY2022, with the balance of SAR 81.8 million composed of non-trading receivables.
- On 2 July 2022, ACC's Board of Directors approved the distribution of a **cash dividend of SAR 0.75 per share (SAR 356.3 million) for the second half of FY2022**. The dividend was distributed to shareholders on 26 July 2022.

Operational Developments

- **Like-for-like period-end occupancy recorded 94.1% at the close of Q1-FY23**, up significantly from the rate of 92.3% reported for Q1-FY22. The growth in occupancy rates during the period marks a full recovery exceeding pre-COVID levels, with the Q1-FY23 rate of 94.1% surpassing the figure of 93.1% booked at the close of FY2020. Sustained expansion in occupancy rates reflects a solid recovery in commercial activity during the period and marks significant progress towards management's strategic objective of attaining an occupancy rate of 94-95% by end-FY2023.
- **Visitor footfall came in at 27.3 million for Q1-FY23, a strong increase of 45.9% y-o-y from 18.7 million visitors in Q1-FY22**. Footfall continues to recover towards its pre-COVID trend, with footfall for April 2022G (coinciding with the holy month of Ramadan and the associated peak in retail activity) exceeding pre-pandemic levels.
- **ACC renewed 516 leases during Q1-FY23, sustaining the Company's leasing momentum as commercial conditions continue to recover.** However, slight pressure on rental rates resulted in a decrease in the rental rates applied to contracts renewed during the year, particularly at C- category shopping centres.
- **The Company's portfolio held 21 shopping centres at the close of Q1-FY23, with ACC's total gross leasable area (GLA) recording 1.340 million sqm for Q1-FY23 against 1.200 million sqm in Q1-FY22**. The period saw Arabian Centres add two new centres to its portfolio: Jeddah Park and The View.
- **In April 2022, Arabian Centres signed a Management and Operation Agreement for Jubail Marina Mall**, a newly established shopping centre, part of the Dareen International Marina project in the city of Jubail. Developed by Alghanim International Company under the supervision of the Royal Commission of Jubail and Yanbu, the project is a modern integrated mixed-use development surrounding the Dareen International Marina Basin, with a capacity of 306 yacht berths. The development also includes residential and commercial plots, hotel facilities, and an extensive marina walk surrounding the marina basin, representing a major tourist

[5] Net debt: financial debts minus cash and cash equivalents (including short-term bank deposits).
[6] Cash and cash equivalents include short-term bank deposits.

destination at the GCC level. ACC has undertaken to lease, manage, operate and carry out maintenance works at Jubail Marina Mall on behalf of Alghanim International and to its account, in accordance with the generally accepted professional standards in the field, in return for a percentage of the centre's annual revenues. Jubail Marina mall is a two-floor facility built on 93 thousand sqm. Jubail Marina Mall will bring online c.30 thousand square meters of additional GLA to the Company's growing portfolio.

- **In its first public-private partnership, ACC has signed an agreement with the National Housing Company (NHC), Saudi Arabia's largest real estate developer, to develop and operate an integrated mall** on an area of approximately 180 thousand sqm within the NHC's Murcia residential project north of Riyadh. The two parties have agreed to establish a JV with a paid-in capital of SAR 130 million and a term of 28 Gregorian years. NHC will lease the designated land plot to the JV for the purpose of development, with the least valued at approximately SAR 340 million and to be paid in annual installments. ACC intends to commence development works at the project during the second half of 2022G following the receipt of approval for the mall's design, a hybrid concept including closed and open areas in addition to greenery and water features. The mall will have 45 thousand sqm of GLA and will host 150 commercial units, with a range of international and local brands represented across the areas of fashion, F&B, and entertainment. The mall is expected to launch during the first half of 2025G. Development costs for the mall have been estimated at SAR 260 million, with ACC financing its share in the project through internal resources. Following a ramp-up period, the mall is expected to yield annual revenues exceeding SAR 50 million, with the financial impact set to appear in ACC's results during Q2-FY23.
- **Arabian Centres has commenced infrastructure development at a freehold plot at Buraidah city in Al Qassim**. With a total area of 1.2 million square meters, the plot (known as "the Jouri project") is adjacent to the Company's under-development shopping centre in the area, Qassim Walk. ACC plans to develop basic infrastructure at the Jouri project and to subdivide the land into retail residential and commercial plots. The Jouri project will house a large park measuring 148.4 thousand square meters, pedestrian footpaths, bicycle lanes, outdoor sports facilities, and other distinctive green spaces. Arabian Centres estimates a net salable space at the Jouri project of approximately 600 thousand square meters. The Company expects to see a positive impact from the project on its financial results beginning from the second half of FY2023.
- **The Company has received preliminary approval from the Saudi Central Bank to establish a consumer microfinance platform, FAS Labs**. Jointly owned with Fawaz Abdulaziz Alhokair Co. and ValU S.A.E, this subsidiary will offer ACC's visitors a broad range of microfinance solutions, enabling their lifestyle ambitions. FAS Labs will leverage ACC's already existing network of locations, which covers eleven cities nationwide and more than 60 percent of the Kingdom's population, to address a dynamic and rapidly expanding consumer finance market which continues to grow as Saudi Arabia's young population continues to expand and large cohorts approach the age of household formation each year. As FAS Labs establishes a presence in the market, ACC is confident that the subsidiary will profitably diversify the Company's sources of recurring income.
- **Arabian Centres had inaugurated cineplexes at 15 of its 21 portfolio locations by the close of Q1-FY23**. ACC expects to launch cineplexes at a further four centres, of which three are scheduled for launch by December 2022 and a fourth scheduled for launch in FY2024.

Complete financial statements are available for download on ir.arabiancentres.com.

Recent Corporate Developments

ACC Signs Lease and Investment Contract to Develop Jawharat Al Khobar Mall

On 20 July 2022, ACC announced that it had signed a lease and investment agreement for the purpose of developing Jawharat Al Khobar mall and other mixed-use facilities. Valid for a period of 30 Gregorian years and renewable upon both parties' consent, the agreement concerns a plot of approximately 300 thousand sqm in the Al Kurnaish district north of Al Khobar city. The average annual lease has been estimated at around SAR 51.5 million. The plot is strategically located with a commanding view of the Arabian Gulf and nearby landmarks, and lies in proximity to neighboring Gulf countries such as Bahrain, Qatar, and Kuwait. Arabian Centres intends to initiate development works at the plot within the coming six months, with a development cost budgeted at between SAR 1.0-1.3 billion. Jawharat Al Khobar is expected to provide between 130 and 150 thousand sqm of GLA, with launch expected between the second half of 2025G and the first half of 2026G. The mall, which is expected to generate annual revenues of SAR 290-330 million, will be connected at a later stage to a hotel and offices, which are expected to further boost returns by c.30%. Jawharat Al Khobar marks ACC's third flagship lifestyle destination, alongside the under-development Jawharat Riyadh and Jawharat Jeddah. These destinations will offer cutting-edge designs and will host the most luxurious fashion brands. Jawharat Al Khobar also marks ACC's sixth location in the Kingdom's Eastern Province, deepening the Company's presence in a strategic geography, while the lend-lease arrangement aligns with ACC's strategy of adopting an asset-light model which maximizes investment returns and enhances the Company's operational and financial flexibility as it works to expand its geographic footprint.

ACC Signs Operational Agreement at Jubail Marina Mall

In April 2022, Arabian Centres signed a Management and Operation Agreement for Jubail Marina Mall, a newly established shopping centre, part of the Dareen International Marina project in the city of Jubail. Developed by Alghanim International Company under the supervision of the Royal Commission of Jubail and Yanbu, the project is a modern integrated mixed-use development surrounding the Dareen International Marina Basin, with a capacity of 306 yacht berths. The development also includes residential and commercial plots, hotel facilities, and an extensive marina walk surrounding the marina basin, representing a major tourist destination at the GCC level. ACC has undertaken to lease, manage, operate and carry out maintenance works at Jubail Marina Mall on behalf of Alghanim International and to its account, in accordance with the generally accepted professional standards in the field, in return for a percentage of the centre's annual revenues. Jubail Marina mall is a two-floor facility built on 93 thousand sqm. The centre will house several anchor stores, a world-class range of apparel and lifestyle options, including a cineplex and gaming hub, as well as food & beverage offerings. Jubail Marina Mall will bring online c.30 thousand square meters of additional GLA to the Company's growing portfolio.

Partial Fire Outbreak at Mall of Dhahran Contained

On 13 May 2022 a small fire broke out at part of the Company's Mall of Dhahran property in the Eastern Province. The fire was rapidly contained in collaboration with local authorities, with no casualties sustained. The centre partially reopened its doors on 7 June 2022. Further damaged parts were also reopened after restoration works completed. It is worth noting that ACC enjoys a comprehensive insurance policy on all its properties.

Company Launches Consumer Finance Subsidiary in Partnership With Alhokair, valU

The Company has received preliminary approval from the Saudi Central Bank to establish a consumer microfinance platform, FAS Labs. Jointly owned with Fawaz Abdulaziz Alhokair Co. and ValU S.A.E, his subsidiary will offer ACC's visitors a broad range of microfinance solutions, enabling their lifestyle ambitions. FAS Labs will leverage ACC's already existing network of locations, which covers eleven cities nationwide and more than 60 percent of the Kingdom's population, to address a dynamic and rapidly expanding consumer finance market which continues to grow as Saudi Arabia's young population continues to expand and large cohorts approach the age of household formation each year. As FAS Labs establishes a presence in the market, ACC is confident that the subsidiary will profitably diversify the Company's sources of recurring income.

ACC Establishes Two Closed Real Estate Funds for Development of Jawharat Riyadh and Jawharat Jeddah

Arabian Centres has finalized agreements with Riyad Capital for the establishment of two closed-end real estate funds. Valued at SAR 6.2 billion, the funds have been established for the purpose of developing Jawharat Riyadh and Jawharat Jeddah, two major properties in ACC's investment pipeline. The properties are located at the cities of Riyadh and Jeddah, respectively. It is worth noting that Arabian Centres retains the full rights of ownership to the properties under development by the two funds, while Riyad Capital has been mandated to manage the funds, which have received licensing from the Saudi Capital Market Authority. ACC intends to retain its rights to manage and operate Jawharat Riyadh and Jawharat Jeddah upon the completion of development works. Moving forward, Arabian Centres will consider offering the two newly established funds for public subscription, in whole or in part, in the form of a real estate investment trust (REIT).

ACC Appoints Alison Rehill-Erguven as CEO

On 16 June 2022, ACC's Board of Directors approved the appointment of Mrs. Alison Rehill-Erguven as CEO of the Company, effective from 21 August, until which time Mr. Mohamed Rafic Mourad will continue to act as interim CEO. Mrs. Rehill-Ergurven brings more than two decades of extensive shopping mall and real estate experience, having held management roles in some of the world's most dynamic markets across Asia, Europe, and Latin America. Additionally, she brings more than 10 years of experience in the leading US market with global industry-leading brands, including General Growth Properties and Simon Property Group. Prior to joining ACC, Mrs. Rehil-Erguven was Head of Commercial Real Estate at Brookfield Properties, based in Shanghai, China. In 2016, Brookfield acquired Pradera Retail Asia (PRA), where Mrs. Rehill-Erguven was CEO. She has also served as Managing Director of Pradera Limited, a London-based private equity firm, specializing in retail real estate, with assets and employees across the UK, Europe, and Turkey. Mrs. Rehill-Erguven holds a bachelor's degree in International Trade with Honors from the Fashion Institute of Technology, State University of New York, in 1994.

ACC Partners with NHC to Develop Mall at Murcia Project

ACC has signed an agreement with the National Housing Company (NHC), Saudi Arabia's largest real estate developer, to develop and operate an integrated mall on an area of approximately 180 thousand sqm within the NHC's Murcia residential project north of Riyadh. Murcia encompasses an area of nearly 2.7 million sqm, with a projected 5,000 homes under development in an integrated environment. The two parties have agreed to establish a JV with a paid-in capital of SAR 130 million and a term of 28 Gregorian years. NHC will lease the designated land plot to the JV for the purpose of development, with the least valued at approximately SAR 340 million and to be paid in annual installments.

ACC intends to commence development works at the project during the second half of 2022G following the receipt of approval for the mall's design, a hybrid concept including closed and open areas in addition to greenery and water features. The mall will have 45 thousand sqm of GLA and will host 150 commercial units, with a range of international and local brands represented across the areas of fashion, F&B, and entertainment. A cineplex, hypermarket, and other services will also be available. The mall is expected to launch during the first half of 2025G. Development costs for the mall have been estimated at SAR 260 million, with ACC financing its share in the project through internal resources. Following a ramp-up period, the mall is expected to yield annual revenues exceeding SAR 50 million, with the financial impact set to appear in ACC's results during Q2-FY23.

ACC to Adopt Fair Value Model

ACC's Board of Directors has approved the adoption of a fair value model for valuing the Company's assets. Starting from Q3-FY2023 (ending 31 December 2022), Arabian Centres' investment properties will be booked at fair value instead of historical cost. This is expected to add approximately SAR 10 billion each to the Company's asset position through the revaluation of investment properties and to shareholder equity through retained earnings. Management anticipates that the adoption of the fair value model will positively affect ACC's income statement, which will reflect the fair value revaluation of investment properties and result in the removal of the depreciation element from the income statement. It worth noting that there will be no impact on ACC's cash flow or Zakat charges from the adoption of the fair value model.

Dividend Distributed for Second Half of FY2022

On 2 July 2022, ACC's Board of Directors approved the distribution of a cash dividend of SAR 0.75 per share (SAR 356.3 million) for the second half of FY2022. The dividend was distributed to shareholders on 26 July 2022.

Summary of Financial Statements

Financial Position

(SAR Mn)	Q1-FY2023	FY2022
Current Assets	1,819.1	1,713.8
Investment Properties	12,755.6	12,671.2
Right-of-Use Assets	2,847.3	2,900.5
Other Non-Current Assets	1,096.1	995.6
Total Assets	**18,518.2**	**18,281.2**
Current Liabilities	1,680.1	1,510.2
Non-Current Liabilities	10,927.6	10,990.4
Total Equity	5,910.5	5,780.6
Total Liabilities and Shareholders' Equity	**18,518.2**	**18,281.2**

Profit and Loss

(SAR Mn)	Q1-FY2023	Q1-FY2022
Revenue	563.0	510.7
Gross Profit	**306.1**	**285.7**
Operating Profit	**223.0**	**214.5**
Share of Loss from Equity Accounted Investee	(1.6)	-
Financial Charges	(44.5)	(48.8)
Interest Expense on Lease Liabilities	(39.9)	(36.9)
Profit Before Zakat	**137.0**	**128.8**
Zakat	(9.3)	(2.5)
Net Profit	**127.7**	**126.3**

Cash Flow

(SAR Mn)	Q1-FY2023	Q1-FY2022
Net Cash from Operating Activities	120.1	336.6
Net Cash Used in Investing Activities	(219.5)	(354.0)
Net Cash from Financing Activities	8.3	370.8
Cash and Cash Equivalents at the Beginning of the Period	556.1	635.7
Cash and Cash Equivalents at the End of the Period	465.0	989.1

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 2022, Arabian Centres operates a portfolio of 21 assets strategically located in 10 major Saudi cities. The Company's developments include several iconic lifestyle centres, such as Mall of Arabia Jeddah, Mall of Dhahran, and Nakheel Mall Riyadh – 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 4,300 stores and hosted approximately 81 million visitors in FY2022, with approximately 110 million visitors hosted in FY2020 prior to the onset of the COVID-19 pandemic. For more information about Arabian Centres Company, please visit www.arabiancentres.com

Contact

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Analyst Call and Earnings Presentation

ACC will be hosting an analyst call on the Company's Q1-FY23 results on Tuesday 23 August 2022 at 16:00 KSA time. For conference call details, please email ir@arabiancentres.com. The Company's full Earnings Presentation will be available for download at ir.arabiancentres.com

Forward-Looking Statements

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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.

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