Cenomi Centers Continues Growth Trajectory with Increase in Revenue & Occupancy and Record Footfall of 100M for the First Nine Months of 2024

- *Net Profit up 18.0% and EBITDA 11.4% for the first nine months of 2024, compared to same period last year, post one-off adjustments.*
- *Q3 Net Profits up 11.8% year-on-year (y-o-y)*
- *Total Revenue up 2.9% in 9M-24 and 3.4% in Q3 y-o-y*
- *Record footfall levels continue, reaching 100 million visitors 9M-24*
- *Prime retail space demand grows with occupancy rates at 92.6% up 2.3 pp y-o-y*
- *Jawharat Jeddah and Jawharat Riyadh on track to complete end of 2025.*

Riyadh, Saudi Arabia, 10 November 2024: Cenomi Centers, Saudi Arabia's largest owner, operator and developer of shopping malls, published its financial results for the three-month and nine-month periods ended 30 September 2024.

Cenomi Centers delivered a strong performance this quarter compared to Q3-23, with total revenue reaching to SAR 587.1 million, up 3.4% y-o-y, driven by increase across all revenue streams. Net profit increased 11.8% to SAR 328.1 million due revenue increases, effective management of expenses including cost of revenue down by 4.1% and G&A down by 18.1% and higher fair valuation gains of SAR 253.9 million due to the significant progress on Jawharat Riyadh and Jawharat Jeddah flagship developments and the fair valuation of one plot of land adjacent to Salam Mall Riyadh which the company is anticipating to sell as part of the non-core asset program.

Comparing nine-month results, Cenomi Centers delivered steady growth with an increase in revenue of 2.9% 9M-24 compared to the same period in the previous year. This was driven by the grand opening at U Walk Jeddah, increase in occupancy and increase in both media sales and ancillary revenue streams.

In 9M-24, net profit was SAR 867.6 million, compared to SAR 1,018.7 million during the same period in the previous year. The 9M-24 net profit was impacted by the write-off of non-amortized financing cost associated with historical Islamic facility and 2024 Sukuk, totaling SAR 50.6 million, one-time increase of SAR 87.5 million in impairment loss, and a one-time increase in finance cost of SAR 53.6 million from the assessment of the time value of money in relation to payment plan arrangements agreed with some tenants to expedite rental collections. In contrast, 9M-23 net profit was increased by a SAR 238.7 million gain on the sale of land. Adjusting for these items, net profit in the current nine-month period increased 18.0% to SAR 900.4 million compared to SAR 763.3 million in the same period last year. The 9M-24 net fair valuations also saw a significant SAR 429.9 million gain.

Footfall continues to surge, reaching 100 million visitors for the first nine months of this year, a 5.0% y-o-y increase and the highest for any nine-month period in Cenomi Centers' history. This growth underscores the continued comprehensive excellence of the portfolio and leading position Cenomi Centers maintains as the premier shopping destination and the primary gateway for local and international retailers to engage with Saudi consumers.

Cenomi Centers' steadfast commitment to optimizing its retail mix through a proactive tenant rotation program resulted in a like-for-like occupancy rate of 92.6% this quarter, reflecting a significant y-o-y increase of 2.3 percentage points. Looking ahead, the company maintains its expectations of occupancy reaching 94% by the end of December 2024.

The progress of the portfolio continues with flagship developments Jawharat Riyadh and Jawharat Jeddah making remarkable strides. As of September 2024, overall structural completion levels stand at 93.0% for Jawharat Jeddah and 90.1% for Jawharat Riyadh and they will be the first gold-LEED certified malls in the Kingdom. These two assets are expected to generate EBITDA in excess of SAR 650 million upon stabilization representing 40% of current EBITDA.

Jawharat Jeddah is set to attract more than 15 million visitors annually while Jawharat Riyadh will draw more than 20 million customers. Both assets will become the leading mall in terms of footfall and retail spend in their respective cities. These malls will redefine the future of retail in the Kingdom, emerging as Cenomi Centers' top performers in footfall, revenue and EBITDA. The current pipeline of three flagship centers and three lifestyle centers will grow the GLA by 44%, taking total GLA to 2m sqm by 2027.

Demonstrating its continued commitment to returning shareholder value, the Board of Directors announced in March 2024, a dividends distribution policy which was subsequently approved at the Annual General Meeting in June 2024. Starting from Q2-2024, the Company will pay SAR 0.375 per share per quarter for one year. That implies an annualized dividend yield of 6.9%. based on the share price of SAR 21.84 as of 30 September 2024.

Alison Rehill-Erguven, CEO, Cenomi Centers, commented: *"Cenomi Centers continues to grow and deliver – both financially and operationally. During Q3, our Total Revenue is up 3.4% y-o-y due to growth across all revenue streams and our Net Profit increased 11.8% driven by revenue growth, net fair value gains and prudent management of operational costs. Both our occupancy rate and footfall levels are up and we have reached a record 100 million visitors in the last nine months, testament to the allure of Cenomi Centers' offerings driving our customer numbers and high leasing demand.*

Our flagship projects, Jawharat Riyadh and Jawharat Jeddah are progressing well with construction and leasing and are on track to complete by end of 2025. We anticipate starting construction on our third development, U Walk Qassim in December 2024 following the announcement of the SAR 1BN fund with GIB Capital to bring forward the mall development and facilitate the Qassim land sale which is part of our non-core asset sale program."

Business and operating review

During the nine-month period, footfall reached 100 million visitors (Q3-24: 33.9 million visitors, +5.8% y-o-y) marking a 5.0% y-o-y increase and setting a nine-month footfall record. This sustained growth underscores the attractiveness of Cenomi Centers' holistic retail and lifestyle offerings as well as reflecting strong consumer demand.

As of September 24, flagship developments Jawharat Jeddah and Jawharat Riyadh projects are 93.0% and 90.1% structurally complete respectively with full completion by Q4-25. Jawharat Riyadh, will feature 300+ of the world's most sought-after brands across over 75 flagship stores. This includes more than 10 retailers new to Riyadh. 70% of the unique brands including first-to-KSA and flagship brands are secured (based on agreed Head of Terms, signed Letter of Intent and signed Contracts). The asset will include a luxury wing, four unique F&B zones, world-class entertainment offerings, a state-of-the-art immersive digital experience surrounded by dining and 65,000 sq m of premium office space.

Jawharat Jeddah's pre-leasing is 70% complete (based on agreed Head of Terms, signed Letter of Intent and signed Contracts), offering over 300 stores including 50+ flagships and more than 10 new brands to Jeddah. The asset will include Jeddah's first international luxury wing, a pioneering events hub, three unique F&B zones and as well as a state-of-the-art immersive digital experience surrounded by dining. Alongside Jawharat Riyadh, it will feature one of the largest skylights in KSA standing at 27-meters high illuminating the space with natural light and providing a seamless indoor and outdoor experience.

Occupancy remains strong with like-for-like occupancy increasing by 2.3 percentage points to 92.6% in September 2024. The high occupancy rate whilst conducting a proactive retail rotation is a testament to the strategic tenant selection and enduring appeal of Cenomi Centers as premier destinations for both retailers and consumers.

The leasing activity in 9M-24 is further proof that demand for prime retail space remains strong. Cenomi Centers renewed 2,228 leases and 396 brands were onboarded including 161 new brands. Prominent new brands span a wide range of categories, including fashion, entertainment, and food & beverages, such as Charlotte Tilbury, Lululemon, Xiaomi, and Five Guys among others. Additionally, this quarter has seen significant milestones with major retail brands. Zara is set to expand within Nakheel Mall; Nike is also increasing its footprint in Nakheel Mall; David Clulow has opened its first store in Riyadh at the same location and FNAC opened its first store in Riyadh. The overall portfolio GLA mix is 62% retail and 38% non-retail (including entertainment and F&B), with ongoing negotiations for additional brand partnerships.

Financial review

In Q3-24, revenue increased by 3.4% to SAR 587.1 million compared to SAR 567.7 million in Q3-23. This growth was driven by increases across all revenue streams. Media sales increased by 5.8%, while utilities and other revenue surged by 67.6% due to the increase in occupancy, penalties, and new additional charges which are implemented recently related to engineering work services.

Q3-24 net profit increased by 11.8% to SAR 328.1 million compared to SAR 293.6 million in Q3-23. The net profit growth was mainly driven by revenue increases and effective cost control initiatives resulting in a 4.1% decline in cost of revenue including cost savings in operating costs and insurance and a 76.4% reduction in advertising due to the higher spending on the rebranding during the same period last year. G&A expenses were down by 18.1% to SAR 63.3 million in Q3-24 compared to SAR 77.4 million in Q3-23. Net fair value gain on investment properties reached to SAR 253.9 million in Q3-24 compared to SAR 60.3 million in Q3-23, primarily due to the progress in construction works and leasing activities on the two flagship development projects, Jawharat Riyadh and Jawharat Jeddah, and the fair valuation of one plot of land bank adjacent to Salam Mall Riyadh which the company is anticipating to sell as part of the non-core asset sale program.

Q3-24 saw an increase in net finance costs which reached to SAR 206.7 million compared to SAR 91.3 million in Q3-23 driven by the increase in average cost of debt and the increase in total debts considering that the company is in a near-peak investment stage and investing in its two flagship development projects, Jawharat Riyadh and Jawharat Jeddah which are expected to be delivered end of 2025. Additionally, the company assessed the time value of money in relation to payment plan arrangements agreed with some tenants to expedite rental collections, leading to a one-time finance cost of SAR 53.6 million. Adopting a more cautious approach for managing credit loss estimates associated with receivable balances resulted in a one-time increase of SAR 87.5 million in impairment loss.

In the first nine months of 2024, revenue increased by 2.9% to SAR 1,759.4 million in 9M-24 compared to SAR 1,709.8 million in 9M-23. This growth was supported by an improved like-for-like occupancy rate, which increased to 92.6% in 9M-24 from 90.3% in 9M-23. Additionally, the grand opening of U Walk Jeddah in Q1-24 and a continued rise in footfall across the portfolio, up 4.8 million to 99.9 million visitors in 9M-24 compared to 95.2 million in 9M-23 representing a 5.0% increase, contributed to the overall revenue growth. This growth was further driven by 14.1% increase in media sales and a 48.2% increase in utilities and other revenue, while net rental income was steady whilst the business continues to focus on its proactive tenant strategy to ensure optimum mix to help drive footfall numbers.

Net profit reached to SAR 867.6 million in 9M-24 compared to SAR 1,018.7 million in 9M-23 where 9M-24 profits were impacted by the write-off of non-amortized financing cost associated with historical Islamic facility and 2024 Sukuk, totaling SAR 50.6 million, a one-time increase of SAR 87.5 million in impairment loss, and a one-time increase in finance cost of SAR 53.6 million from the assessment of the time value of money in relation to payment plan arrangements agreed with some tenants to expedite rental collections. In contrast, 9M-23 net profit was increased by a SAR 238.7 million gain on the sale of land. Adjusting for these items, net profits in 9M-24 increased to SAR 900.4 million, up 18.0% from SAR 763.3 million in 9M-23.

Net finance costs reached SAR 531.2 million in 9M-24 compared to SAR 256.5 million in 9M-23, driven by the write-off of non-amortized financing cost associated with historical Islamic facility and 2024 Sukuk, the assessment of the time value of money in relation to payment plan arrangements agreed with some tenants to expedite rental collections, and rise in average cost of debt and the increase in total debts considering that the company is in a near-peak investment stage in its two flagship development projects, Jawharat Riyadh and Jawharat Jeddah.

An increase in impairment loss on accounts receivable reached to SAR 256.2 million in 9M-24, compared to SAR 146.1 million in 9M-23, due to adopting a more cautious approach for managing credit loss estimates associated with receivable balances resulted in a one-time increase of SAR 87.5 million in impairment loss.

The decrease in net profit for 9M-24 compared to 9M-23 was partially offset by revenue growth, net fair value gain on investment properties of SAR 429.9 million in 9M-24 compared to SAR 81.5 million in 9M-23 and a reduction in expenses including advertisement and promotional expenses down by 55.4% to SAR 16.3 million in 9M-24 compared to SAR 36.5 million in 9M-23, G&A costs were down 23.0% to SAR 190.3 million in 9M-24 compared to SAR 247.2 million in 9M-23 and other operating expense, decreased from SAR 18.1 million in 9M-23 to SAR 0.1 million in 9M-24.

EBITDA in 9M-24 was SAR 1,014.3 million compared to SAR 1,244.1 million in 9M-23. Adjusted with the gain from sale of land (SAR 238.7 million) in 9M-23 and one-time increase of SAR 87.5 million in impairment loss following the adoption of a more cautious approach for managing credit loss estimates associated with receivable balances in 9M-24, EBITDA is up by 11.4% y-o-y in 9M-24.

In the nine months, total amounts due from related parties increased by 18.6% to SAR 573.8 million. Cenomi Centers has put a stringent program in place to ensure recovery, including expediting payment.

Since the Company is in an investment stage, net debt stands at SAR 10.9 billion as at Q3-24 increased from SAR 8.9 billion as at Q4-23. The increase is primarily due to the intense construction phase of the Jawharat flagship developments.

The Board announced in March 2024, and subsequently approved at the Annual General Meeting on 30 June 2024, its dividends distribution policy. Starting from Q2-2024, the company will pay SAR 0.375 per share per quarter for one year. That implies an annualized dividend yield of 6.9%. based on the share price of SAR 21.84 as of 30 September 2024

Income Statement

Income Statement (SAR million)	Q3-24	Q3-23	*Y-o-Y % change*	9M-24	9M-23	y-o-y % change
REVENUE	**587.1**	**567.7**	**3.4%**	**1,759.4**	**1,709.8**	**2.9%**
Cost of Revenue - Direct costs	(100.6)	(104.9)	-4.1%	(300.4)	(297.8)	0.9%
GROSS PROFIT	**486.4**	**462.8**	**5.1%**	**1,459.0**	**1,411.9**	**3.3%**
Gross Profit Margin	*82.9%*	*81.5%*	*1.4pp*	*82.9%*	*82.6%*	*0.3pp*
Other operating income	4.5	2.7	64.6%	10.5	274.8	-96.2%
Net fair value gain on investment properties	253.9	60.3	321.1%	429.9	81.5	427.8%
Advertisement and promotion expenses	(4.1)	(17.5)	-76.4%	(16.3)	(36.5)	-55.4%
General and administration expenses	(63.3)	(77.4)	-18.1%	(190.3)	(247.2)	-23.0%
Impairment (loss) / reversal on accounts receivable and accrued revenue rentals	(130.1)	(32.6)	298.9%	(256.2)	(146.1)	75.4%
Other operating expenses	-	-	-	(0.1)	(18.1)	-99.4%
OPERATING PROFIT	**547.2**	**398.2**	**37.4%**	**1,436.5**	**1,320.4**	**8.8%**
Contract modification loss on related parties receivables	(53.6)	-	-	(53.6)	-	-
Finance income overdue from related parties	9.0	-	-	9.0	7.1	25.8%
Finance Costs Over Loans and Borrowings	(129.4)	(64.4)	100.8%	(385.8)	(184.4)	109.2%
Finance Costs Over Lease Liabilities	(32.7)	(26.9)	21.6%	(100.8)	(79.3)	27.2%
NET FINANCE COSTS	**(206.7)**	**(91.3)**	**126.3%**	**(531.2)**	**(256.5)**	**107.1%**
Share of profit of equity-accounted investee	(1.4)	(1.0)	42.9%	(4.7)	(8.1)	-42.2%
PROFIT BEFORE ZAKAT	**339.1**	**306.0**	**10.8%**	**900.6**	**1,055.8**	**-14.7%**
Zakat charge	(11.0)	(12.4)	-11.1%	(33.0)	(37.1)	-11.1%
PROFIT FOR THE PERIOD	**328.1**	**293.6**	**11.8%**	**867.6**	**1,018.7**	**-14.8%**
Net Profit Margin	*55.9%*	*51.7%*	*4.2pp*	*49.3%*	*59.6%*	*-10.3pp*

Balance Sheet

Balance Sheet (SAR million)	September 2024	December 2023	% Change
Investment properties	26,972.0	25,333.8	6.5%
Property and equipment	51.3	56.6	-9.4%
Accrued revenue – non-current portion	151.7	157.1	-3.4%
Investment in equity-accounted investee	80.0	78.6	1.8%
Investment at FVTPL	0.1	0.1	0.0%
Amounts due from related parties– non-current portion	275.0	-	-
Other non-current assets	17.5	18.7	-6.4%
Non-current assets	**27,547.5**	**25,644.9**	**7.4%**
Development properties	353.5	353.5	0.0%
Accrued revenue	75.9	78.5	-3.3%
Accounts receivable	522.1	464.5	12.4%
Amounts due from related parties	298.8	483.8	-38.2%
Prepayments and other assets	371.3	128.1	189.9%
Other investments	302.5	303.0	-0.2%
Cash and cash equivalents	183.4	85.0	115.8%
Asset held for sale	209.9	209.9	0.0%
Current Assets	**2,317.5**	**2,106.3**	**10.0%**
Total Assets	**29,865.0**	**27,751.2**	**7.6%**
Loans and borrowings	10,310.5	5,881.7	75.3%
Lease liabilities	2,694.9	2,839.9	-5.1%
Employee benefits	33.6	35.8	-6.1%
Other non-current liabilities	27.1	42.7	-36.5%
Non-current liabilities	**13,066.1**	**8,800.1**	**48.5%**
Loans and borrowings – current portion	750.0	3,105.0	-75.8%
Lease liabilities – current portion	388.3	328.4	18.2%
Accounts payable and other liabilities	723.4	703.1	2.9%
Provision	-	30.0	-
Amount due to related parties	7.8	102.1	-92.4%
Unearned revenue	199.8	302.2	-33.9%
Zakat liabilities	79.7	68.4	16.5%
Current liabilities	**2,149.1**	**4,639.2**	**-53.7%**
Total Liabilities	**15,215.2**	**13,439.3**	**13.2%**
Total Equity	14,649.8	14,312.0	2.4%
Total Liabilities and Equity	**29,865.0**	**27,751.2**	**7.6%**

Q3 Tadawul Announcements

- **July 01, 2024: AGM results (First Meeting)**
  Cenomi Centers announced the results of the Annual General Meeting (First Meeting), which was held on Sunday 30-Jun-2024.

- **July 03, 2024: Cash dividends distribution for Q1-24**
  Cenomi Centers accounted the date and method of distributing of cash dividend for the period ending 31 March 2024. The dividends amounted to (178,130,000) SAR to (475) million shares for the period ending 31 March 2024 at (SAR 0.375) per share representing (3.75%) of the book value per share.

Subsequent Announcements

- **October 08, 2024 – Strategic Partnership with GIB Capital**
  Cenomi Centers announced a strategic partnership with GIB Capital to establish a closed-end real estate investment fund worth SAR 1.0 billion. The fund will facilitate the Qassim land sale program and develop the U Walk Qassim mall in Buraidah, in the Qassim region of Saudi Arabia.

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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 4,500 stores strategically located in 10 major Saudi cities. The Company's assets 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.

Disclaimer

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Forward-looking statements reflect our management's ("Management") current views of future events, are based on Management's assumptions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause our actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements. Our business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to become inaccurate. These risks include fluctuations prices, costs, ability to retain the services of certain key employees, ability to compete successfully, changes in political, social, legal or economic conditions in Saudi Arabia, worldwide economic trends, the impact of war and terrorist activity, inflation, interest rate and exchange rate fluctuations and Management's ability to timely and accurately identify future risks to our business and manage the risks mentioned above.