



Investor Presentation

Q2 2019



الأندلس العقارية
Alandalus Property

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Overview



Alandalus Property is a pioneering Tadawul-listed real estate company involved in the investment, development and operation of income-generating properties across the Kingdom of Saudi Arabia



2018 Performance at a Glance

First

investor, developer
and operator of malls
to publicly list on the
Tadawul

8 properties

in operation with **2**
projects in development
+ **2 expansions**

Profitable

consistently since
inception in 2006

259k

sqm in GLA
(FY 2018)

>29million

Total Mall Footfall
(2018)

97%

**Avg Occupancy Rate of
Mall Portfolio**
(FY 2018)

13%

Revenue CAGR
(5Y)

60%

Avg Gross Profit Margin
(5Y)

87%

Avg EBITDA Margin
(5Y)

H1 2019 Performance at a Glance

>14million

Total Mall Footfall

>97%

Avg Occupancy Rate of
Mall Portfolio

66%

Operating Profit Margin

82.3million

Revenue (SAR)

57%

Gross Profit Margin

82%

EBITDA Margin



Vision

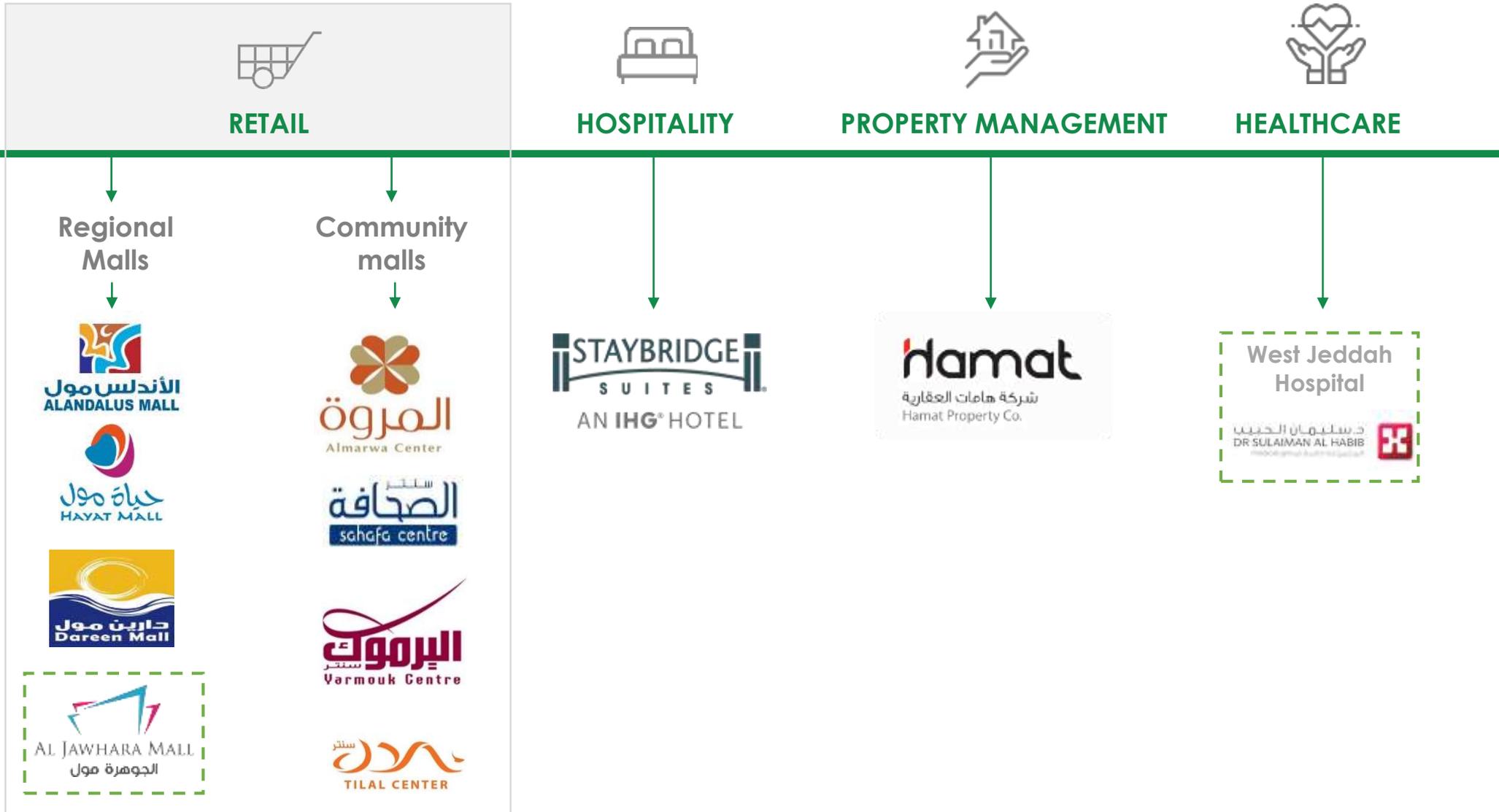
To become the most admired and awarded developer of preferred destination spaces by leading the transformation from transactional to engagement-focused destinations in the Kingdom of Saudi Arabia

Mission

To develop and operate unique and compelling destinations differentiated by engaging guests, customers and communities through experiences that foster loyalty, frequency of visits and lifetime value which ultimately drive and sustain unparalleled growth



Commercial Sectors



 Under development

Strategic Objectives

Each business unit will have a common set of new strategic objectives that will drive operations and functional focus to deliver on strategy

Stakeholder Engagement



Collaborate with all stakeholders to **develop and provide** exceptional consumer engagement through all **services and offerings within, across, and outside** Alandalus Property developments

Operational Performance



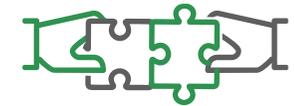
Drive footfall by enhancing the **consumer experience** through continuously incorporating **best practices and identifying new ideas**, while optimizing organizational efficiency, productivity and costs

Project Acquisition



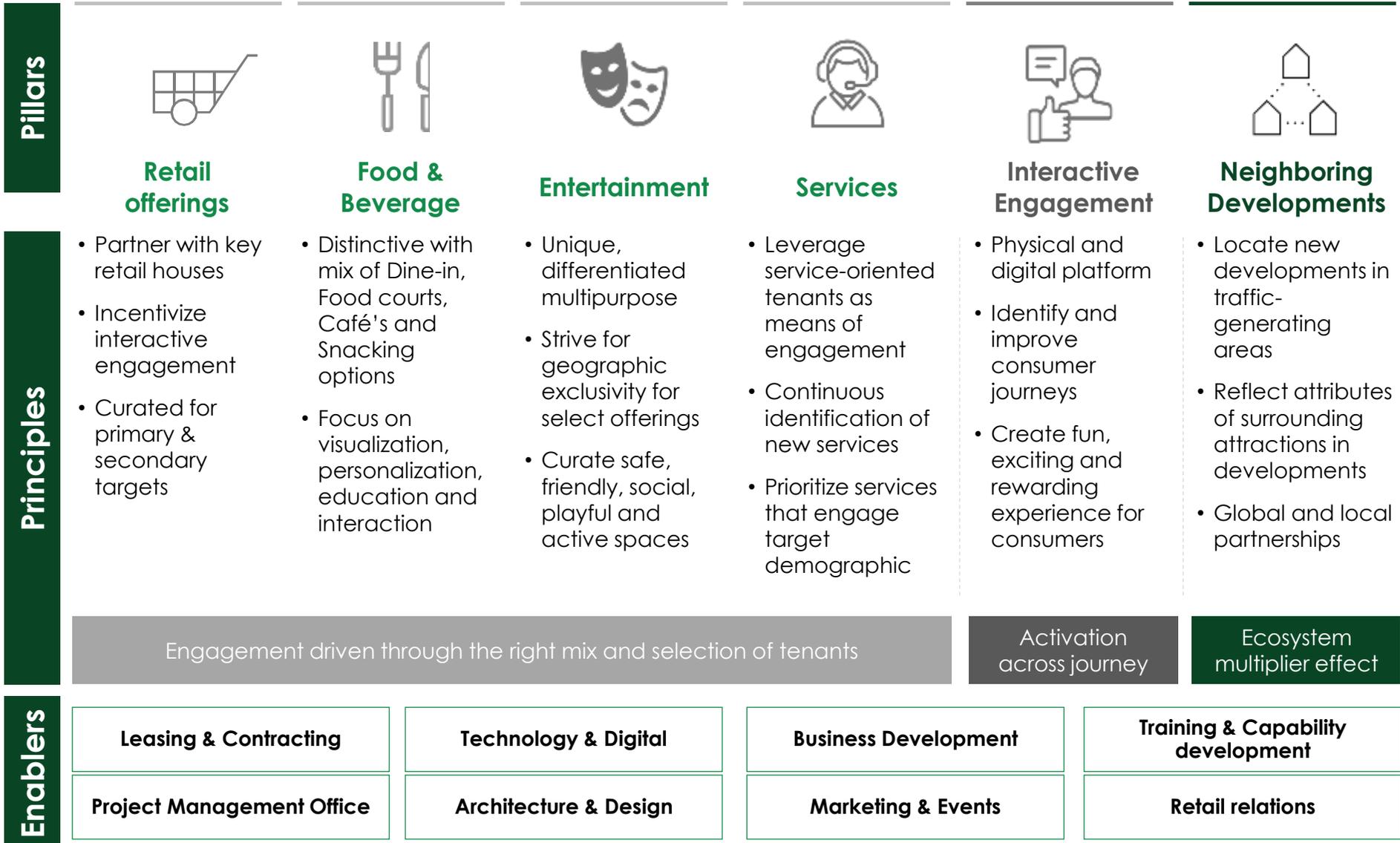
Identify and selectively invest in **developing new or existing projects and services** that position the Company's properties as the **preferred destination** for consumers

Strategic Investments & Partnerships



Explore strategic **investments and partnerships at regional and global levels** in order to expand the portfolio across **offerings, services and developments** that cater to consumer needs

Our Six Pillar Strategy to Enhance Value & Generate Growth



Commercial Principles

Assets should always be **operative**, never idle

A **healthy balance sheet** with liquid assets and low leverage is important to optimally position the Company for new opportunities

Continuously study, identify, and **serve the needs of catchment areas**

Retail and hospitality properties developed as **standalone or mixed-use**; healthcare properties developed only as mixed-use

APC not vertically integrated with any clients (tenants) implying **stronger, healthier client relationships** built on trust and performance

Relationships are important. **Strategic partnerships** with the right partners deliver the best outcomes



Our History



Building Scale

2006

2007 - 2012



Diversifying the Business & Implementing Corporate Governance

2013 - 2017



Repositioning to Enhance Value

2018 - 2019

2006:

- Established with share capital SAR 239 million

2007:

- Increased share capital by SAR 104 million to SAR 343 million

2008:

- Opened of Alandalus Mall In Jeddah
- Acquired 50% of Hayat Mall in Riyadh

2009:

- Opened Daren Mall in Dammam
- Alandalus Mall awarded Best Retail Development in KSA by Cityscape

2010:

- Sold off 25% ownership interest in Hayat Mall
- Hayat Mall awarded Best Retail Development in KSA by Cityscape

2011:

- Enhanced F&B experience at Hayat Mall

2012:

- Acquired 33.40% ownership stake in Hamat Real Estate company

2013:

- Signed with IHG to manage & operate Staybridge Suites

2014:

- Entered community mall segment via development of Alsaahafah center, Tilal center and Alyarmouk center
- Signed agreement with Dr. Sulaiman Al Habib Medical Services Group to establish a hospital in Alandalus Square (Jeddah)

2015:

- Increased share capital by SAR 357 million to SAR 700 million
- Successfully completed IPO of 30% of Company shares with listing on Tadawul
- Installed kids entertainment to Hayat Mall

2016:

- Completed Alandalus Mall expansion

2017:

- Opened Staybridge Suites hotel in Jeddah
- Completed F&B renovation of Hayat Mall
- Completed Darren Mall expansion
- Acquired 25% stake in Al Jawhara Mall
- Sold Alandalus Mall and Staybridge Suites to Al-Ahli REIT I (Owning 68.73% of REIT)

2018:

- Completed Alandalus Mall R&B renovation
- Completion of Al Marwa Center community mall
- Distributed dividend of SAR 2 per share
- Full settled loans for Alandalus and Hayat Mall
- Signed contract to open Empire Cinemas in Jeddah

2019:

- Opening of Al Marwa Centre in Jeddah

Diversified Property Portfolio in Saudi Arabia

Jeddah

Al Andalus Mall



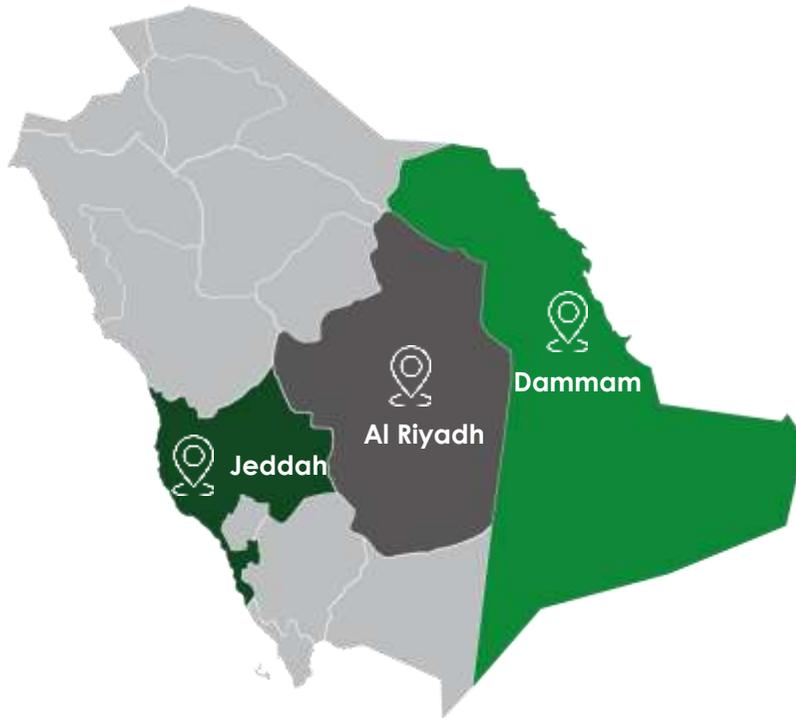
Staybridge Suites



West Jeddah Hospital



Al Jawhara Mall



Al-Marwah Center



Al Riyadh

Hayat Mall



Alsaafa Center



Yarmouk Center



Tilal Center



Dammam

Dareen Mall



Opportunities from KSA Supply/Demand Imbalance

Supply

- **Low penetration** of quality **mixed-use** developments in high traffic locations
 - Mismatch of catchment area consumer needs with available supply
- **Underdeveloped digitization** of commercial property spaces
 - Expected to grow significantly
 - E-commerce a threat if not addressed but an opportunity if operationally integrated
 - Early adopters of IoT experience improved customer experience (81%); improved visibility across organizations (78%); and increased profitability (74%)¹
- Improving **transportation infrastructure** across the Kingdom
 - KSA plans to raise 135 billion riyals (\$36 billion) for transportation-infrastructure projects over the next 11 years²

Demand

- **Macroeconomic growth** and **supportive demographics** of KSA
 - GCC's largest economy with 2019 IMF growth forecast 1.8%
 - Strong long term credit ratings (A1 Moody's, A- S&P, A+ Fitch)
 - Young, connected, sociable consumer base
 - 52% of population under 30³
- Supportive **socioeconomic reforms**
 - Female workforce participation: 23% (2018);15% (1990)⁴
 - Entertainment: 2,600 cinema screens expected by 2030; 76% of Saudis likely to go to cinema if there is one nearby⁵
 - F&B: 7.1% CAGR across GCC to \$196 billion by 2021. KSA to account for half⁶
 - National tourism boost
- **Resilient consumer** spending
 - Retail sales in KSA will reach \$132.7 billion by 2023
 - Malls will always remain key social and commercial destinations (versus high street) due to climate factor
- Increasing **international investor** attention on **Tadawul**
 - Upgrades by FTSE Russell and MSCI Emerging Markets Indices
 - Foreigners currently own 5.5 percent of Saudi equities, but that could nearly double by the end of 2020

Investment Highlights

Robust, yielding portfolio



- Steady, consistent financial performance
- Well located, high quality properties
- High footfall, yields and occupancy rates

Multi-asset diversification



- Geography – across Jeddah, Riyadh and Dammam
- Sector – retail, hospitality and healthcare
- Property type – super regional vs. community malls
- Tenants – no restricted relationships, maximizing flexibility
- Tradeable securities - Al-Ahli REIT I

Growth-oriented, risk-balanced



- Well positioned for potentially high yielding projects on the horizon
- Methodical vetting process for new projects
- Strategic over opportunistic decision-making
- All malls are developed on owned land with the exception of Community Malls which are leased

Strong financial position



- Revenue growth: 13% 5Y CAGR
- Robust gross profit: 60% 5Y avg
- Low leverage: 7% Debt/Asset ratio (2018)
- Dividend-paying: SAR 1 per share (2018); SAR 2 per share (2017)

Experienced management team



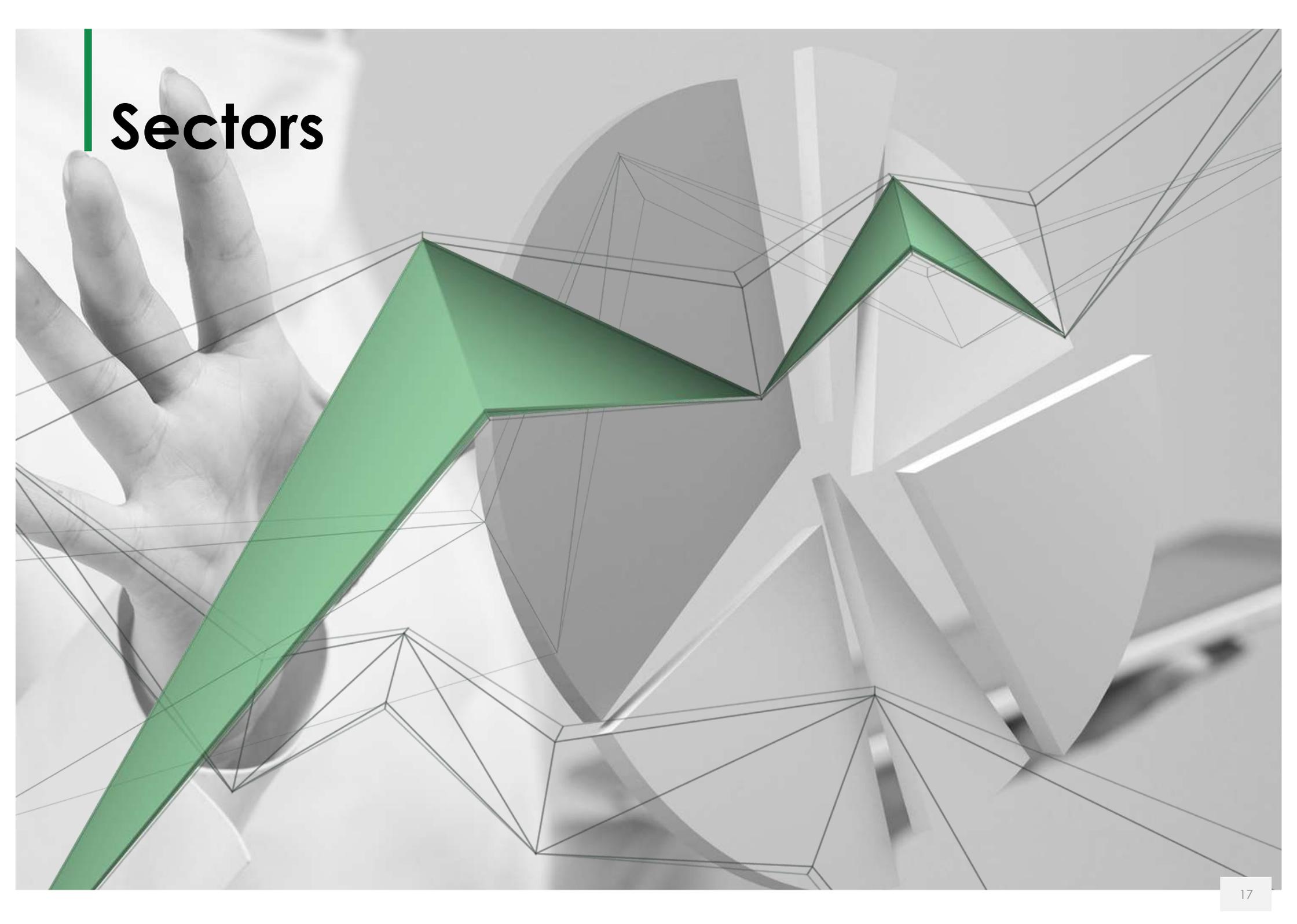
- Proven leadership within the Company
- Organically raised through the ranks

Proven commitment to corporate governance



- First shopping mall investor, developer and operator to publicly list shares
- Public track record of transparency and ethical commercial behavior

Sectors

A hand is shown holding a green 3D bar chart with three bars of increasing height. The background features a wireframe globe and various geometric shapes, creating a complex, abstract scene.

Retail

Alandalus Property is configuring its shopping malls towards being preferred third-place destinations, after home and work. Customer loyalty, visit frequency and lifetime value are all being fostered through effective consumer engagement.



Retail Market Outlook

KSA retail sector is **GCC's largest**, valued at **\$106 billion** reaching a population of 33 million, forecasted to **grow 12.3% by 2023**

Domestic economic reforms such as **subsidy cuts, VAT implementation** and **Saudization** have increased utility costs, squeezed household budgets and increased labor costs, respectively

Emerging **retail trends** include **richer customer engagement, budget goods, e-commerce**, implementing **omni-channel strategies** and **artificial intelligence** (AI), among others

Retailers have thus started **reviewing their portfolios** and stocking more affordable brands

Store-based retailing will continue to **dominate**, accounting for **\$103 billion of the overall market** in Saudi Arabia

Non-store retailing, which includes online shopping, direct selling, mobile internet, social media and home shopping, will **grow by 93% from 2018 to 2023**

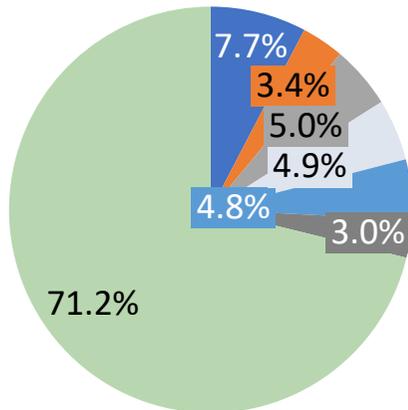
APC has a Strong, Diversified Mall Portfolio

	TYPE	# OF MALLS	GLA	TOTAL FOOTFALL (2018)
	Super Regional Malls	2	184k sqm	23.5million
	Regional Malls	1	47k sqm	5.5million
	Community Malls	4	27k sqm	N/A

Tenant Relationships

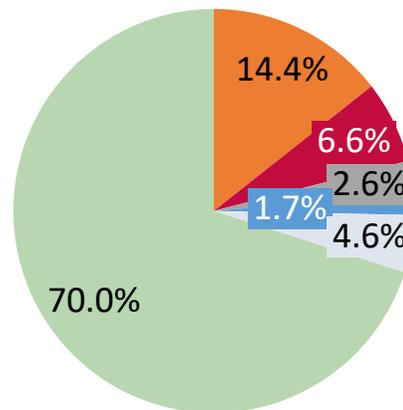
Alandalus maintains strong relationships with all major retailers enabling it to optimize tenant mixes at its retail properties resulting in better served catchment areas

Alandalus Mall
Revenue by client
(as of Q2 2019)



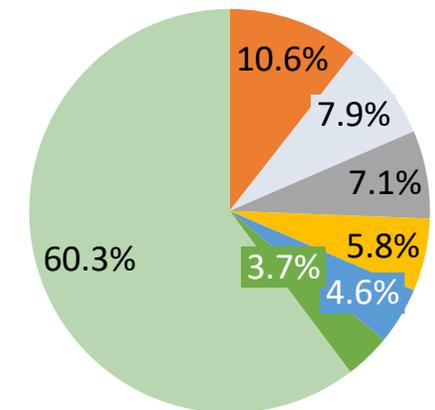
- Al-Azizia Panda
- Fawaz Alhokair
- Al Shaya
- Landmark
- Cinema - Bright Minds
- New Co Advertising
- Others

Hayat Mall
Revenue by client
(as of Q2 2019)



- Fawaz Alhokair Group
- Danube Company
- Paris Gallery
- Abdulmohsen Alhokair Group
- Al Shaya
- Others

Dareen Mall
Revenue by client
(as of Q2 2019)



- Al Azizia Panda
- Landmark
- Saudi Co for Kits & Tools
- Dev & Inv Entertainment
- Al Shaya
- Jazerat Sama
- Other

Alandalus Mall



Profile



-  Jeddah
-  Super Regional Mall
-  148,481 sqm total area
-  94,016 sqm GLA
-  AIAhli REIT Fund I (68.73% APC)

Performance

-  13.5m Footfall FY 2018
-  5.9m Footfall H1 2019
-  95% Occupancy
-  456 Shops
-  428 Leaseholders
-  SAR 129.2m annual leases

Achievements

- **2018:** Signed contract with Empire Cinemas to build largest complex in Jeddah .
- **2018:** Award from Middle East Shopping Centers Council for renovation and improvement of food court
- **2016:** Completion of expansion and tenant handover
- **2009:** Awarded best retail space in KSA by Cityscape

Select Tenant Mix



Latest Updates

- Planning stage of front-end mall renovation for F&B
- Enhancements to visitor experience and customer engagement such as kid's games and light shows

Dareen Mall



Profile



- Dammam
- Regional Mall
- 99,960 sqm total area
- 47,294 sqm GLA
- Alaswaq Almutawarah
(50% APC)

Performance

- 5.5 mn Footfall FY 2018
- 2.2 mn Footfall H1 2019
- 98% Occupancy rate
- 183 Shops
- 160 Leaseholders
- SAR 42.3m annual leases

Achievements

- **2018:** The ground floor and food court expansion
- **2018:** Signed contract with AMC Cinemas with 9 screens

Select Tenant Mix



Latest Updates

- Enhancements to visitor experience and customer engagement such as Sea World Event, Dinosaur World Exhibition
- Saudi National Day event that hosted local bands
- Kuwait National Day
- Ideal Driver Competition

Hayat Mall

Profile



-  Riyadh
-  Super Regional Mall
-  226,108 sqm total area
-  89,949 sqm GLA
-  Alhayat Property (25% APC)

Performance

-  10 mn Footfall FY 2018
-  5.7 mn Footfall H1 2019
-  99% Occupancy rate
-  546 Shops
-  535 Leaseholders
-  SAR 141.6m annual leases

Achievements

- **2017:** Excellence Award from MECSC (Middle East Council of Shopping Centres) for food court
- **2015:** Opening of first Minneapolis Kids Entertainment Town
- **2011:** Launch of casual and fine dining section
- **2010:** Awarded best retail space in KSA by Cityscape

Select Tenant Mix



MARKS & SPENCER

Latest Updates

- Structural renovation in planning stage
- Further enhancements to visitor experience such as kid's games and light shows
- Consistent marketing, entertainment and awareness campaigns

Al-Marwah Center

Commenced operations 28th March 2019



Profile



Jeddah



Community Mall



17,030 sqm total area



9,743 sqm GLA



Leased

Performance



65% Occupancy



62 Shops



30 Leaseholders



SAR 8.3m Annual leases

Select Tenant Mix



Lomar
SELECTION



Al Sahafa Center



Profile



-  Riyadh
-  Community Mall
-  12,367 sqm total area
-  7,007 sqm GLA
-  Leased

Performance

-  94% Occupancy
-  28 Shops
-  15 Leaseholders
-  SAR 4.9m annual leases

Select Tenant Mix



Yarmouk Center



Profile



- Riyadh
- Community Mall
- 10,804 sqm total area
- 5,457 sqm GLA
- Leased

Performance

- 91% Occupancy
- 27 Shops
- 17 Leaseholders
- SAR 4.8m annual leases

Select Tenant Mix



Tilal Center



Profile



-  Riyadh
-  Community Mall
-  5,082 sqm total area
-  9,017 sqm GLA
-  Leased

Performance

-  100% Occupancy
-  20 Shops
-  15 Leaseholders
-  SAR 4.5m annual leases

Select Tenant Mix

MAGRABI
OPTICAL



نخبة العود
LOUD ELITE



BreadTalk[®]

الدانوب
Danube

ايتس
whites

Al Jawhara Mall

Under development



Profile

- Location: Jeddah
- Type: Super Regional Mall
- Area: 124,880 sqm
- Ownership: Al-Jawhara Al-Kubra (25% APC)
- Total project cost: SAR 873 million
- Expected Opening: Q1 2022

Rationale



Prime location
near Al-Jawhara
Stadium (King
Abdullah Sport
City) in the north
of Jeddah



Updates

- Construction permit was obtained by the developing partner (Mohammad Al Habib Real Estate Co.) to carry out the structural construction works.

Hospitality

Alandalus Property partners with global hospitality brands to develop quality hotels that aim to better serve catchment areas, diversify enterprise risk and maximize value creation

Staybridge Suites

Profile

Location: Jeddah

Area: 28,255 sqm

Ownership: Al Ahli REIT Fund I
(68.73% APC)

Operated by: Intercontinental
Hotels Group (IHG)

Other: First Staybridge
Suites Hotel in Saudi
Arabia

Performance

Occupancy Rate: 52%

RevPAR: SAR 310



Market Outlook

- Saudi Arabia's hotel sector is expected to grow in 2019, fueled by increasing demand from **religious, business and leisure visitors** and the ongoing diversification of the kingdom's economy through Vision 2030¹
- KSA is seeking to grow the numbers of **Hajj and Umrah tourists** – currently the biggest contributor to total visitors – to **30 million by 2030**, from around **19 million today (2019)**
- Recent tourism growth was driven by three key groups – **leisure, pilgrims and corporate visitors**
- **International arrivals** are due to **increase by around 4% per year**, to reach **22.1 million by 2025²**

Property Management

Alandalus Property partners with leading property managers to operate its properties and provide high quality service to its customers by taking excellent care of each development

Hamat Property Company



Profile

- Main activity:** Mall management services, consultancy, appraisal, leasing, marketing, and feasibility studies
- Capital:** SAR 500,000
- Ownership:** 33.4% Alandalus Property

Rationale

- **Mall management**
 - Leading mall operator across Saudi Arabia
 - Operates 25+ shopping malls
- **Vertical integration**
 - The Company's 33.4% share in Hamat enables closer collaboration and coordination to collect market intelligence and enhance retail operations

Client Selection



Healthcare

Alandalus Property partners with best-in-class healthcare providers to develop hospitals for its mixed-use developments that serve catchment area needs, open new revenue streams and further diversify enterprise risk



West Jeddah Hospital

Profile

- Location:
 - Jeddah
- Area:
 - 21,415 sqm (hospital) + 8,836 sqm (residence)
- Ownership:
 - West Jeddah Hospital Company (50% Alandalus Property; 50% Dr. Sulaiman Al-Habib Medical Services Group)
- Total project cost:
 - SAR 1.15 billion (incl. land value)
- Expected Opening:
 - Q2 2022



Rationale



A **pioneering decision** to build the first hospital affiliated with **Dr. Sulaiman Al-Habib Medical Group** in the **western coast of Saudi Arabia**



Maximizes value by capitalizing on the high-traffic, **mixed-use development of Alandalus Square**, in which Alandalus Mall and Staybridge Suites are situated



Risk management through sector diversification into the high margin healthcare sector in partnership with a highly respected medical services company

Updates

- Completion of project engineering plans
- Construction permit obtained from Jeddah municipality with initial approval from General Directorate of Health
- Excavation contractor selected by the Medical Group to prepare site for excavation



Investments

Alandalus Property is strategic in how it carries out its investments. We take ownership stakes in companies whose strategies are complementary to ours, providing access to yielding projects where we believe we can create even more value for our customers and shareholders.

Subsidiaries: Al Ahli REIT Fund I



Profile

Location:	Jeddah
Assets included:	<ol style="list-style-type: none">1. Alandalus Mall2. Staybridge Suites
Ownership:	<ul style="list-style-type: none">▪ 68.73% - Alandalus Property▪ 31.27% - Public shareholders

Investment Rationale

- **Maximize capital gains**
 - Properties were sold at the highest point of the property cycle
- **Risk management tactic**
 - Company owns 68.73% of REIT units and is therefore entitled that allocation from the REIT's payouts
- **Use proceeds to position company for future success**
 - Paydown all major debt obligations leading to very low debt/asset ratio of 7% (2018)
 - Dividend payouts to reward shareholders: SAR 2 per share (2018); SAR 1 per share (2017)
 - Funds for reinvestment in Company and potential future projects
- **Commitment to strong governance**
 - Selection of Al Ahli Capital to manage the REIT

Subsidiaries: Manafe Al Andalus Property



Profile

Main activity:	Buying & selling land and property
Capital:	SAR 500,000
Assets :	Al-Marwah Center
Ownership:	<ul style="list-style-type: none">▪ 70% - Alandalus Property▪ 30% - Mohammad Abdulaziz Al Rajhi & Sons

Investment Rationale

- **Reputable strategic partner**
 - Mohammad Abdulaziz Al Rajhi & Sons is an excellent commercial partner
- **Combining expertise**
 - The land on which Al-Marwah Center is built belongs to the strategic partner
 - The Center was developed by Alandalus Property

Associates / Sister Companies

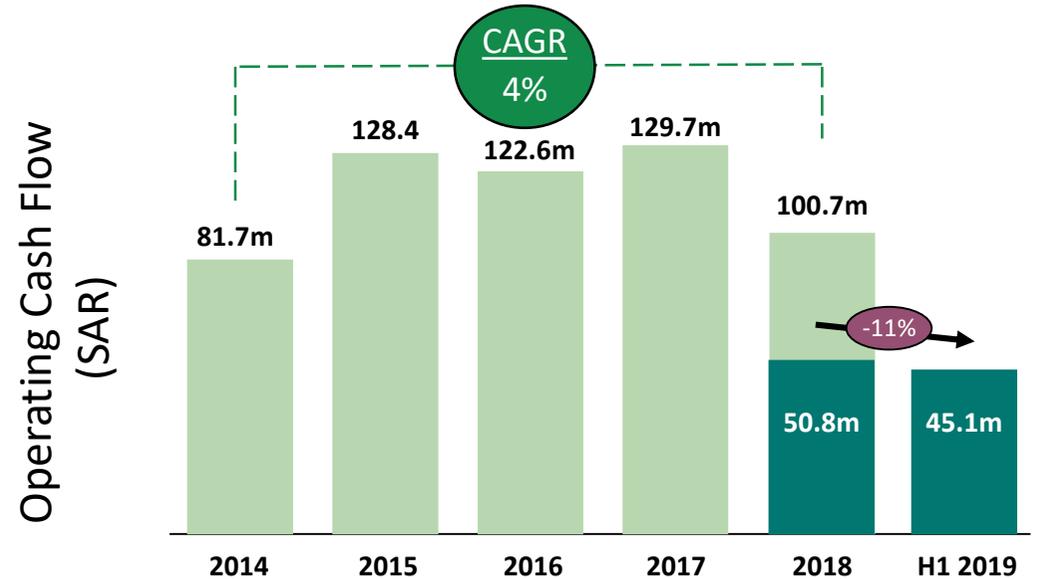
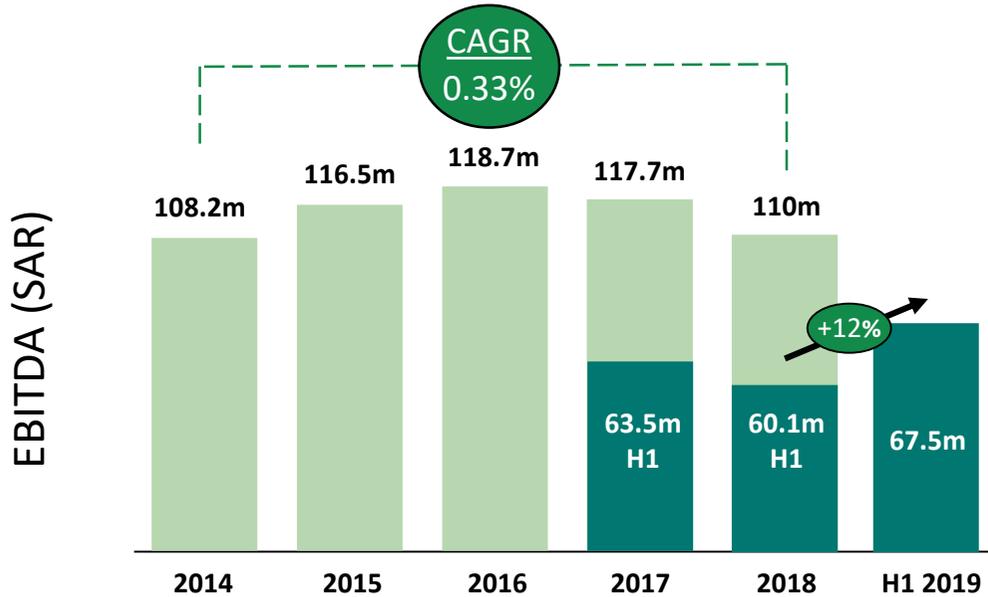
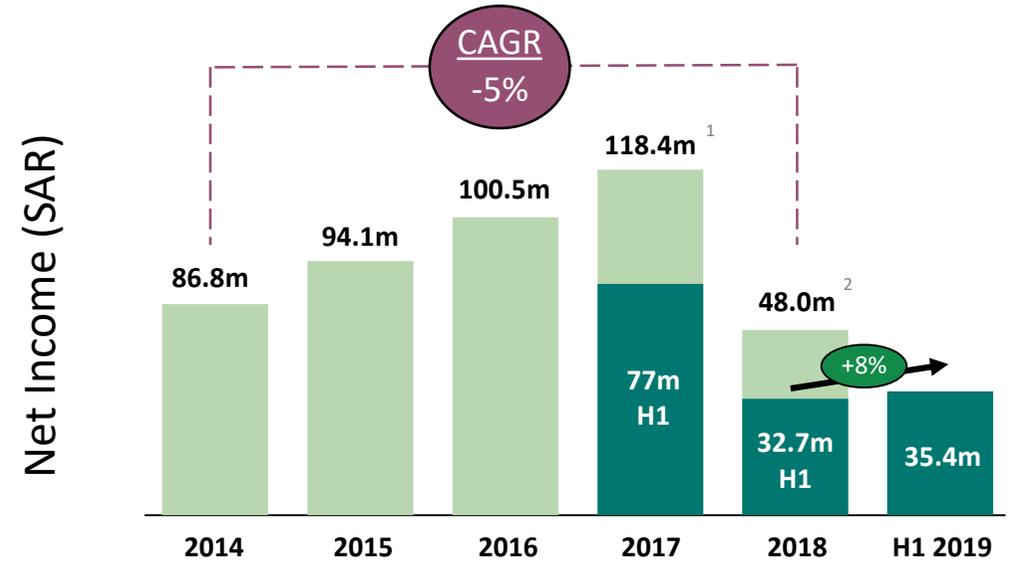
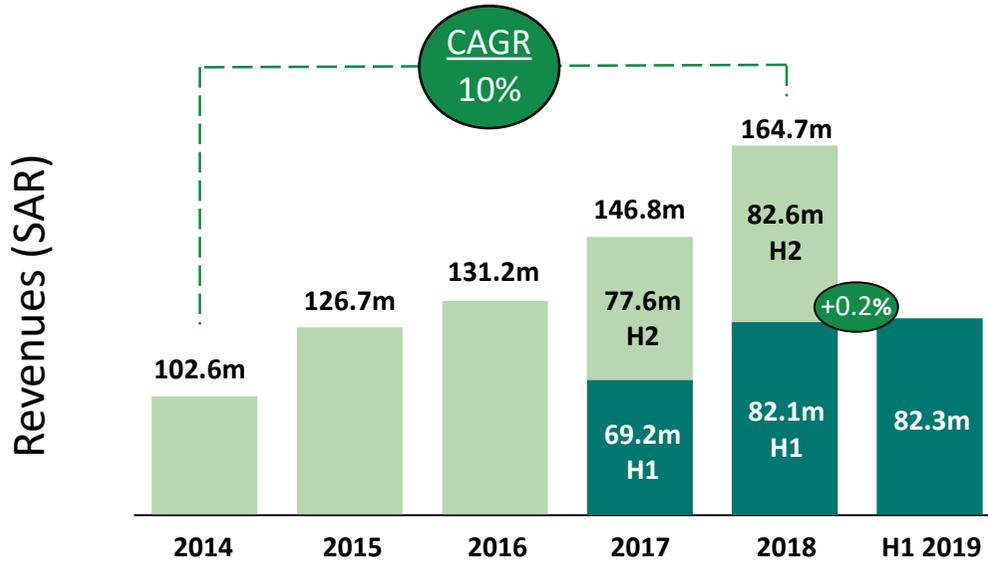
Alandalus Property's investments, with stakes ranging from 25% to 50%, are also directed into sister companies whose operations are aligned with those of Alandalus

Name	Sector	Property	Ownership Stake	Partners	Capital (SAR in million)
Alaswaq Almutawarah Company	Real estate	Dareen mall	50%	Borug Int. Co	25
West Jeddah Hospital Company	Healthcare	Dr. Sulaiman Al Habib Hospital	50%	Dr. Sulaiman Al-Habib Medical Group	0.5
Hamat Property Company	Real estate	Operating arm	33.4%	Asala Holding Co	0.5
Al Hayat Property Company	Real estate	Hayat mall	25%	Abdullah S.Alrashed & Sons	5
Sorouh Almarakez Company	Real estate	Al Sawari Land	25%	<ul style="list-style-type: none"> ▪ Mohammad Al Habib Real Estate Co ▪ Asala Holding Co 	0.5
Al-Jawharah Al-Kobra for Real Estate Development and Investment	Real estate	Al Jawhara Mall	25%	Mohammad Al Habib Real Estate Co	0.5

Financial Performance



H1 2019 Financial Performance - Headline



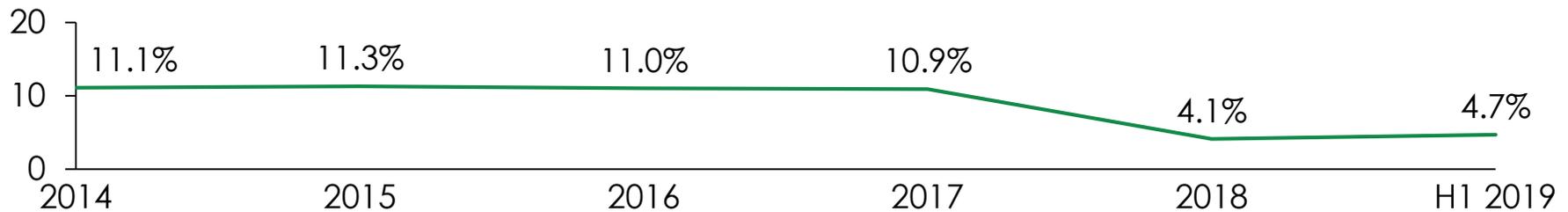
1- including Extraordinary Capital Gain by SAR 22m

2- Change ownership in Alandalus Mall and Staybridge hotel to 68.73%

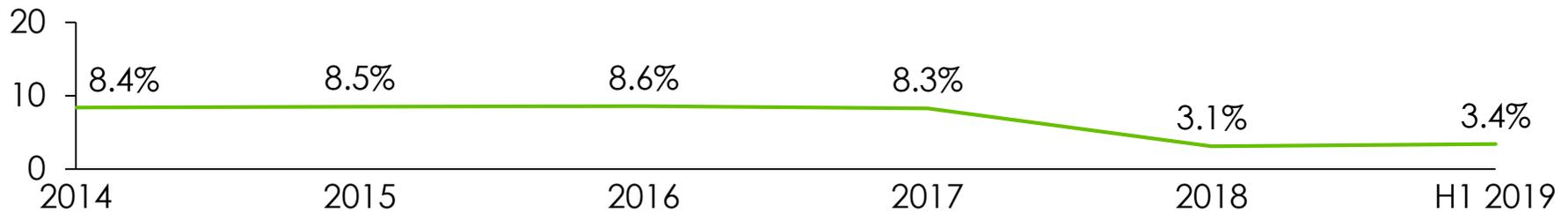
Return Profile

Steady, consistent financial performance has been reflected in key return metrics

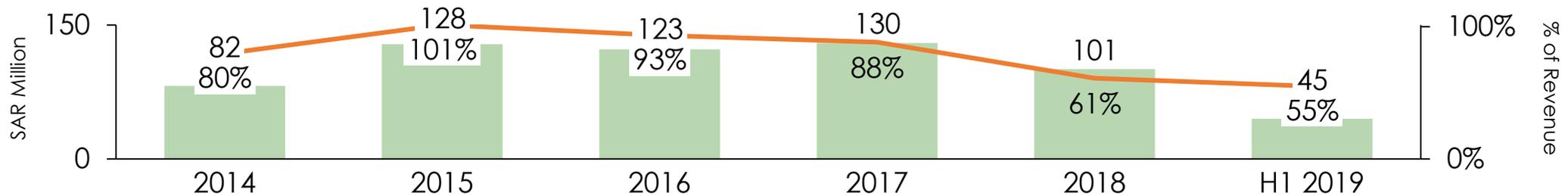
Return on Equity (ROE)



Return on Assets (ROA)

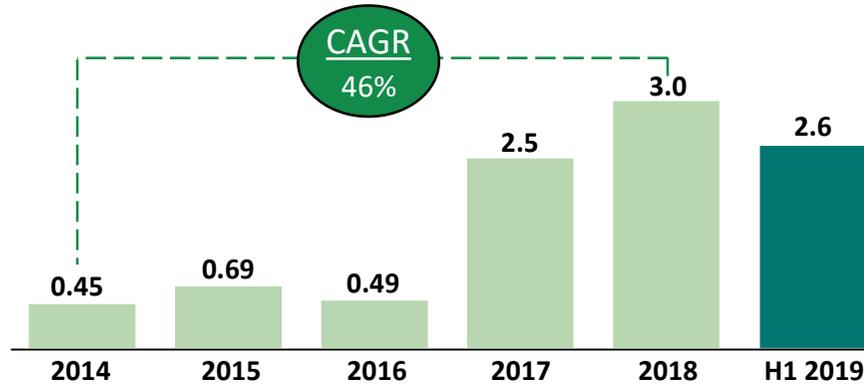


Funds From Operations (FFO)

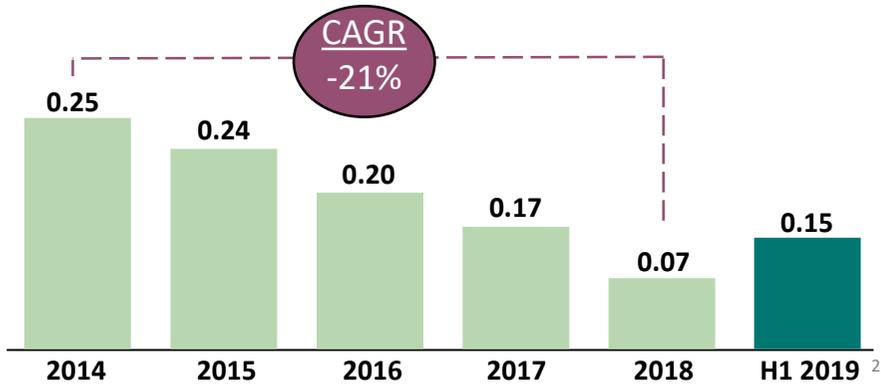


H1 2019 Financial Performance – Balance Sheet

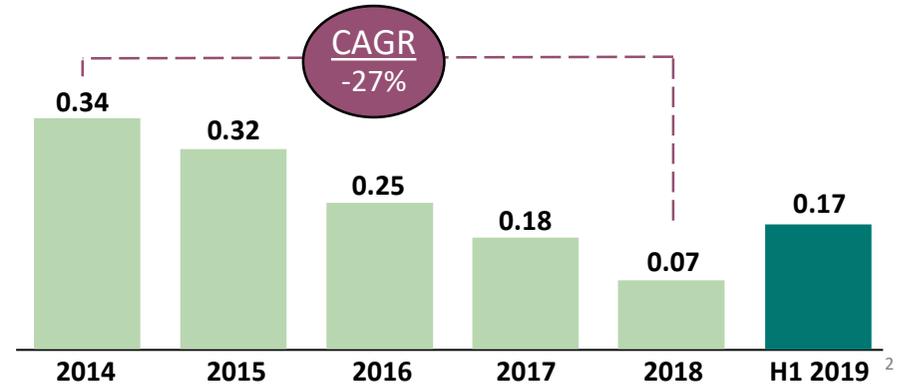
Current Ratio



Debt-Assets Ratio ¹



Debt-Equity Ratio ¹



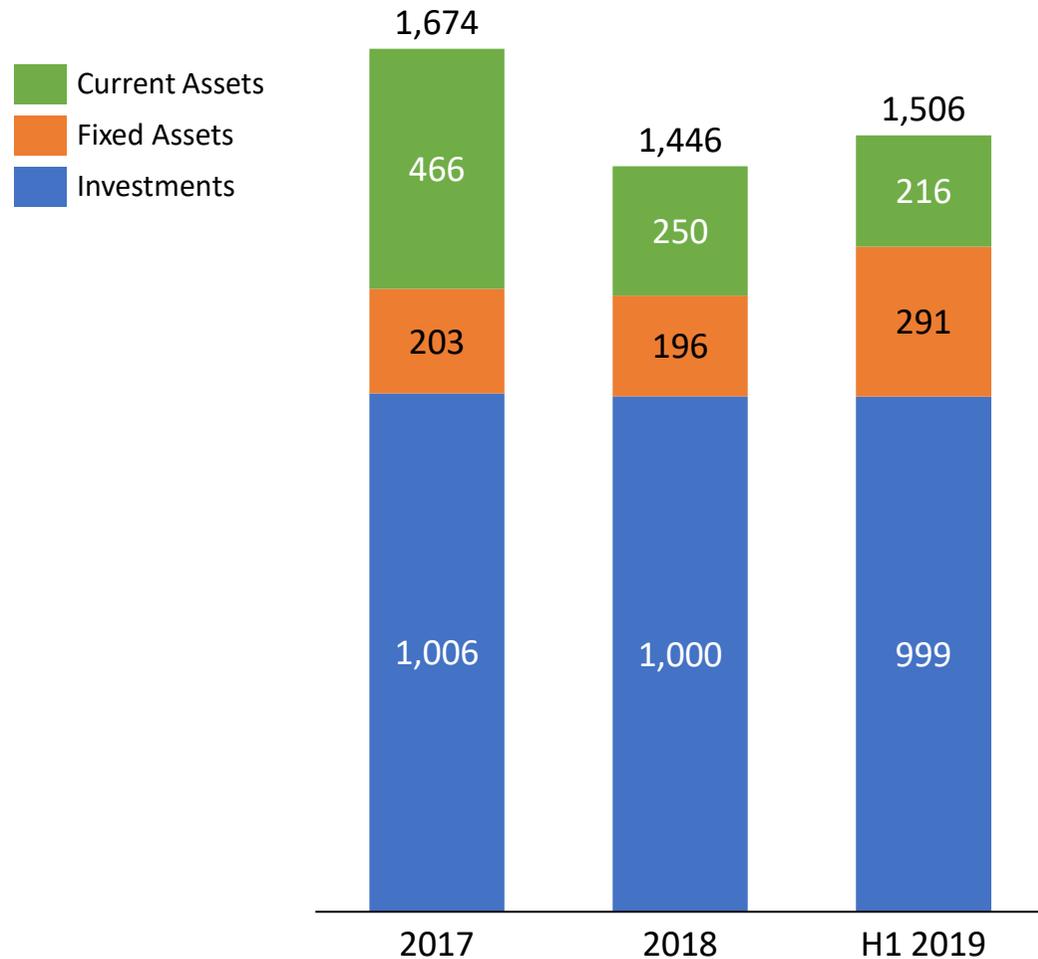
1- The Company has paid off all its outstanding loans.

2- Debt-Asset ratio and Debt-Equity ratio would be 5% and 6%, respectively if the impact of IFRS 16 is excluded

Balance Sheet Overview

We are optimizing and deleveraging the balance sheet to maintain its robust health as we position the Company for new opportunities

Total Assets (SAR million)



Total Liabilities & Equity (SAR million)

