

Alandalus Property Gross Profit Increases 17% for FY 2018

Key highlights

- *FY 2018 revenue grew by 12% to SAR 165 million, compared to SAR 147 million in FY 2017*
- *Alandalus Property introduces F&B, entertainment and hospitality options into its portfolio as the Company revamps its corporate strategy*
- *Company to develop largest cinema complex in Jeddah, in agreement with Empire Cinemas, consisting of 27 screens in Alandalus Mall*

Riyadh, Saudi Arabia – 20 March 2019: Alandalus Property (“the Company”) (Tadawul: 4320), a Saudi Arabian real estate company involved in the investment, development and operation of income-generating commercial properties across the Kingdom, today announced its financial results for the fiscal year ended 31 December 2018 (FY 2018).

The Company has been upgrading its existing assets across its diverse set of property sectors, primarily retail via super-regional malls and strip malls across Jeddah, Riyadh and Dammam. The Company also diversified into the hospitality sector with the development of Staybridge Suites in Jeddah which opened in June 2017 and is operated by Intercontinental Hotels Group (IHG). This enables the Company to capitalize on the demographics of the catchment area which includes shoppers in addition to business and religious visitors thereby increasing revenues across different sectors.

Within the healthcare sector, which the company entered to further diversify its activities, Alandalus Property is developing a new hospital called West Jeddah Hospital near its flagship Alandalus Mall - in a joint venture with the well-known regional Dr. Sulaiman Al-Habib Medical Group - and due to open in Q2 2022.

Commenting on the results, **Chairman of Alandalus Property, Mr. Abdulsalam Al Aqeel**, said: *“This is a very exciting time for Alandalus Property. Despite challenging macroeconomic conditions, we put in a robust financial and operational performance in 2018. We have a yielding portfolio consisting of well-located high-quality properties with high footfall and occupancy rates that provide steady, consistent financial returns. The company is well-diversified not only by sector but also by geography and tenant mix. Being the first mall developer to be listed on the Tadawul, we take seriously our commitment to the highest standards of corporate governance and ethical business practices. I am confident that our Board, leadership team and strong partnership network will continue to help drive the company to new heights.”*

Al-Ahli REIT I

In December 2017, Alandalus Property announced the launch of its closed-end real estate investment traded fund, Al-Ahli REIT Fund I. The fund, which invests in developed, ready-to-use, income-generating real estate assets, comprises award-winning and Jeddah-based Alandalus Mall in addition to its adjacent hotel, Staybridge Suites which is operated by Intercontinental Hotels Group (IHG). Both properties were transferred to the fund to unlock their respective values to shareholders and to allow the company to reinvest the proceeds from the more than 30% asset sale into its strategic vision, guaranteeing the properties' long-term value propositions and offering the Company further flexibility and diversification.

Mr. Hathal Al Utaibi, Alandalus Property's Chief Executive Office, said: *"Alandalus Property is the majority shareholder in Al-Ahli REIT I with 68.73 % ownership. The proceeds were distributed to our shareholders as a dividend, reinvested back into the Company and secured in the treasury as we actively seek new yielding opportunities."*

Operations Update

Shopping Malls

The Company's malls business has continued its successful performance. From the super-regional malls, Alandalus Mall in Jeddah recorded an occupancy rate of 95% and a footfall over 13.5 million, Hayat Mall in Riyadh recorded an occupancy rate of 98% and a footfall of 10 million; and Dareen Mall in Dammam recorded an occupancy rate of 95% and a footfall of 5.5 million.

Its Riyadh-based strip malls include Al Sahafa, Yarmouk and Tilal Center and recorded occupancy rates of 96%, 96% and 100%, respectively. In addition, the Company announced the completion of Al Marwa Plaza in Q4 2018. The mall is expected to be at full occupancy by year-end 2019.

There are plans to renovate the company's two largest malls, Alandalus Mall and Hayat Mall, with the goal of reimagining consumer engagement and ultimately enhancing visitor experiences. At Alandalus Mall work is underway to build the largest cinema in Jeddah consisting of 27 screens, in partnership with Empire Cinemas, and due to open in Q1 2020. The mall is also undergoing a large expansion on its front end to facilitate the development of a new F&B destination.

Hospitality

Staybridge Suites, a five-star hotel, is located in Jeddah next to Alandalus Mall. As the first Staybridge hotel in Saudi Arabia, the 164-room property recorded an average annual occupancy rate of more than **62 %** and an average annual revenue per room (RevPAR) of SAR 373 in line with its peers.

Financial Update

Alandalus Property reported revenue growth of 12% to SAR 165 million, compared to SAR 147 million in FY 2017. The increase was due to revenue increases from Alandalus Mall and Staybridge Suites hotel. This helped drive a 17% increase in gross profit to SAR 94 million in FY 2018 from SAR 80 million in FY 2017.

The Company's FY 2018 net profit to shareholders dropped to SAR 48 million from SAR 118 million in FY 2017. This drop is due to several reasons. Firstly, there was the sale of 31.27% minority interest in the REIT. Secondly, G&A expenses were high this year due to the addition of REIT management fees. Thirdly, there were non-recurring items such as the SAR 23 million gain on the sale of land in the previous period, SAR 6 million impairment of investment in an associate and increase of Zakat Provision in 2018.

The cash balance is at SAR 145 million from SAR 444 million the previous year primarily due to a dividend distribution of SAR 140 million and final loan settlements worth SAR 117 million. The Company is proposing a dividend of SAR 70 million (1 riyal per share) for the year 2018, which will be put forward to shareholders at the annual general meeting (AGM).

The Company has low leverage with a debt-to-asset ratio of 7% down from 15% last year.

Mr. Hathal Al Utaibi, Alandalus Property's Chief Executive Office, also noted: *"At the centre of our strategy is the creation of commercial ecosystems that deeply engage our diverse and widespread consumer base. Our financial results for 2018 reveal the first signs of our successful implementation of this direction. Our revenue and gross profit grew but operating expenses, especially G&A, increased leading to a decline in net profit. Our balance sheet is very healthy with close-to-zero leverage and a healthy cash balance. This fiscal management is deliberate as we reposition the company to capitalize on the exciting new developments we face. We will be informing our major stakeholders about our new strategy in the coming period."*

- Ends -

About Alandalus Property:

Established in 2006, Alandalus Property (TADAWUL: 4320), is a Saudi Arabian real estate company involved in the investment, development and operation of income-generating commercial properties across the Kingdom of Saudi Arabia.

In late 2015, Alandalus became the first mall operator in Saudi Arabia to be listed on Tadawul and today the Company's business portfolio spans standalone malls, such as its signature Alandalus Mall in Jeddah, strip malls, hospitality and healthcare. The company's property portfolio extends across all three metropolitan cities, covering a significant amount of commercial space that generate high occupancy rates.

As a national developer, Alandalus looks to develop diversified, high-quality commercial spaces that foster loyalty, visit frequency and long-term economic value, whilst establishing the company as the preferred third place destination, after home and work.

For more details on Alandalus Property, please visit <http://www.alandalus.com.sa>

For further information, contact:

Alandalus Property

Abdulrahman Al Shaya

Phone: +966 11 4700735 Ext. 403

Email: alshaye@alandalus.com.sa

Brunswick Gulf

Jamil Fahmy

Phone: +971 569940847

Email jfahmy@brunswickgroup.com