Target Price: SAR26/share
Current price: SAR20.8/share
Upside: 25% (2025 Div. Yield: 7.2%)
Rating: Overweight

Cenomi Centers (formerly Arabian Centers Co.)

Market leader with unmatched geographical presence

- Topline to grow at a CAGR of 11.7% over 2024-28e, supported by strong projects (~8%) in the pipeline along with an improvement in avg revenue per sqm (4.5% CAGR).
- EBITDA margin to rise notably over 2024-28e, driven by incremental contribution from new flagship malls and operating leverage, driving adjusted earnings growth at 19.6% CAGR over 2024-28e.
- Initiate Cenomi Center with a target price of SAR26/sh., and an Overweight rating based on an avg. of DCF, Price/NAV and Price/ FFO methods.

Stock data	
TASI ticker	4321
Mcap (SARmn)	9,690
Trd. Val (3m) (SARmn)	16.9
Free float	53.2%
QFI holding	10.8%
TASI FF weight	0.39%

Source: Company data, Tadawul

Valuation (SAR/share)	
DCF (33.3% weight)	26.6
P/NAV (33.3% weight)	25.7
P/FFO (33.3% weight)	25.7
Target Price (rounded)	**26.0**

Source: GIB Capital

Largest retail market with strong growth potential: Saudi Arabia, the largest economy in the region, accounts for 41% of GCC retail sales and has seen steady growth. While the overall GCC retail market is projected to grow at a CAGR of 4.3% over 2023-28e, the KSA retail market is expected to grow at a 5.1% over the same period, driven by economic expansion, tourism growth (Figure: 5), population increase (2.4% CAGR over 2023-30e), and market consolidation. Despite its dominance, major cities like Riyadh and Jeddah remain underpenetrated, with GLA per capita at 0.5 sqm, significantly lower than Dubai and Abu Dhabi (1.4–2.2 sqm), presenting strong expansion opportunities for local players.

Cenomi with its strong project pipeline to capitalize on the promising market opportunity: Cenomi Centers is Saudi Arabia's largest mall owner, developer, and operator, with 22 malls across 10 major cities, covering 80% of the population. It leads the market with ~1.4mn sqm of GLA (18% market share), far ahead of the second-largest player, Hamat (0.6mn sqm, 6% market share. Additionally, Cenomi has six projects in development, including three flagship malls and three lifestyle destinations, set to open between 2025-2027, adding ~0.6mn sqm of GLA. However, given industry trends, we assume a 1-2 quarter delay, expecting GLA to reach 1.8mn sqm by 2028e (Dhahran mall expiry accounted). We note that of the total six upcoming malls, two flagship properties Jawharat Jeddah (JJ) and Jawharat Riyadh (JR), together representing 58% of upcoming GLA, will be operational over the next 12 months. Accordingly, considering healthy growth in GLA (8% CAGR over 2024-28e), along with an improvement in the rental rate (4.5% CAGR) primarily driven by rising contribution from Category A malls (commands higher rental rates), we expect the total revenue to grow at a CAGR of 11.7% over 2024-28e.

Figure 1: Key financial metrics

SARmn	2023a	2024a	2025e	2026e	2027e	2028e
Revenue	2,254	2,344	2,341	2,691	3,034	3,646
Revenue growth	*2%*	*4%*	*0%*	*15%*	*13%*	*20%*
Gross Profit	1,870	1,986	1,977	2,274	2,565	3,089
Gross profit margin	*83%*	*85%*	*84%*	*85%*	*85%*	*85%*
Adj operating Profit*	1,285	1,488	1,539	1,774	1,999	2,406
Net profit	1,515	1,217	1,388	1,445	1,646	1,983
Adj net profit*	890	793	811	988	1,237	1,621
Adj net margin	*39%*	*34%*	*35%*	*37%*	*41%*	*44%*
Adj EPS (SAR)	1.9	1.7	1.7	2.1	2.6	3.4
DPS (SAR)	1.6	1.5	1.5	1.5	1.5	2.1
P/E	11.1x	12.5x	12.2x	10.0x	8.0x	6.1x

*Source: Company data, GIB Capital, *Adj for FV gain/(loss) on investment properties and one-offs*

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Strategic GLA optimization and better rental rates to largely offset the impact of Dhahran mall lease expiry: Cenomi Centers continues to optimize its portfolio to boost occupancy, enhance GLA, and increase rental rates. The company's strategy involves adjusting its GLA mix, aiming for a 55/45 split between retail and experiential spaces to drive higher footfall and improve rental rates. Significant progress has already been made in this direction, with the retail mix reduced from 68% in 2022 to 62% in 2024 through reallocation during lease renewals. Accordingly, these initiatives, along with additional revenue from U Walk Jeddah and focus on specialty leasing activities, are likely to offset the potential revenue loss of SAR139mn from the expiry of the first phase of Dhahran Mall in 2025 (Figures: 17, 18).

Strong earnings growth on margin expansion amid cost optimization initiatives: Cenomi has implemented various cost-cutting initiatives in recent years, including organizational restructuring, which led to a 19.5% y/y decline in employee costs in 2024. Moreover, the receivable collection from the related party (Cenomi Retail) is also expected to improve from 2Q25 following the agreement on a new payment plan, leading to a possible reduction in credit loss provisioning in the coming periods. As a result, adjusted EBITDA (adj for FV gain/(loss) on investment properties and one-offs) is expected to grow at a 12.8% CAGR over 2024-28e, supported by contributions from new malls (notably JJ and JR, adding SAR600mn in EBITDA by 2028e vs. mgt guidance of SAR650mn), with adj EBITDA margin rising from 63.8% in 2024 to 66.5% by 2028e (66.2% in 2025e vs mgt guidance: ~70%).

Overall, despite a near-term pressure on net margin due to higher finance costs, we expect the adjusted net income (adj for FV gain/(loss) on investment properties and one-offs) to increase at a CAGR of 19.6% over 2024-28e, with adjusted net margin improving from 33.8% in 2024 (39.5% in 2023) to 44.1% by 2028e, aided by higher profitability from new malls, operating efficiencies and a gradual decline in leverage.

Valuation: Cenomi's medium to long-term growth prospects seem promising, driven by i) its strategically located assets, ii) leadership position (18% market share), iii) GLA expansion (8% CAGR over 2024-28e) with two flagships malls, iv) robust LFL Occupancy (94.4% in 2024), v) a gradual EBITDA margin expansion (2.6pts improve over 2024-28e) on better tenant mix and leasing rates, and vi) robust dividend yield (~7%). However, high debt and related-party exposure (Cenomi Retail) pose near-term risks. Accordingly, to factor in the near to medium-term growth prospects, we have used three different valuation methodologies—Price/NAV, Price/FFO, and DCF—arriving at a weighted average target price of SAR26/share.

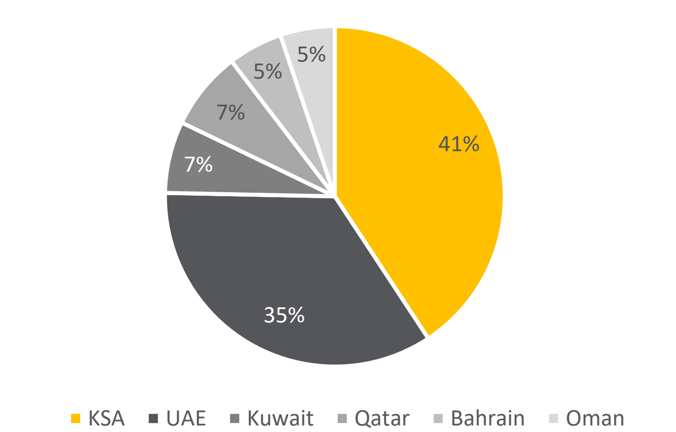
Risks: Decline in footfall due to changes in market dynamics, delay in rent collections, failure to retain existing tenants or sign new ones, inflation, delays in expansion or renovation plans, etc.

Investment Case

KSA remains the largest retail market in the region, with strong long-term growth prospects

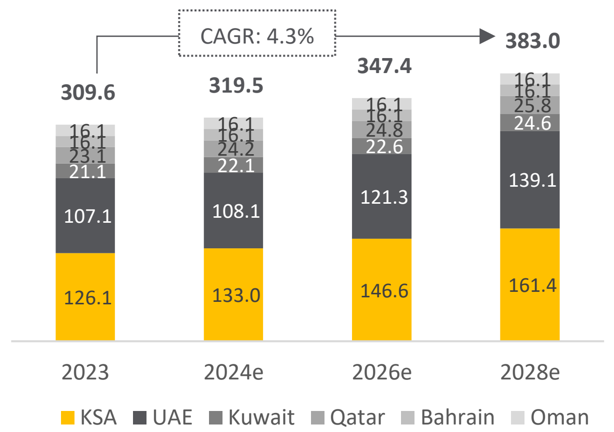
Saudi Arabia, the largest economy in the region, has been witnessing steady growth in retail sales over the past few years, accounting for a substantial 41% share of the GCC region. Going forward, while the overall GCC retail market is expected to grow at a CAGR of 4.3% over 2023-28e, the KSA retail market is projected to increase at a healthy rate of 5.1% CAGR over the same period, supported by improving economic activities, ongoing tourism growth (Figure: 5), population growth (2.4% CAGR over 2023-30e) with favorable demographics, and market consolidation.

Figure 2: KSA share in GCC retail sales - 2023



Source: GCC Retail Industry, 2024 CBRE Research, GIB Capital

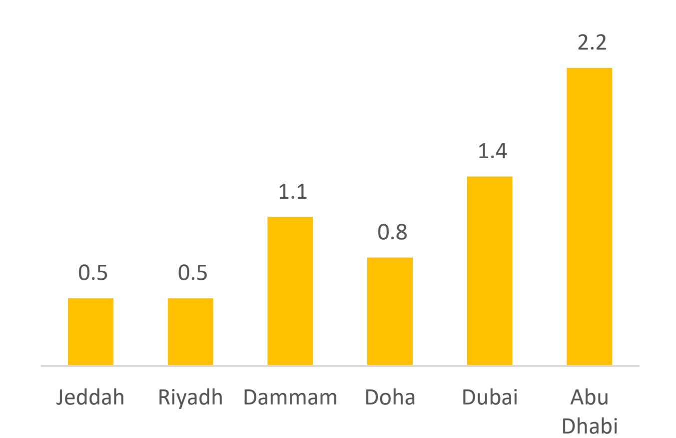
Figure 3: GCC retail market size (US$bn)



Source: GCC Retail Industry, 2024 CBRE Research, GIB Capital

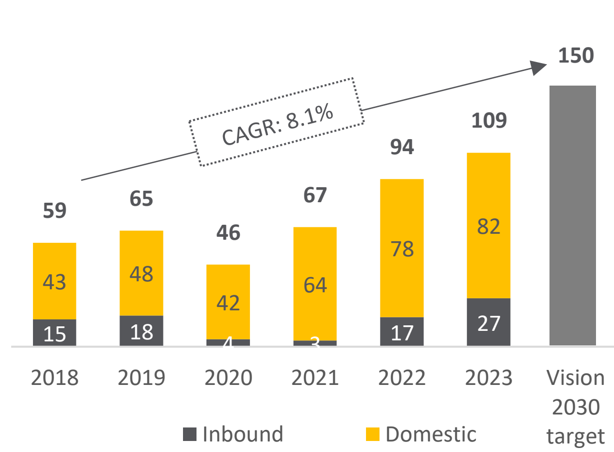
Although Saudi Arabia accounts for 41% of the GCC retail sales market, its major cities remain underpenetrated in terms of GLA per capita. Riyadh and Jeddah have a GLA per capita of 0.5 sqm, compared to regional cities like Dubai and Abu Dhabi, where GLA per capita ranges between 1.4 and 2.2 sqm (Figure: 4), offering ample opportunity for local players to expand their portfolios.

Figure 4: Retail mall GLA per capita – GCC cities (2023)



Source: CBRE Research, GIB Capital

Figure 5: KSA tourist arrivals (mn)



Source: Ministry of Tourism, GIB Capital

Cenomi Center: A leading player in organized retail with an unmatched geographical scale

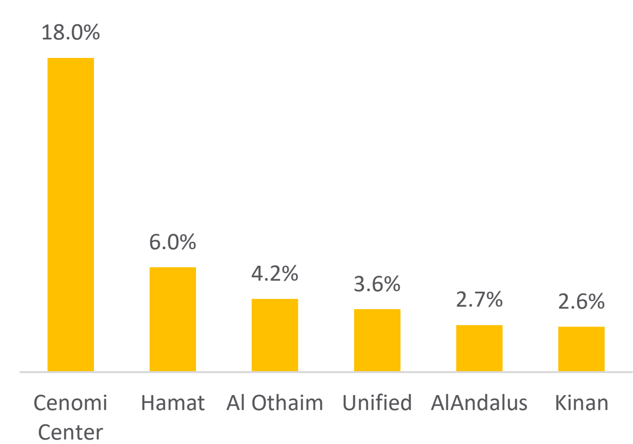
Cenomi Centers is Saudi Arabia's largest owner, developer, and operator of shopping malls, with properties across ten major cities, including Riyadh, Jeddah, Dammam, and Makkah, covering around 80% of KSA's population. Currently, it has a portfolio of 22 malls (Figure: 6), leading the market in both GLA, with ~1.4mn sqm, and a market share at 18%. In comparison, the second-largest player, Hamat, holds a GLA of only 0.6mn sqm with a 6% market share, indicating the massive size and scale of Cenomi Center. The company's malls are developed on a mix of leasehold and freehold lands, reflecting an optimal asset mix.

Figure 6: Existing portfolio of Cenomi Centers – as of 2024

S. No.	Name of the Mall	City	Performance Category	GLA (Sqm)	Lease Expiry	Year Opened
1	Mall of Dhahran*	Dhahran	A	132,237	2026	2005
2	Salaam Mall	Jeddah	B	139,428	2032	2012
3	Mall of Arabia	Jeddah	A	110,016	Freehold	2008
4	Nakheel Mall	Riyadh	A	75,725	2034	2014
5	Aziz	Jeddah	B	66,700	2046	2005
6	Noor	Madinah	A	68,747	Freehold	2008
7	Yasmeen Mall	Jeddah	B	59,700	2034	2016
8	Hamra	Riyadh	A	55,294	Freehold	2016
9	Ahsa	Ahsa	C	44,097	Freehold	2010
10	Salaam Mall	Riyadh	B	47,517	Freehold	2005
11	Jouri	Taif	B	48,138	2035	2015
12	Makkah Mall	Makkah	A	37,416	Freehold	2011
13	Nakheel	Dammam	A	57,796	Freehold	2019
14	U-Walk	Riyadh	A	48,077	2046	2019
15	Nakheel Plaza	Qassim	C	42,214	2029	2004
16	Haifa	Jeddah	C	33,531	2032	2011
17	The View	Riyadh	A	54,331	Freehold	2021
18	Tala	Riyadh	C	20,655	2029	2014
19	Jubail	Jubail	C	20,810	Freehold	2015
20	Sahara Plaza	Riyadh	C	14,722	Freehold	2002
21	U-Walk Jeddah	Jeddah	A	54,995	2052	2023
22	Jeddah Park	Jeddah	A	120,578	Operational Agreement	2021

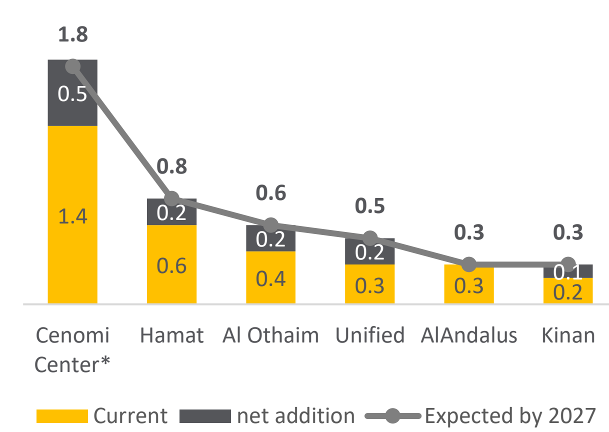
*Source: Company data, *First phase of lease expired in Feb 2025 and 2nd phase is due to renewal in April 2026.*

Figure 7: Market share of leading players in KSA (2023)



Source: Third party market report, GIB Capital

Figure 8: Cenomi vs Peers in terms of GLAs (mn sqm) (2024)



*Source: Company data, Third party market report, *Addition is net of Dhahran mall expiry (rounded off)*

Strong mall pipeline to enhance GLA by 36% by 2028e

In addition to 22 existing malls, Cenomi Centers has six properties (of these, 3 are flagship properties and 3 are lifestyle destinations) in the development pipeline in prime catchment areas within major Saudi cities (Figure: 9). These projects, scheduled to open between 2025 and 2027, will collectively add 0.6mn sqm of GLA, increasing the current GLA by ~48% to 2mn sqm by 2027e (36% if adjusted for the lease expiry of Dharan Mall; reaching ~1.8mn sqm by 2027e). However, given the nature of the industry, we conservatively anticipate a 1-2 quarter delay in the completion of each major upcoming property compared to management's guidance. Accordingly, we expect the current GLA to go up by 36%, reaching ~1.8mn sqm by 2028e (assuming the company will not renew the second phase of Dhahran mall, scheduled for renewal in April 2026).

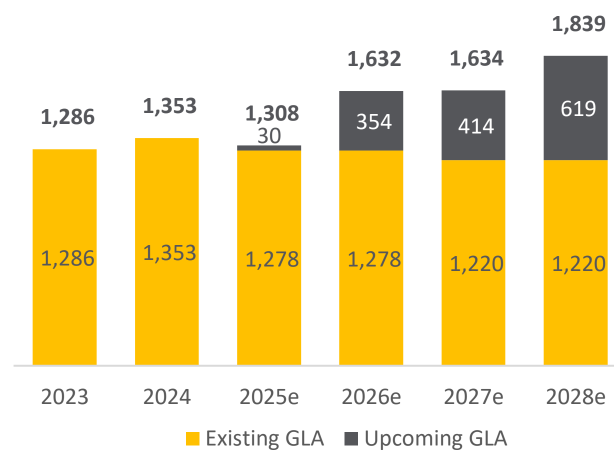
Additionally, Cenomi Centers has strong relationships with around 24 anchor brands and tenants who already lease space in their existing properties. This enables the company to pre-lease a substantial portion of GLA in its upcoming malls, enabling it to leverage the growth potential as well as further strengthen its leadership position in the Kingdom.

Figure 9: Upcoming portfolio of Cenomi Centers

Mall Name	City	GLA (Sqm)	No. of stores	Opening year
Jawharat	Riyadh	220,000	300	1Q26
Jawharat	Jeddah	104,000	300	4Q25
Jawharat	Khobar	100,000	380	2H27
Marina Mall*	Jubail	30,000	70	TBD
U Walk	Qassim	60,000	135	2H26
Murcia Mall	Riyadh	45,000	150	2H26

*Source: Company data, *This is O&M agreement similar to Jeddah Park.*

Figure 10: GLA growth over 2025-2028 ('000' sqm)



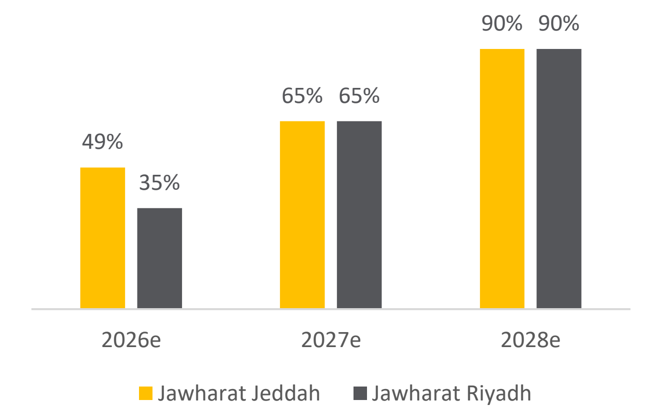
Source: Company data, GIB Capital

… with Jawharat Jeddah and Jawharat Riyadh likely to be operational in the coming 12 months

As mentioned earlier, Cenomi Center has six properties in the pipeline. Among these, two key flagship properties, Jawharat Jeddah (JJ) and Jawharat Riyadh (JR), are set to become operational within the next 12 months and represent 58% of the upcoming GLA and 23% of the existing GLA. Jawharat Jeddah has a total GLA of 104k sqm with more than 300 stores, including three F&B zones, and is expected to attract more than 15mn visitors annually. The mall is 94% structurally complete and set to open in 4Q25 (with operations likely starting in 1Q26). Similarly, Jawharat Riyadh is another flagship property with a GLA of 220k sqm. The mall has 400+ stores, four F&B zones, and 65k sqm of office and entertainment space, and is expected to attract over 20mn visitors annually. Jawharat Riyadh, with 92% of its structure completed, is anticipated to become operational by 1Q26 (with operations likely beginning in 2Q26).

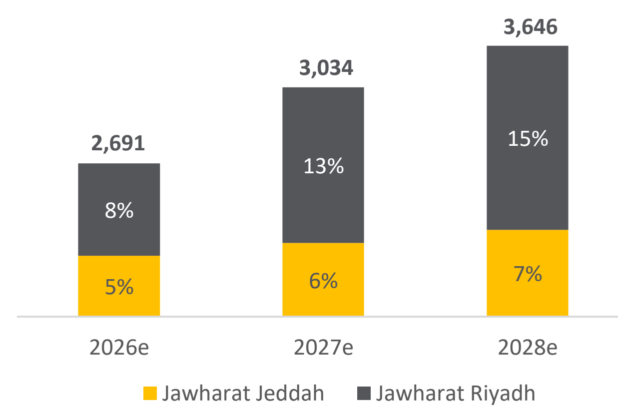
We note that these two properties have already achieved a pre-leasing rate of 70%, ensuring a healthy occupancy rate in the initial days of mall operation. Moreover, given their status as flagship properties, these developments are expected to command higher rental rates (guidance: 10-15% higher than current A-category malls). As a result, we project that these properties will generate incremental revenue of ~SAR830mn (~23% of total revenue) upon stabilization (at ~90% occupancy) by 2028e.

Figure 11: Occupancy trend of JJ and JR over the period



Source: Company data, GIB Capital

Figure 12: Revenue contribution trend by JJ and JR



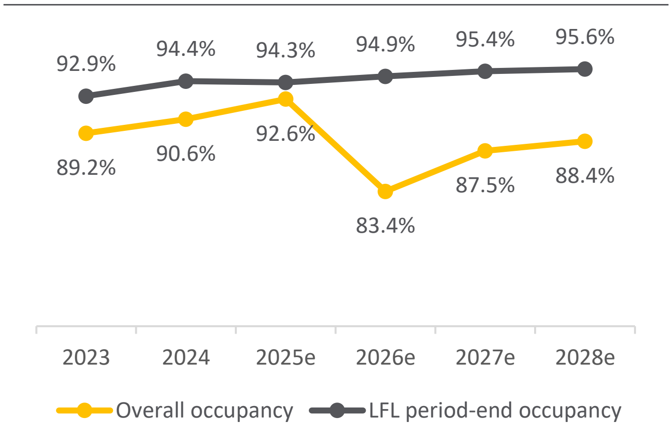
Source: Company data, GIB Capital

Several company-led initiatives to boost occupancy and lease rates …

Cenomi Centers is actively implementing strategies to boost overall rental income by improving occupancy and increasing rental rates. In response to evolving consumer preferences, the company is optimizing its tenant mix with a target of 55/45 for retail and experiential. The company has already made significant progress in this direction, reducing its retail tenant mix from 68% in 2022 to 62% by 2024 by allocating more space to experiential tenants (F&B and entertainment) at the time of lease renewals, resulting in a record footfall of 132mn in 2024 (124mn in 2023, 114mn in 2019) and highest occupancy since IPO clocking at 94.4% in 2024. The company is also working to optimize leasable space by implementing design improvements, such as enhancing seating areas and adding rentable "island" spaces in common areas, as well as identifying additional areas for potential leasing. These changes would add an additional ~50k sqm (3.7% of total GLA) of leasable space across the company's existing mall portfolio.

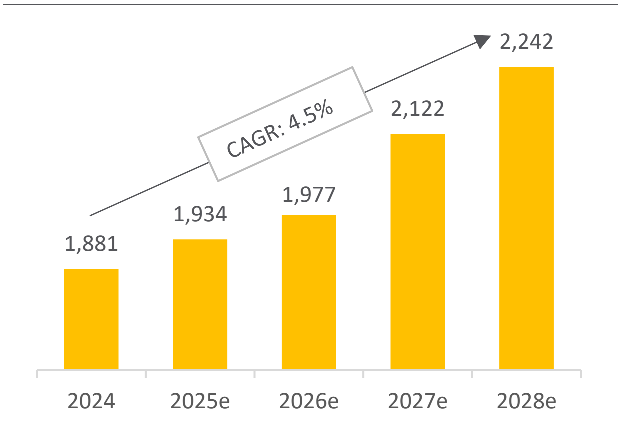
These initiatives not only enhance foot traffic but also drives higher rental rates (+7.8% over 2022-24), driving greater value from its GLA. Additionally, Cenomi Center maintains its leadership position in occupancy and lease rates compared to the market average (Figure: 15,16). Moreover, the upcoming properties (particularly JJ and JR; 70% pre-leased) are likely to command rental rates ~10-15% higher than those of current A-category malls and achieve a stabilized occupancy level of ~90% in their third year of operations. Accordingly, we expect the overall LFL occupancy rate to increase from 94.4% in 2024 (highest since IPO) to 95.6% by 2028e (medium-term target: 94-95%) and revenue/sqm to grow at a CAGR of 4.5% during 2024-28e.

Figure 13: Overall and LFL occupancy



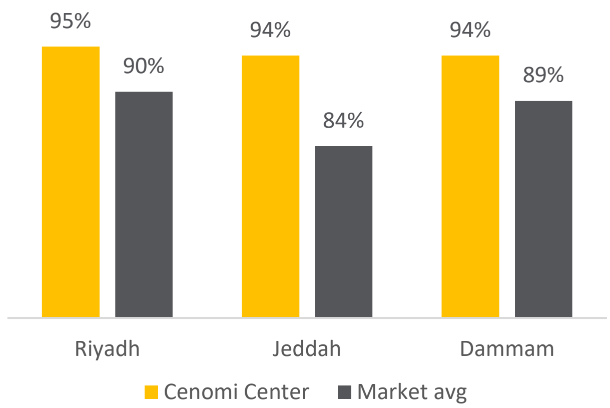
Source: Company data, GIB Capital

Figure 14: Revenue per sqm leased (SAR)



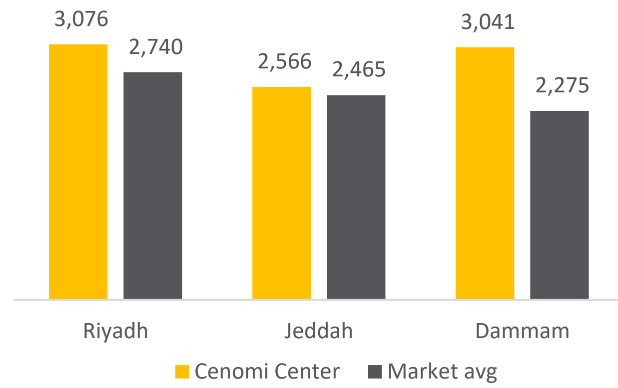
Source: Company data, GIB Capital

Figure 15: Avg occupancy in key cities – Cenomi vs market (2024)



Source: Company data, GIB Capital

Figure 16: Avg lease rate in key cities (SAR/sqm) – Cenomi vs market (2024)

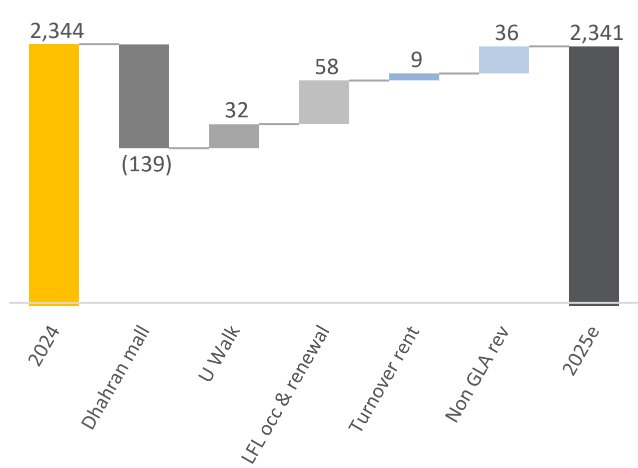


Source: Company data, GIB Capital

…largely offsetting the impact from the lease expiry of Dhahran Mall

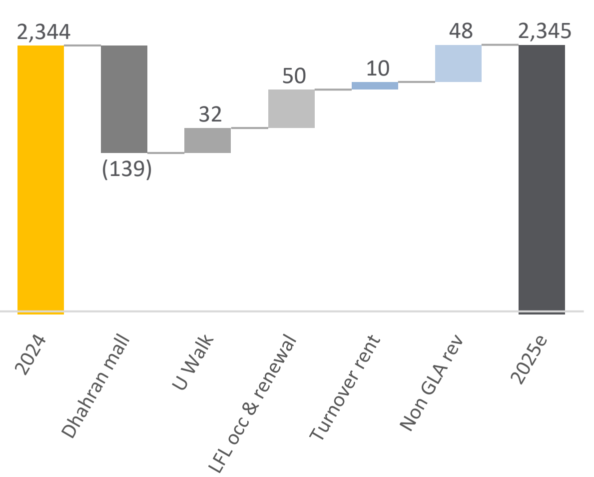
Dhahran Mall is one of the company's largest properties, historically contributing ~13% of the topline (GLA: 158k sqm, 12% of total GLA). In 2Q22, a fire incident caused 16% of the mall's GLA to be non-operational. The mall, which operates on a leasehold property (opened in 2005), has two head leases—one expiring in February 2025 and the other in April 2026. Cenomi Center had been in discussions with the landlord to renew the lease. However, these discussions did not result in an agreement. Consequently, the first phase of the lease (82k sqm), which expired on 9th Feb 2025, will reduce revenue by SAR139mn (~6% of Cenomi's revenue). However, net income is expected to rise by ~SAR49mn due to a reduction in fair value loss from Dhahran Mall's revaluation. The second phase of the lease, covering ~80k sqm and expiring in April 2026, is expected to reduce revenue by an additional SAR93mn (~4% of total revenue), slightly less than the first phase, as it includes a section that remains non-operational due to the fire incident. We note that the revenue loss from Dhahran Mall's lease expiry is expected to be largely offset by i) additional revenue from existing properties (particularly U Walk - Jeddah, which will stabilize in 2025, ii) lease renewals at better rates, with 31% of the portfolio up for renewal in 2025 (historical renewal rate is 90%+), iii) higher occupancy rates, iv) growth in specialty leasing (15% of topline revenue), including vending, paid parking, and promotions (Figure: 17, 18).

Figure 17: Drivers to offset the revenue loss from Dhahran mall phase 1 expiry in 2025 - GIBC estimate …



Source: Company data, GIB Capital

Figure 18: … Vs. management top-line guidance



Source: Company data, GIB Capital

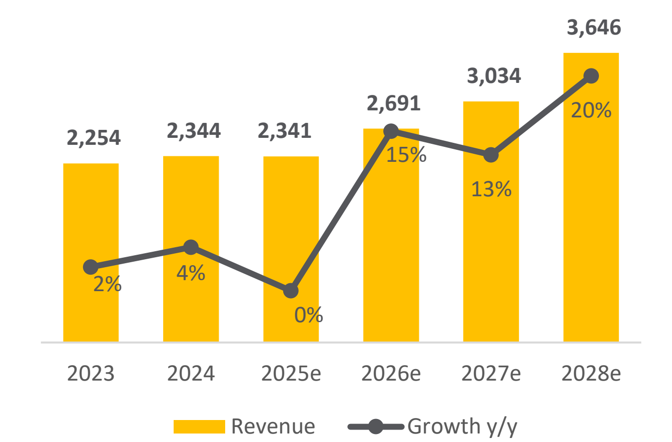
Stable rental income aided by turnover rent and non-GLA income

Considering a robust GLA expansion (8% CAGR over 2024-28e; accounted lease expiry of Dhahran Mall), primarily led by the launch of six pipeline projects and a 4.5% CAGR in revenue per sqm, along with a rise in LFL occupancy reaching 95.6% by 2028e (94.4% in 2024), we project the rental income (91% of total revenues as of 2024) to grow at a CAGR of 11.1% over 2024-28e.

In addition to collecting predetermined rent from tenants, the company also generates income from turnover rent (~3% of total revenues). This concept, introduced by the company in 2014, involves charging a pre-agreed percentage of tenants' annual sales. Turnover rent grew by 28% y/y in 2023 (4% decline in 2024), driven by a significant increase in footfalls across malls and improvement in the process of POC data collection. We expect this income to grow at a CAGR of 15.7% over 2024-28e, supported by further improvement in collecting the POC data to accurately track tenant sales. Additionally, to supplement GLA-based revenue, the company actively develops non-GLA income streams, including specialty leasing and media sales.

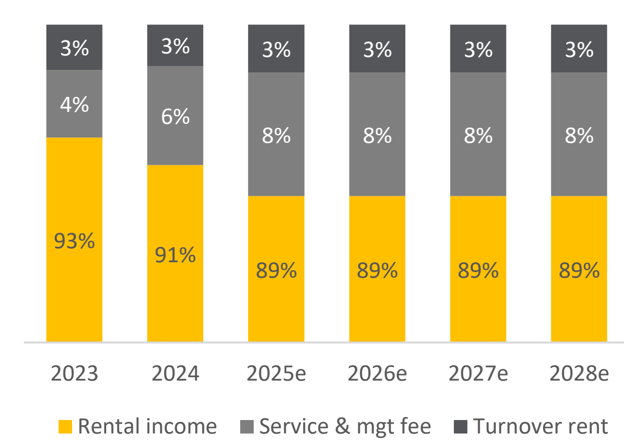
Overall, we forecast the total revenue to grow at a healthy CAGR of 11.7% over 2024-28e, primarily driven by GLA expansion and improvement in lease rates mainly due to a change in revenue/tenant mix (revenue contribution from Category A malls, which command higher rental rate, is expected to go up from ~70% in 2024 to ~78% by 2028e).

Figure 19: Revenue (SARmn)



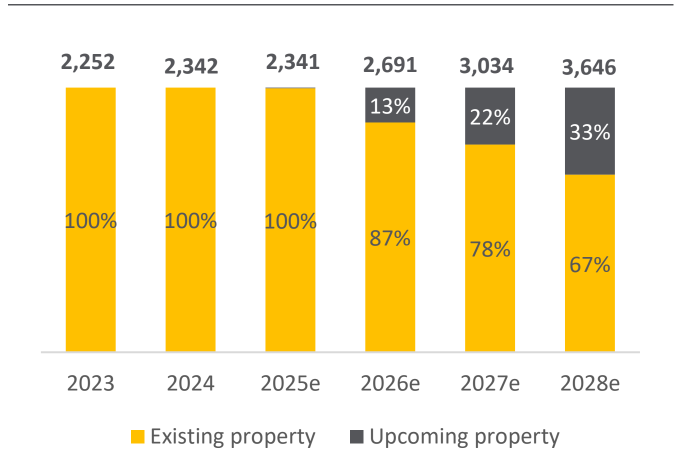
Source: Company data, GIB Capital

Figure 20: Revenue breakdown



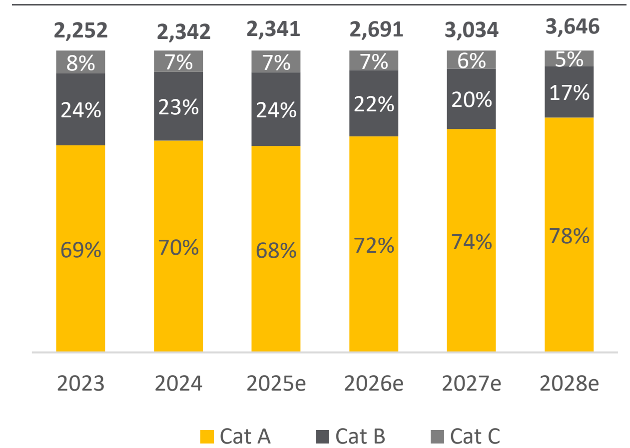
Source: Company data, GIB Capital

Figure 21: Revenue by existing and upcoming mall (SARmn)



Source: Company data, GIB Capital

Figure 22: Revenue by mall category (SARmn)

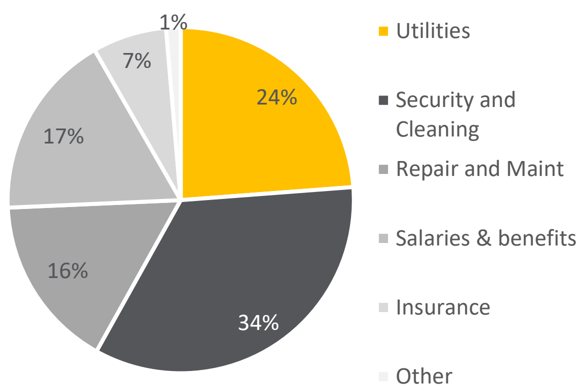


Source: Company data, GIB Capital

Gross margin to improve gradually from 2026 with the operation of flagship properties

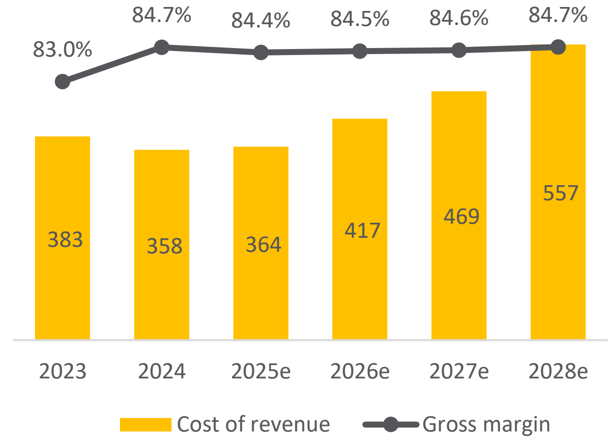
As of 2024, the company's cost of revenue primarily consists of security and cleaning (34%), followed by utilities (24%), repair and maintenance (16%), employee salaries (17%), and other expenses (8%). Cenomi Center achieved a notable reduction in its cost of revenue in 2024, declining from 17.0% of revenue in 2023 to 15.3%, driven primarily by cost-control initiatives and accounting adjustments. We view this improvement as largely sustainable and project the cost of revenue to remain at 15.6% in 2025 before gradually decreasing to 15.3% by 2028e, supported by operating efficiencies. As a result, the gross profit margin is expected to remain stable at 84.4% in 2025 (vs. 84.7% in 2024) before improving to 84.7% by 2028e.

Figure 23: Cost of revenue breakup - 2024



Source: Company data, GIB Capital

Figure 24: Cost of revenue (SARmn) and gross margin



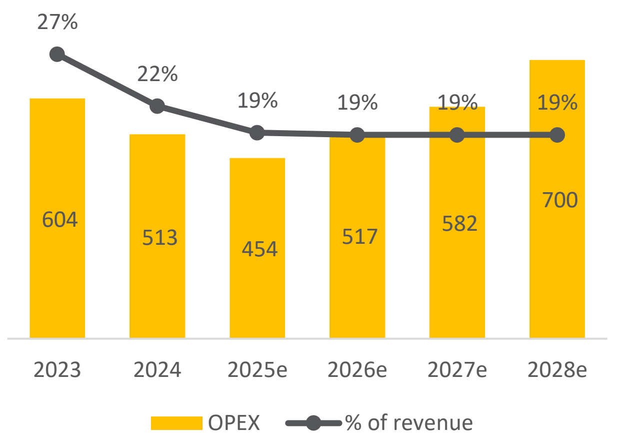
Source: Company data, GIB Capital

Strong EBITDA growth on the horizon, aided by upcoming malls and cost control initiatives …

During 2022-24, Cenomi Center's adjusted EBITDA remained relatively stable, ranging from ~SAR 1,300mn to SAR1,500mn, as the company opened only one mall during this period (U Walk – Jeddah, expected to reach optimal occupancy levels by 2025/2026). Additionally, the adjusted EBITDA margin came under pressure in 2023, remaining at ~57% (63.8% in 2024), due to i) one-time rebranding expenses and ii) a sharp rise in credit loss provisions, mainly related to receivables from related parties.

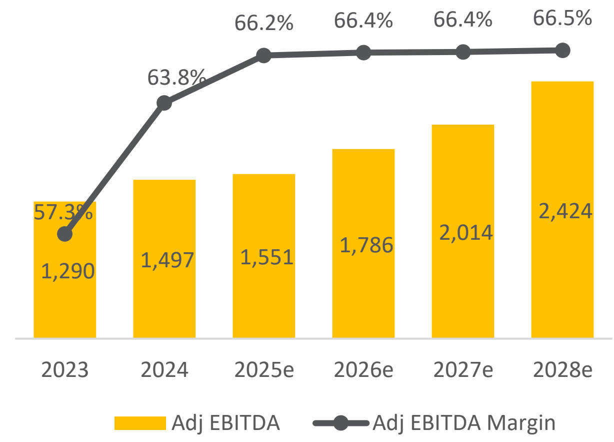
Looking ahead, we expect Cenomi Center's adjusted EBITDA to experience strong growth (+12.8% CAGR), rising from SAR1.5bn in 2024 to SAR2.4bn by 2028e with the adjusted EBITDA margin increasing from 63.8% in 2024 to 66.8% by 2028e (although still lower than the management guidance of 70% for 2025; apart from overall enhancement, mgt guidance also assumes some accounting adjustments). This growth will be driven by i) the opening of new 6 malls (premium A category), particularly JJ and JR which are expected to collectively contribute an additional EBITDA of ~SAR600mn (guidance: SAR650mn upon stabilization) by 2028e, accounting for 40% of 2024 adj EBITDA, ii) cost control initiatives (the company already did a commendable job in this direction during 2024; 19.5% y/y decline in employee salary and benefits, following the completion of the organizational restructuring), and iii) reduction in credit loss provision in coming years following the anticipated improvement in receivable collection from related parties (mainly Cenomi Retail) starting from 2Q25.

Figure 25: OPEX (SARmn)



Source: Company data, GIB Capital

*Figure 26: Adj EBITDA (SARmn) and margin**

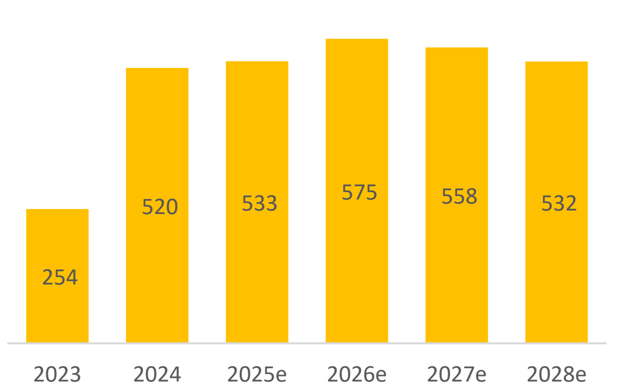


*Source: Company data, GIB Capital, *Adj for FV gain/(loss) on investment properties and one-offs*

… driving net margin despite elevated leverage level

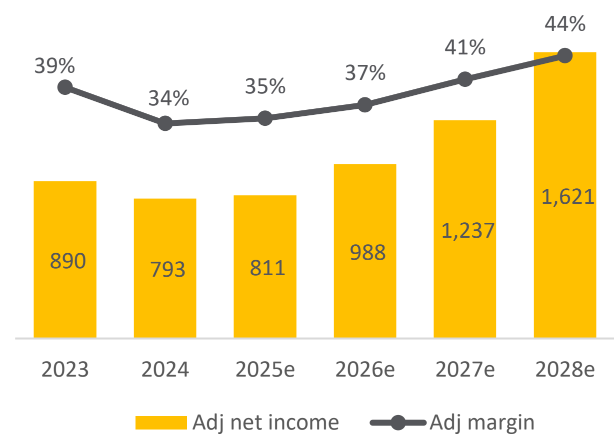
Amid higher interest rates and increased leverage for expansion, the company's finance costs (excl. leases) surged from SAR254mn in 2023 to SAR520mn in 2024. While a declining interest rate (as 50% of the debt is floating) is likely to provide some relief, finance costs on debt are expected to remain steady in the range of ~SAR550-600mn during 2025-28e due to further leverage increases in the near term. However, incremental revenue contributions from upcoming mall (primarily Jawharat Jeddah and Riyadh, launching in 4Q25/1Q26) are expected to more than offset the impact of higher finance costs on net profit margins. Consequently, we anticipate Cenomi Centers' adj net margin to rise from 33.8% in 2024 (39.5% in 2023) to 44% by 2028e, with adj net profit growing at a 19.6% CAGR over the same period.

Figure 27: Finance cost (SARmn)



Source: Company data, GIB Capital

Figure 28: Adj net income (SARmn) and margin*



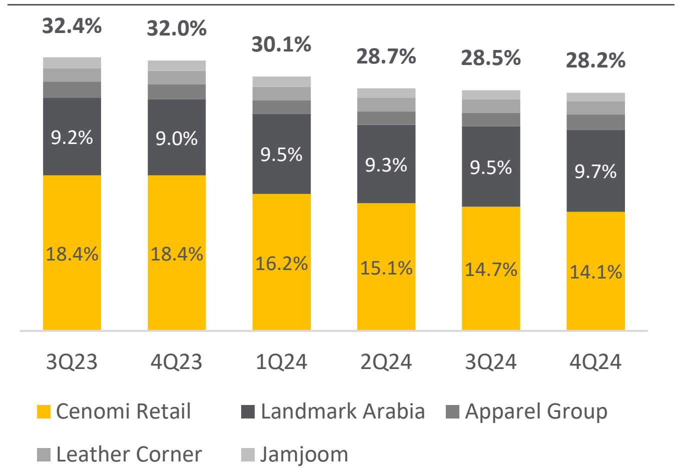
*Source: Company data, GIB Capital, *Adj for FV gain/(loss) on investment properties and one-offs*

Related party transactions and credit loss provision

Cenomi Centers conducts significant transactions with related parties, including its parent company Saudi FAS Holding, sister company Cenomi Retail (its largest tenant), and other affiliates leasing mall space. While receivables from related parties are growing moderately, those from Cenomi Retail tripled over 2022-24, up from SAR158mn in 2022 to SAR488mn by 2024 due to Cenomi Retail's financial struggle, raising concerns on working capital requirements. To address this, Cenomi Centers introduced a payment plan for some tenants (primarily related parties) during 2024, extending payment terms (average 2-3 years). This led to a one-time SAR54mn contract modification loss on related party receivables due to the time value of money, which is likely to reverse as collections progress. Additionally, Cenomi Centers recorded a one-time credit loss of SAR88mn (~SAR70mn from related parties) due to the adoption of a more conservative approach in its ECL model, reducing assumed payment days from 720 to 360. This aligns with the industry's best practices, showcasing the company's commitment to financial transparency.

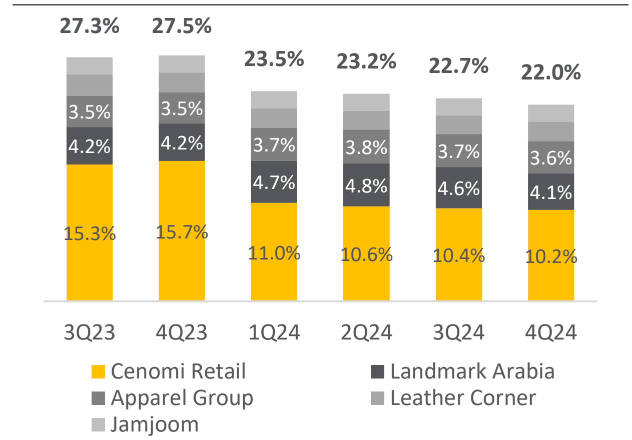
However, Cenomi Centers has been positively witnessing a reduction in occupancy by its largest tenant, Cenomi Retail, from ~18% in 3Q23 to ~14% in 4Q24 (Figure: 29), driven by the exit from various underperforming non-Inditex brands. Further, the revenue contribution from Cenomi Retail has declined from 15.3% in 3Q23 to 10.2% in 4Q24, although it still remains its largest tenant. This reduction is expected to enhance Cenomi Centers' overall average revenue per sqm, as Cenomi Retail benefits from a 40-50% rental discount compared to other tenants.

Figure 29: GLA occupied by top tenants



Source: Company data, GIB Capital

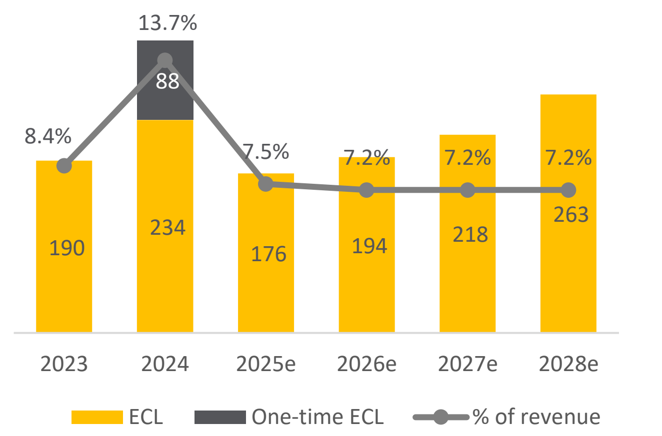
Figure 30: Rental revenue contribution by top tenants



Source: Company data, GIB Capital

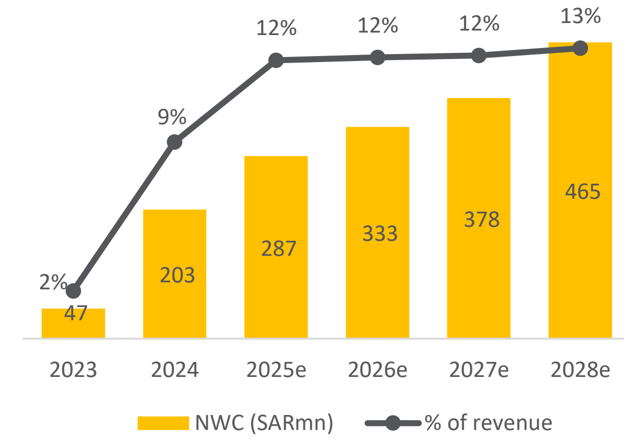
Given Cenomi Retail's financial struggle (reported losses in recent years with a substantial debt burden), we expect potential delays or defaults in meeting their obligations, such as timely rent payments. However, the recent agreement with Cenomi Retail for revised payment terms extending over 2-3 years is likely to result in a gradual improvement in receivable collection. Consequently, we expect net working capital requirements for Cenomi Center to remain high over our forecast period, averaging 12% of revenue, slightly above the recent historical levels (avg 10% during 2022-24).

Figure 31: Expected credit loss provision (SARmn)



Source: Company data, GIB Capital

Figure 32: Working capital requirement

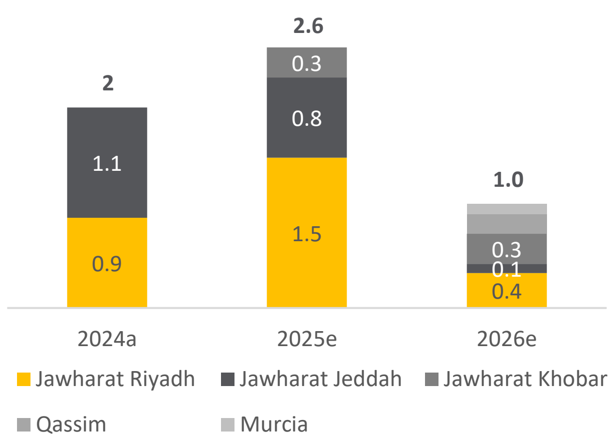


Source: Company data, GIB Capital

Capex to peak in 2025-26

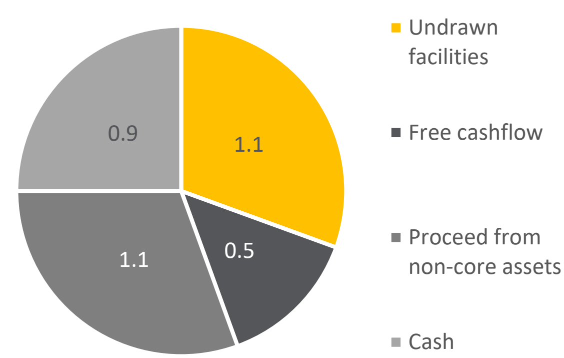
Cenomi Centers has six projects in the pipeline, scheduled to open between 2025 and 2027 (assumed during 2025-2028). These projects collectively require a capex of SAR6.6bn during 2024-2028e, primarily attributed to flagship developments such as Jawharat Jeddah, Riyadh, and Khobar. Of the total capex, the company spent ~SAR2bn in 2024, and ~SAR3.6bn is anticipated to be spent during 2025-26 (~SAR2.8bn related to JJ and JR). We note that this capex requirement is well-funded through Sukuk financing, internal cash generation, and proceeds from the sale of non-core assets (Figure: 37).

Figure 33: Capex breakup over 2024-26 (SARmn)



Source: Company data, GIB Capital

Figure 34: Sources of Capex (SARmn)

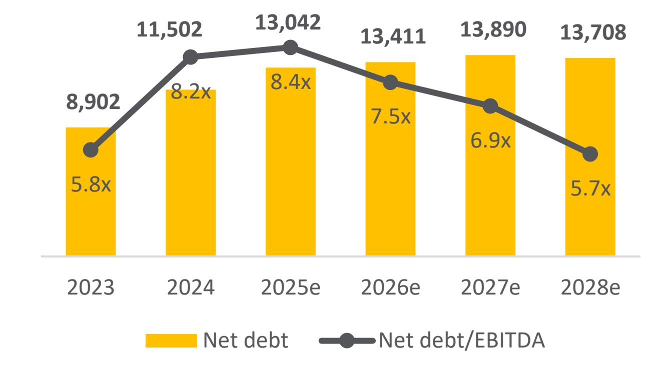


Source: Company data, GIB Capital

Leverage to increase in the near term followed by gradual decline as flagship assets stabilize

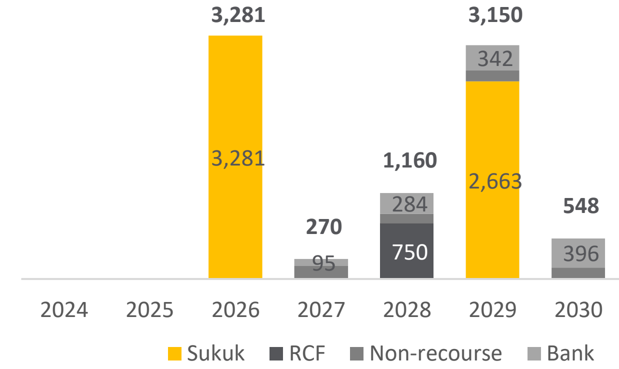
As of 2024, Cenomi Centers has a net debt of ~SAR 11.5bn (41% of the value of investment properties), well within its LTV target of 45%. Debt levels are expected to rise as the company draws on available facilities for capex requirements, likely reaching ~SAR13.2bn by 2025. A gradual debt reduction is anticipated from 2028 onward as flagship assets (mainly JJ and JR) stabilize, leading to an improvement in net debt/EBITDA ratio, decreasing from 8.2x in 2024 to 5.7x by 2028e. Notably, the company has no debt maturity until 2026, and the SAR3.3bn Sukuk due in 2026 is planned for refinancing 12-18 months in advance.

*Figure 35: Leverage trend (SARbn)**



*Source: Company data, GIB Capital, *excluding lease liabilities*

Figure 36: Debt maturity profile (SARmn)



Source: Company data, GIB Capital

Well-planned strategy to implement the non-core asset sale program

In October 2022, the company's board approved the Non-Core Asset Sale Program, targeting the sale of non-core landbank assets with an estimated market value of ~SAR2bn. This program aligns with its strategic focus on developing, managing, and operating a premier portfolio of flagship retail destinations while divesting non-core assets. As of 2024, the company has successfully divested four assets under this program (Figure: 37), generating ~SAR1.1bn in proceeds. The remaining is expected to be divested over the next 12-18 months. The proceeds from this program will be used to fund the growth capex as well as to distribute the consistent dividend.

Figure 37: Overview of non-core assets sale program – as of 2024

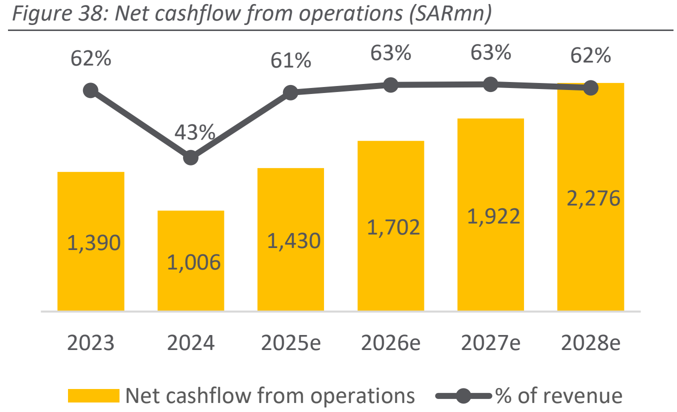
City	Location	Land Size (Sqm)	Market/selling value (SARmn)
Riyadh	King Fahad Rd, Olaya	18,000	230
Riyadh	Adjacent to Jawharat Riyadh	118,000	645
Al Ahsa	Garnada district	29,385	63
Riyadh	Sahara Plaza	13,000	200
Qassim*	Adjacent to U Walk - Qassim	1,216,000	800
Others*	-	603,000	

*Source: Company data, GIB capital, *to be sold over next 12-18 months*

Healthy and consistent dividend payout supported by rising operating cashflow

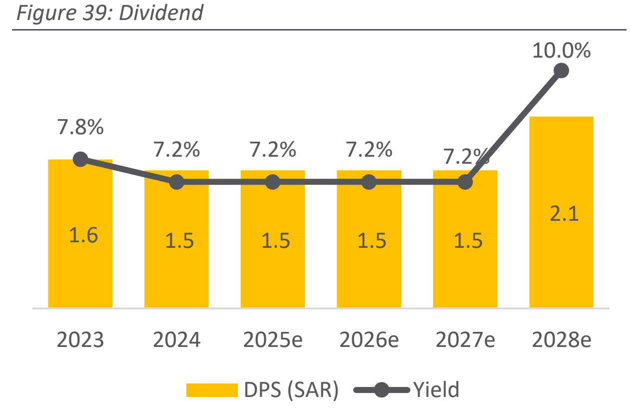
With stable rental income from existing malls and additional contributions from upcoming projects, we expect a strong improvement in operating cash flow, supporting the company's ability to sustain its committed dividend. Accordingly, we expect Cenomi Centers to maintain its annual dividend commitment of SAR1.5/share for the foreseeable future, implying an average payout ratio of ~50% of net income and robust ~7% dividend yield during 2024-27e.

Figure 38: Net cashflow from operations (SARmn)



Source: Company data, GIB Capital

Figure 39: Dividend



Source: Company data, GIB Capital

Valuation

Cenomi's medium to long-term growth prospects seem promising, driven by i) its strategically located assets, ii) leadership position (18% market share), iii) GLA expansion (8% CAGR over 2024-28e) with two flagships malls, Jawharat Jeddah and Jawharat Riyadh likely to be operational in the coming 12 months and the remaining 4 malls by 2027-28, iv) robust LFL occupancy (94.4% in 2024), v) a gradual EBITDA margin expansion (2.6pts improve over 2024-28e) on better tenant mix and leasing rates, and vi) robust dividend yield (~7%). However, the elevated debt levels and related-party exposure (mainly Cenomi Retail) may act as a headwind in the near term. Overall, to factor in the near-term and medium-term growth prospects, we have used different valuation methodologies to derive the equity valuation for Cenomi Center.

Discounted cash flow (DCF) – SAR26.6/sh. TP (one year forward)

We have used the FCFF method with a forecast horizon period till 2034 to reflect Cenomi's medium to long term growth prospects. Our forecast is based on several assumptions including GLA expansion, lease rates, LFL utilization, cost structure, capex requirements, and external financing. Based on a WACC of 9.1%, target D/A ratio of 40%, and terminal growth of 2.5%, we arrive at a 1Y forward target price of SAR26.6/share.

Figure 40: DCF Valuation

SAR mn	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e
Adjusted EBIT	**1,539**	**1,774**	**1,999**	**2,406**	**2,558**	**2,735**	**2,818**	**2,897**	**2,970**	**3,043**
Zakat	*(43)*	*(45)*	*(51)*	*(62)*	*(68)*	*(72)*	*(73)*	*(74)*	*(73)*	*(75)*
EBIT minus taxes	**1,496**	**1,729**	**1,948**	**2,344**	**2,490**	**2,663**	**2,745**	**2,823**	**2,897**	**2,968**
(+) D&A	17	17	18	19	20	21	22	23	25	26
(+/-) Working capital chg	(84)	(46)	(45)	(88)	(47)	(28)	(35)	(35)	(34)	(36)
(-) Capex, net	(1,871)	(813)	(1,068)	(383)	(292)	(313)	(322)	(331)	(339)	(348)
(-) Lease payment	(311)	(305)	(305)	(387)	(391)	(395)	(399)	(406)	(418)	(422)
Free Cash Flow to Firm	**(754)**	**581**	**548**	**1,505**	**1,780**	**1,948**	**2,011**	**2,074**	**2,129**	**2,188**
Terminal value										**34,212**

PV of FCF (explicit period)	7,779
PV terminal	14,669
EV	**22,448**
(-) Debt, ex-lease liabilities	(12,172)
(+) Cash	670
(-) Minority	(43)
(-) Pension/other liabilities	(35)
(+) Investments	584
Equity value	**11,453**
Number of Shares	475
Equity value per share	24.1
Target price (one year forward)	**26.6**
Cost of Equity	10.4%
Cost of debt	7.0%
Target D/A	40.0%
WACC	9.1%

*Source: GIB Capital, *Target price is rounded, and time value adjusted 1 year forward, using a 2.5% terminal growth rate*

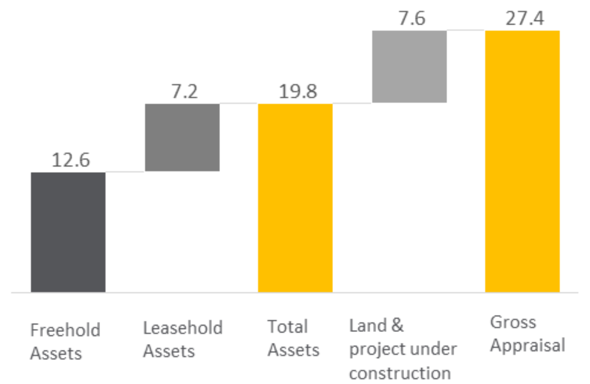
We estimate Cenomi Centers' enterprise value at SAR22.4bn (Figure: 40). In comparison, a third-party valuation places the company's enterprise value/gross appraisal value at SAR27.4bn (Figure: 42), suggesting that our valuation reflects ~18% discount relative to the external assessment.

Figure 41: DCF sensitivity analysis (Per share value in SAR)

	Terminal growth				
WACC	**2.0%**	**2.3%**	**2.5%**	**2.8%**	**3.0%**
8.1%	33.9	35.7	37.7	39.9	42.3
8.6%	28.6	30.1	31.7	33.5	35.4
9.1%	24.1	25.3	**26.6**	28.1	29.6
9.6%	20.1	21.2	22.3	23.5	24.8
10.1%	16.7	17.6	18.5	19.5	20.6

Source: Company data, GIB Capital

Figure 42: Fair value of assets (third party – as of 2024 (SAR bn)



Source: Company data, GIB Capital

Price/NAV approach – SAR25.7/sh. TP (one year forward)

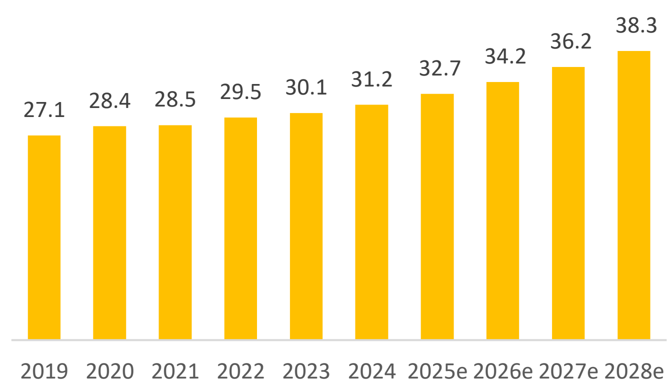
Cenomi's share price has historically been traded at an average ~22% discount to its net asset value (NAV) since its listing. Accordingly, on a conservative basis, we apply a 0.75x multiple to the 2026e NAV, deriving a target price of SAR 25.7/sh. However, we believe this discount could narrow from 2027 onward as flagship properties begin contributing meaningfully and leverage declines, presenting a potential upside risk to our valuation.

Figure 43: Price/NAV based valuation (SAR per share)

Price/NAV based valuation	
P/NAV multiple	0.75
2026e NAV/sh.	34.2
1yr fwd target price	**25.7**

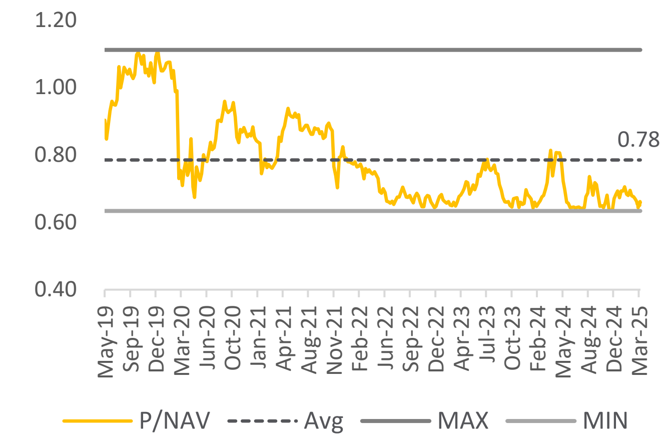
Source: Company data, GIB Capital

Figure 44: Record-setting NAV per share (SAR)



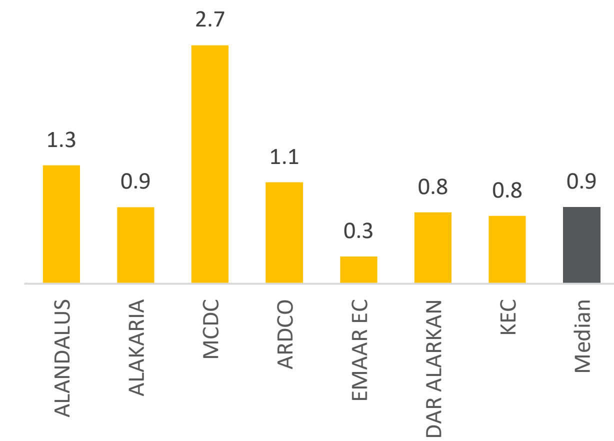
Source: Company data, GIB Capital

Figure 45: Cenomi Center - Price/NAV trend



Source: Bloomberg as of 19th Mar 2025, Company data, GIB Capital

Figure 46: Peer - price/NAV multiple (x)



Source: Company data, GIB Capital

Price to NAV sensitivity analysis (Per share value in SAR)

		Price/NAV multiple				
		0.6x	**0.7x**	**0.8x**	**0.9x**	**1.0x**
NAV per share	**32.2**	17.7	20.9	24.2	27.4	30.6
	33.2	18.3	21.6	24.9	28.2	31.6
	34.2	18.8	22.2	**25.7**	29.1	32.5
	35.2	19.4	22.9	26.4	29.9	33.5
	36.2	19.9	23.5	27.2	30.8	34.4

Source: GIB Capital

Price/FFO approach – SAR25.7/sh. TP (one year forward)

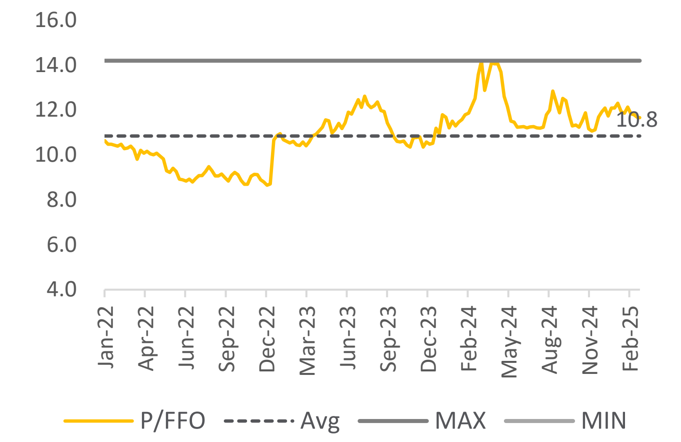
For the Price to FFO approach, we have considered listed REITs as the closest peers due to their similar business model, which primarily focuses on rental income. Currently, listed REITs in KSA trade at a median of 15.3x their 2023 FFO. On the other hand, Cenomi Centers has historically traded at an average FFO multiple of 11x. Currently, the company trades at ~11.7x Price to FFO, implying a discount of ~25%. Accordingly, on a conservative basis, we apply a 12x multiple on 2026e FFO, resulting in a one-year forward TP of SAR25.7/share.

Figure 47: Price/FFO based valuation

Price/FFO based valuation	
P/FFO	12
2026e FFO/sh. (SAR)	2.1
1yr fwd target price (SAR)	**25.7**

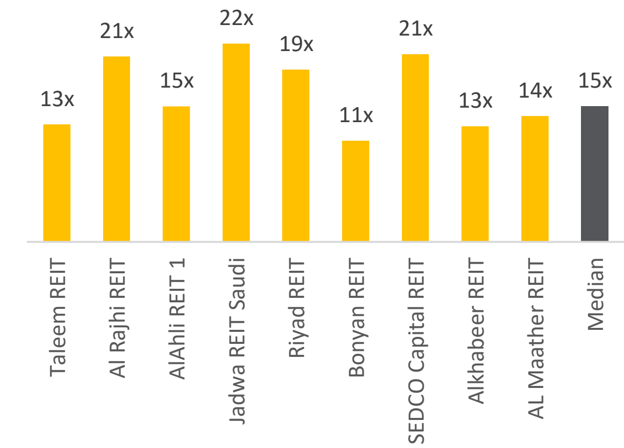
Source: GIB Capital

Figure 48: Cenomi Center – Price/FFO trend



Source: Bloomberg as of 4th Mar 2025, Company data, GIB Capital

Figure 49: Price/FFO – Listed REITS



Source: Bloomberg as of 4th Mar 2025, Company data, GIB Capital

Price to FFO sensitivity analysis (Per share value in SAR)

		Price/FFO multiple				
		10.0x	**11.0x**	**12.0x**	**13.0x**	**14.0x**
FFO per sh.	**1.6**	16.4	18.1	19.7	21.3	23.0
	1.9	18.9	20.8	22.7	24.6	26.5
	2.1	21.4	23.6	**25.7**	27.8	30.0
	2.4	23.9	26.3	28.7	31.1	33.5
	2.6	26.4	29.1	31.7	34.3	37.0

Source: GIB Capital

Blended valuation – SAR26/sh. TP (one year forward)

We value the company using an equal blend of DCF, Price/NAV, and Price/FFO approaches. Assigning equal weight to all three approaches, we arrive at a weighted 1-year forward target price of **SAR26/share**.

Figure 50: Blended valuation

Blended Valuation	
P/NAV price	25.7
P/FFO price	25.7
DCF price	26.6
Average 1Y forward target price (SAR)	**26.0**

Source: GIB Capital

Risks

Impact of visitor traffic and spending: The Company’s revenues depend on rental income from tenants influenced by sales to visitors, making its malls vulnerable to retail sector risks. Visitor behavior can change unpredictably due to economic conditions, credit availability, and local developments. The growth of e-commerce and new entertainment options in KSA may further reduce mall footfall. Any decline in visitor traffic or spending could negatively impact the company’s financial performance and outlook.

Concentration of revenue by tenants and property: ~50% of the company’s revenue comes from its 24 key tenants, underscoring its reliance on them. Non-renewal of any key contracts could significantly impact revenue. Additionally, a few properties play a substantial role in the company’s overall income. For instance, Nakheel Mall in Riyadh and Dammam and Mall of Arabia (Jeddah) together contribute ~32% of total revenue, indicating that prolonged closures of any of these malls due to any unforeseen situation would heavily affect the company’s topline and earnings.

Delays in rent collection: The Company typically collects rent in advance to finance its short-term operational needs. However, there is no guarantee that rental income will be collected on time. Delayed payments could significantly reduce rental revenue and cash flow, potentially leading to difficulties in financing daily operations and increased reliance on costly bank loans. Furthermore, rising accounts receivable could negatively impact on working capital, resulting in a decline in profitability and cashflow generation.

Failure to retain the existing tenants or sign up for new ones: The company's revenue sustainability partly depends on its ability to renew tenancy agreements with existing tenants and re-lease vacant spaces to new tenants. Failure to renew leases with current tenants or attract new tenants on favorable terms could result in revenue loss and materially impact the company's business.

Delay in expansion plan: Cenomi Centers has six properties in the pipeline, slated for completion between 2025 and 2027. Delays in construction or major cost overruns could significantly affect the company's operational performance.

Expiry of major leasehold property: Of Cenomi Centers' total properties, 12 are on leasehold, with an average remaining lease term of over 10 years. Failure to renew leases on favorable terms could directly impact revenue. For instance, Dhahran Mall, which historically contributed ~13% of total revenue, is set to fully expire in 2026 after Cenomi Centers failed to secure a renewal.

Competition: The KSA's thriving real estate market attracts new entrants, intensifies competition, and potentially erodes profit margins. Additionally, mergers and acquisitions among Cenomi Centers’ competitors could further consolidate market share, exacerbating the competitive landscape. These factors could exert downward pressure on the company’s profit margins.

Company Profile

Cenomi Centers (formerly Arabian Centers or ACC) is Saudi Arabia's largest owner, developer, and operator of shopping malls, with properties across ten major cities, including Riyadh, Jeddah, Dammam, Makkah, and Dammam metropolitan area, covering around 80% of KSA's population. The company generates revenue from various streams, primarily rental income (~93%), property sales, and ancillary services. As of 2024, it has a portfolio of 22 malls, with six additional properties in the pipeline for 2025-27e, which will expand the total GLA from ~1.4mn sqm in 2023 to 1.8mn sqm by 2027e, representing a growth of ~36% in retail space (Dhahran expiry accounted; both phase 1 and 2).

Figure 51: Key events at Cenomi Center over the recent past

Period	Recent developments
Feb 2025	The first phase lease (82k sqm) for Mall of Dhahran expired, resulting in revenue loss of SAR139, second phase (80k sqm) will expire in April 2026.
Mar 2024	Completed USD-denominated Shariah-compliant sukuk issue at US$500mn
Feb 2024	Signed credit facilities worth SAR5.3bn with various banks with lower borrowing costs and more flexible covenants
Feb 2024	Completed the sale of Sahara Plaza at a value of SAR200mn as part of its Non-Core Asset Sale Program.
Dec 2023	The company announced the soft opening of its 22nd mall, U Walk Jeddah in Dec 2023, which became fully operational on 15th Feb 2024.
Dec 2023	Suspended merger discussions with Fawaz Abdulaziz Alhokair Co.

Source: Company data, GIB Capital

Figure 52: Existing portfolio of Cenomi Centers – as of 2024

S. No.	Name of the Mall	City	Performance Category	GLA (Sqm)	Lease Expiry	Year Opened
1	Mall of Dhahran*	Dhahran	A	132,237	2026	2005
2	Salaam Mall	Jeddah	B	139,428	2032	2012
3	Mall of Arabia	Jeddah	A	110,016	Freehold	2008
4	Nakheel Mall	Riyadh	A	75,725	2034	2014
5	Aziz	Jeddah	B	66,700	2046	2005
6	Noor	Madinah	A	68,747	Freehold	2008
7	Yasmeen Mall	Jeddah	B	59,700	2034	2016
8	Hamra	Riyadh	A	55,294	Freehold	2016
9	Ahsa	Ahsa	C	44,097	Freehold	2010
10	Salaam Mall	Riyadh	B	47,517	Freehold	2005
11	Jouri	Taif	B	48,138	2035	2015
12	Makkah Mall	Makkah	A	37,416	Freehold	2011
13	Nakheel	Dammam	A	57,796	Freehold	2019
14	U-Walk	Riyadh	A	48,077	2046	2019
15	Nakheel Plaza	Qassim	C	42,214	2029	2004
16	Haifa	Jeddah	C	33,531	2032	2011
17	The View	Riyadh	A	54,331	Freehold	2021
18	Tala	Riyadh	C	20,655	2029	2014
19	Jubail	Jubail	C	20,810	Freehold	2015
20	Sahara Plaza	Riyadh	C	14,722	Freehold	2002
21	U-Walk Jeddah	Jeddah	A	54,995	2052	2023
22	Jeddah Park	Jeddah	A	120,578	Operational Agreement	2021

*Source: Company data, *First phase of lease expired in Feb 2025 and 2nd phase to expire by end of 1Q26.*

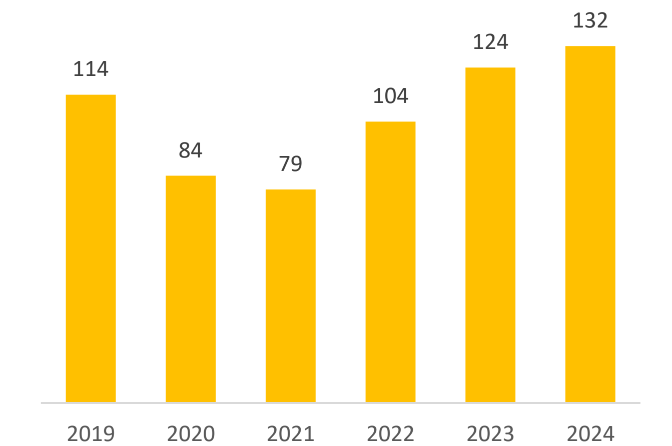
Figure 53: Upcoming portfolio of Cenomi Centers over 2025-27e

S. No.	Name of the Mall	City	GLA (Sqm)	No. of stores	Opening year
1	Jawharat Riyadh	Riyadh	220,000	300	1Q26
2	Jawharat Jeddah	Jeddah	104,000	300	4Q25
3	Jawharat Khobar	Al Khobar	100,000	380	2H27
4	Marina Mall*	Jubail	30,000	70	TBD
5	U Walk	Qassim	60,000	135	2H26
6	Murcia Mall	Riyadh	45,000	150	2H26

*Source: Company data, *this is O&M agreement similar to Jeddah Park*

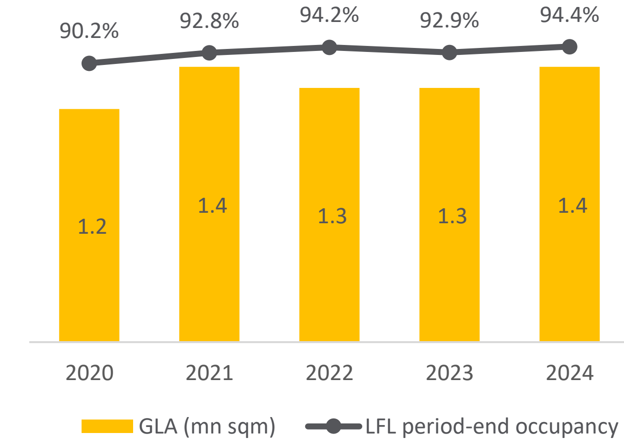
Operational highlights

Figure 54: Footfall (mn)



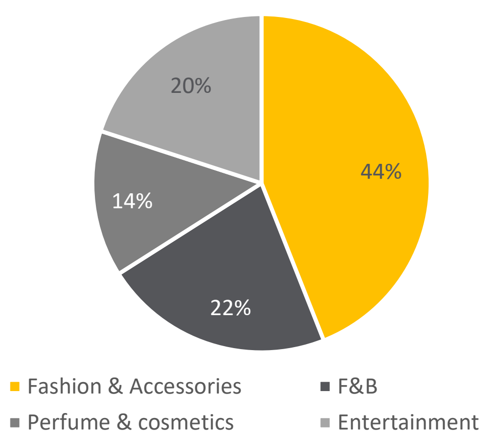
Source: Company data, GIB Capital

*Figure 55: GLA and LFL occupancy**



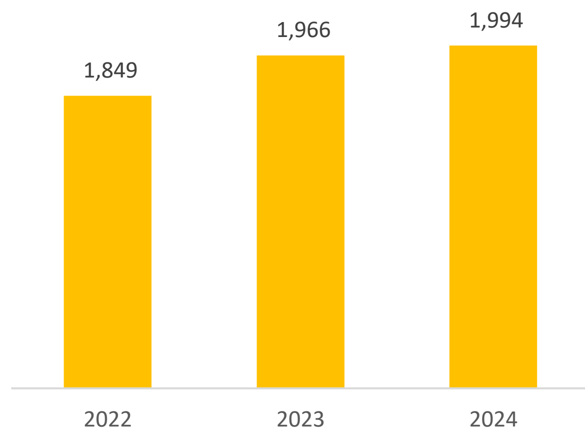
*Source: Company data, GIB Capital, *Full year data ending in December*

Figure 56: Brand onboarding performance by category – 4Q24



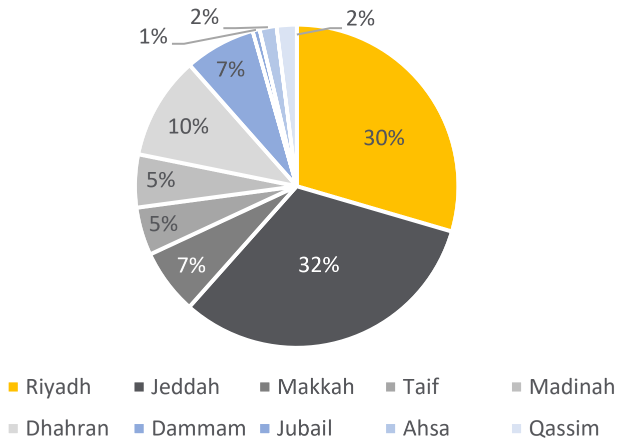
Source: Company data, GIB Capital

Figure 57: Weighted avg rental rate (SAR/sqm)



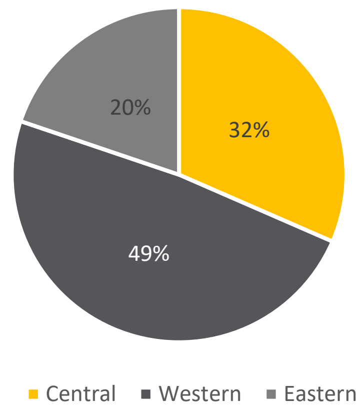
Source: Company data, GIB Capital

Figure 58: Revenue breakup by city – 2024



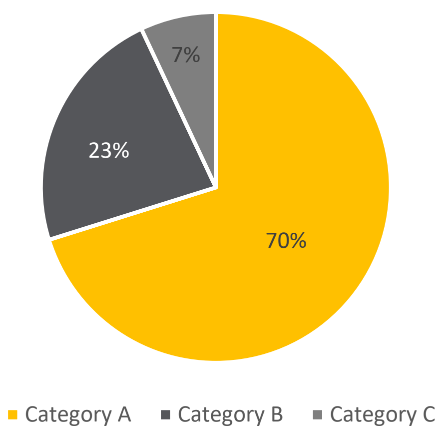
Source: Company data, GIB Capital

Figure 59: Revenue breakup by region – 2024



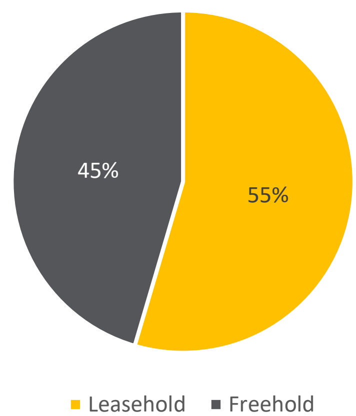
Source: Company data, GIB Capital

Figure 60: Revenue by mall category – 2024



Source: Company data, GIB Capital

Figure 61: Revenue by mall type – 2024

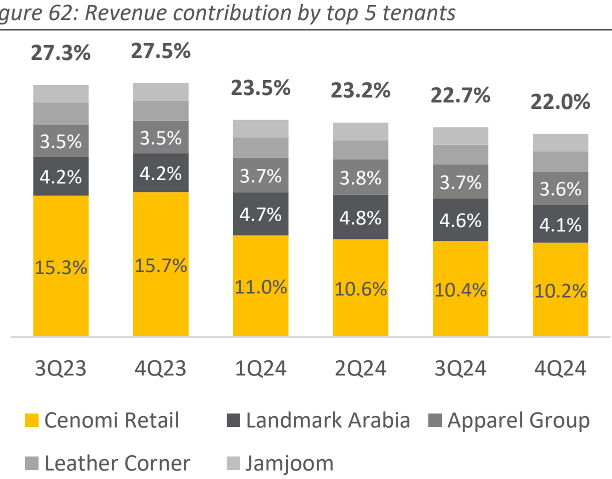


Source: Company data, GIB Capital

Tenant concentration

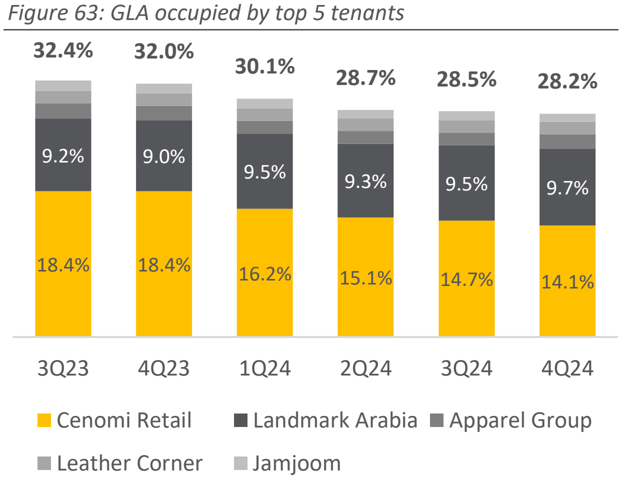
Cenomi Centers has a well-diversified tenant profile, with its top five tenants accounting for only ~23% of total revenue (~29% of total GLA).

Figure 62: Revenue contribution by top 5 tenants



Source: Company data, GIB Capital

Figure 63: GLA occupied by top 5 tenants



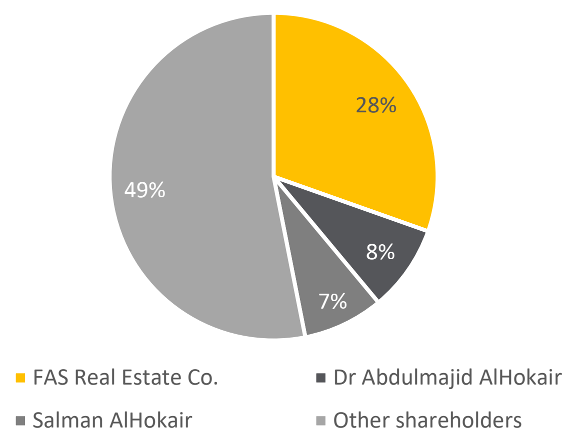
Source: Company data, GIB Capital

Ownership structure

The largest shareholder of Cenomi Centers is FAS Real Estate Co., holding ~28% of the company. Notably, FAS Real Estate Co., the parent company of Cenomi Centers, reduced its stake from 37.2% at the end of 2023 to 28% as of 10th Mar 2025, raising concerns about a potential stake offloading. However, this decline is likely due to an internal transfer of shares among family members to the next generation rather than an outright sale.

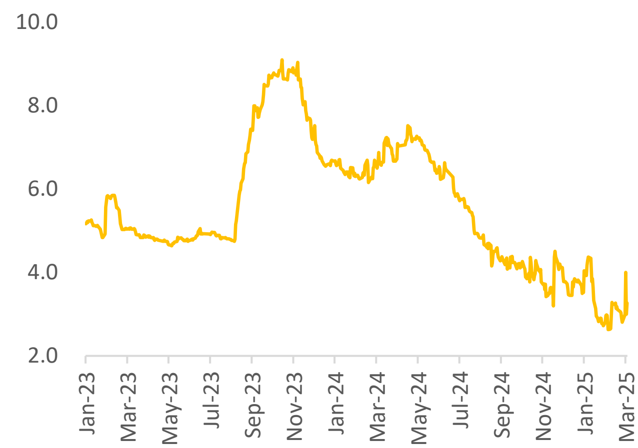
Notably, foreign ownership in the company rose significantly in 2H23, increasing from 4.8% in 1H23 to ~9% by the end of 2023. However, this trend reversed sharply in 2024-25, with foreign ownership declining to ~4% by March 2025, likely driven by rising debt levels and concerns over receivables from related parties.

Figure 64: Ownership structure - as of Mar 2025



Source: Tadawul, GIB Capital

Figure 65: Foreign ownership



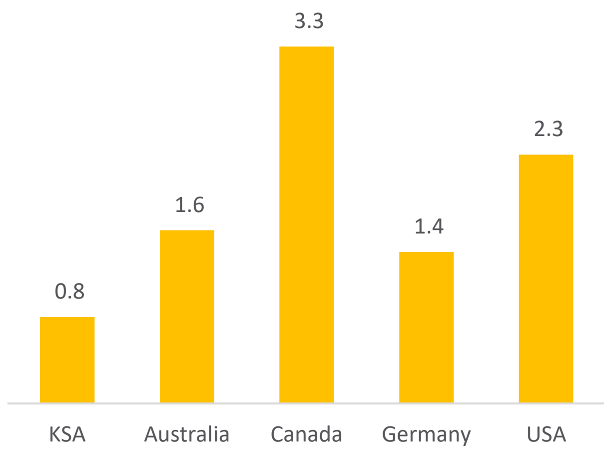
Source: Argaam, GIB Capital

Saudi Arabia retail market overview

Global retail market overview

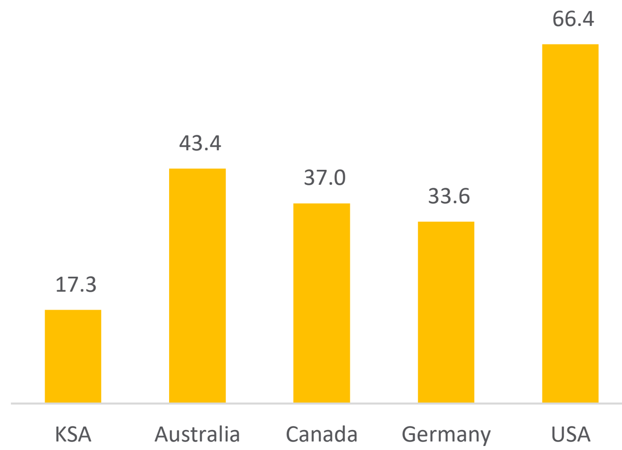
As seen in the charts below (Figure: 66, 67), the KSA market remains significantly underpenetrated in both retail space per capita and retail spending per capita compared to developed markets, indicating strong potential for additional retail space supply. Furthermore, the Saudi economy is projected to grow at a faster pace (3.5% CAGR from 2023 to 2028e) compared to developed economies like Australia, Germany, and Canada, which are expected to grow at rates between 1-2% CAGR over the same period. Accordingly, the Saudi retail market is poised to expand rapidly to catch up with these developed markets in terms of retail space and consumer spending over the coming years.

Figure 66: Retail space per capita (sqm) - 2023



Source: Euromonitor, GIB Capital

Figure 67: Retail spending per capita (US$ '000') - 2023

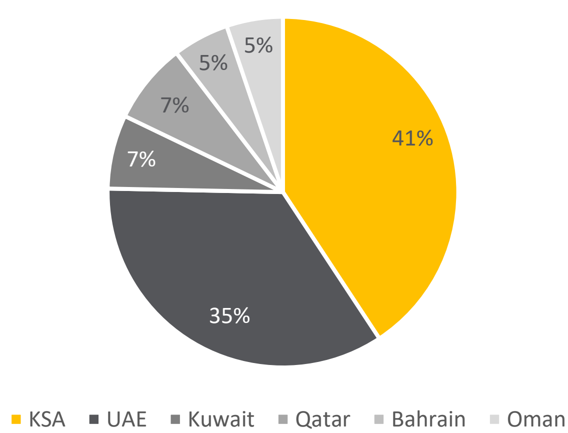


Source: Euromonitor, GIB Capital

GCC retail market overview

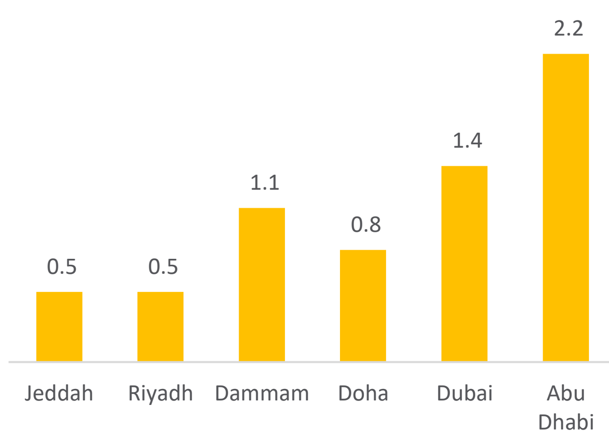
As of 2023, Saudi Arabia held the largest retail market share in the GCC at 41%, surpassing the UAE, which held a 35% share, according to CBRE Research (Figure: 68). Although Saudi Arabia accounts for nearly half of the GCC retail sales market, its major cities remain underpenetrated in terms of GLA per capita. Riyadh and Jeddah have a GLA per capita of 0.5 sqm, compared to regional cities like Dubai and Abu Dhabi, where GLA per capita ranges between 1.4 and 2.2 sqm (Figure: 69), implying a significant headroom for further growth.

Figure 68: Market share of GCC retail sales - 2023



Source: GCC Retail Industry, 2024 CBRE Research

Figure 69: Retail mall GLA per capita – GCC cities (2023)

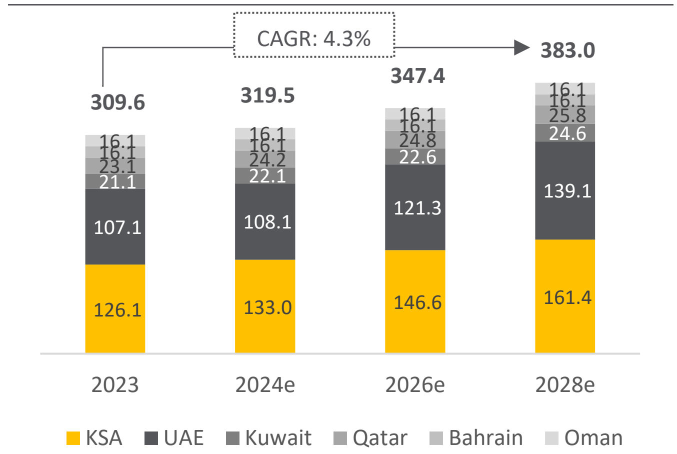


Source: GCC Retail Industry, 2024 CBRE Research

KSA retail market overview

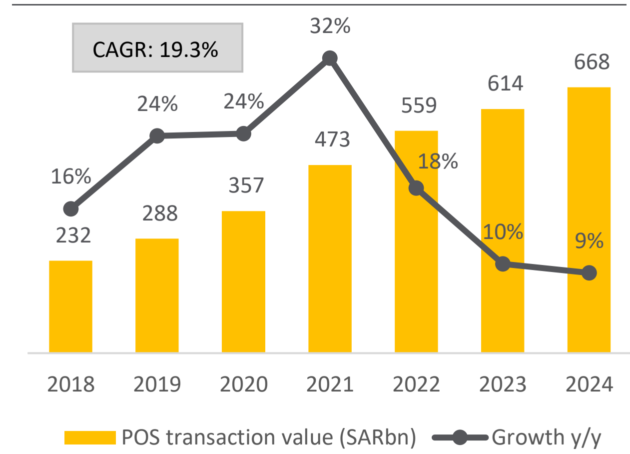
The retail market in KSA has shown promising growth in recent years, with offline retail—which accounts for ~80% of the market—expanding at a 5.3% CAGR from 2020 to 2022. This growth has been driven by social reforms, increasing female workforce participation, and a strong rebound in tourism post-COVID. Looking ahead, the KSA market is expected to grow at a healthy 5.1% CAGR over 2023-28e, well ahead of GCC market (4.3% CAGR over 2023-28, Figure: 70), supported by favorable demographics, continued social reforms, and the government's ambitious plan to expand tourism (which contributed 11.5% of GDP in 2023, with a target of 16% by 2034e). Similarly, POS transaction value in KSA experienced robust growth from 2018 to 2024, rising at a 19.3% CAGR, reflecting strong consumer spending trends.

Figure 70: GCC retail market (US$bn) - 2024



Source: GCC Retail Industry, 2024 CBRE Research

Figure 71: KSA Point of Sales transaction value (SARbn)

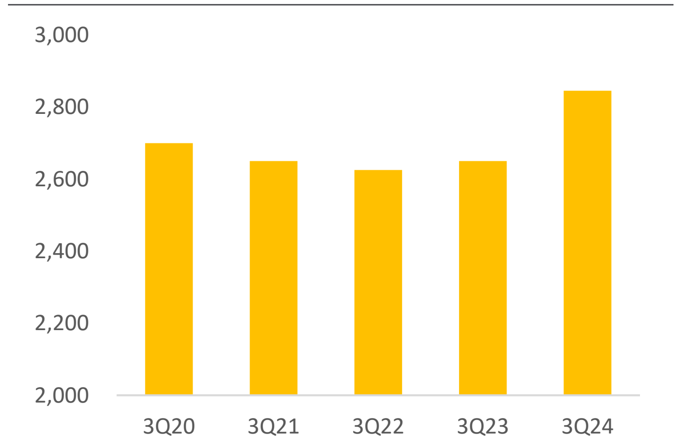


Source: SAMA, GIB Capital

Riyadh market

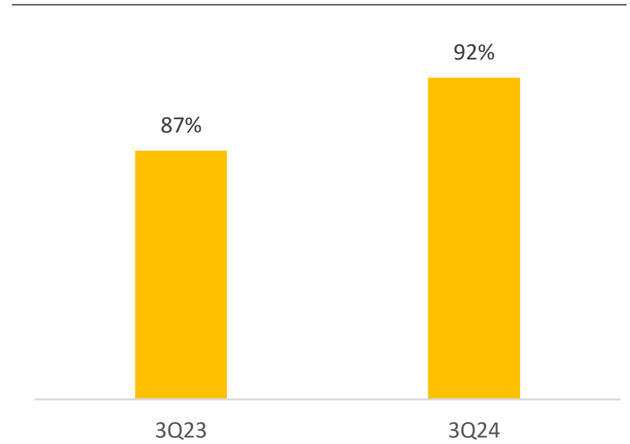
Riyadh's retail market is experiencing strong growth, driven by the rise of experiential retail and entertainment-focused developments, which account for over 50% of new retail spaces. The F&B segment is particularly significant, with 36% of POS spending in August 2024 directed toward restaurants and cafes. Additionally, rental rates have also been rising steadily, with 3Q24 rents up 4.2% y/y to SAR2,845 per sqm, while occupancy has improved to 92%, especially in prime malls like Riyadh Park and Al Nakheel Mall, which maintain near-full occupancy due to strong locations and diverse tenant mixes.

Figure 72: Regional and super regional malls lease rates – 3Q24



Source: Knight Frank, GIB Capital

Figure 73: Market wide occupancy – 3Q24

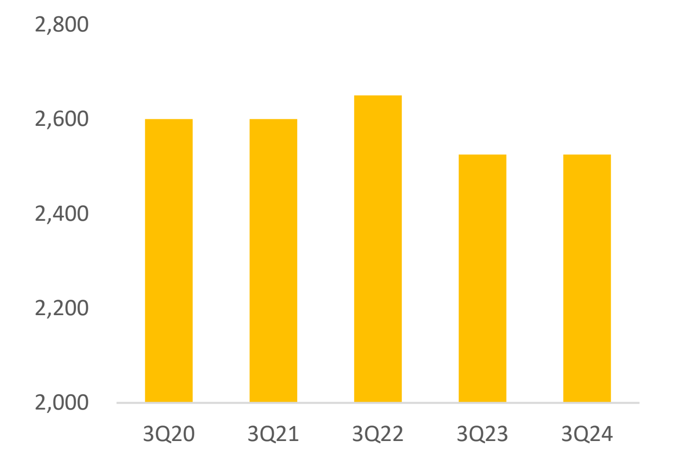


Source: Knight Frank, GIB Capital

Jeddah market

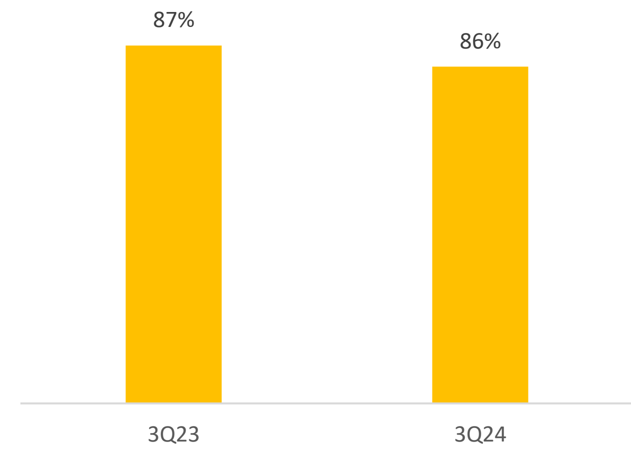
Jeddah's retail market has expanded significantly over the past 10 months, adding 175k sqm of new retail space, bringing total supply to 2.83mn sqm. Key additions include Souq 7 and La Paz (13.5k sqm), featuring a mix of luxury boutiques, contemporary brands, and local retailers. Despite the increased supply, rental rates in regional and super-regional malls have remained stable, rising 1.2% y/y to SAR2,525 per sqm, while occupancy declined slightly to 86%, reflecting market adjustments to new developments and evolving consumer preferences.

Figure 74: Regional and super regional malls lease rates – 3Q24



Source: Knight Frank, GIB Capital

Figure 75: Market-wide occupancy – 3Q24

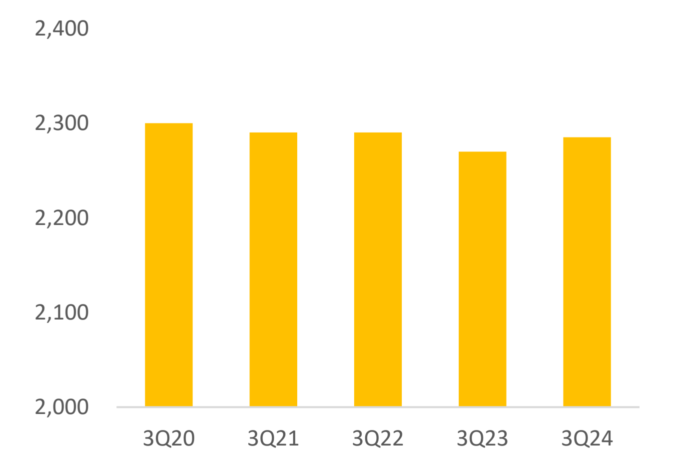


Source: Knight Frank, GIB Capital

Dammam market

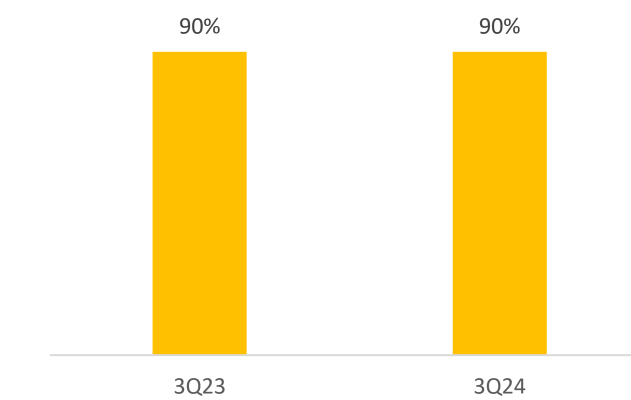
Retail demand in Dammam remains strong, with occupancy rates stable at 90%, though rental rates declined slightly by 0.7% y/y to SAR2,285 per sqm, indicating mild market softening. Following national trends, experiential retail is gaining momentum, with malls integrating cinemas, F&B outlets, and family entertainment zones to enhance engagement.

Figure 76: Regional and super regional malls lease rates – 3Q24



Source: Knight Frank, GIB Capital

Figure 77: Market wide occupancy – 3Q24

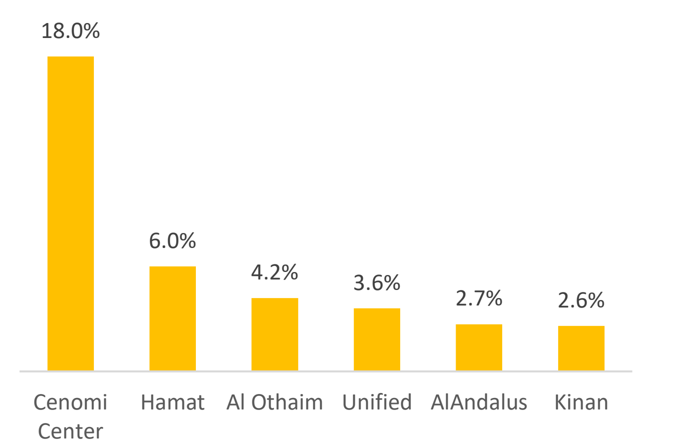


Source: Knight Frank, GIB Capital

Competitive landscape

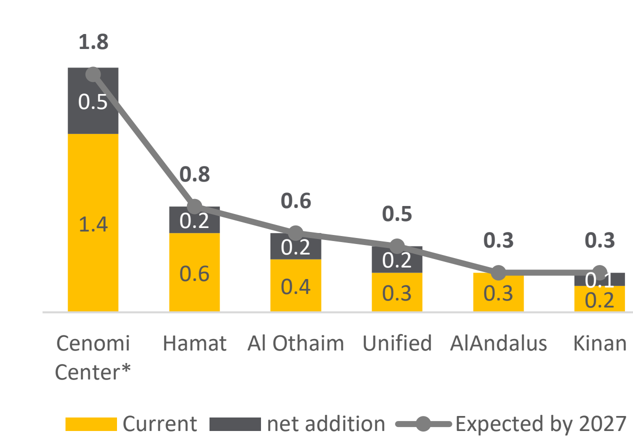
Cenomi Center leads the KSA retail market in terms of both market share (18%) and GLA (1.4mn sqm), while competitors such as Hamat and Al Othaim hold significantly smaller market shares and GLA compared to Cenomi Center (Figure: 78). Moreover, Cenomi has six projects in the pipeline (scheduled to open over 2025-27e) resulting in GLA increase by 36% by 2027e (Dhahran mall expiry accounted), with Cenomi Center continuing to be more than twice the size of its nearest competitor.

Figure 78: Market share of leading players in KSA – 2023



Source: Third party market report, GIB Capital

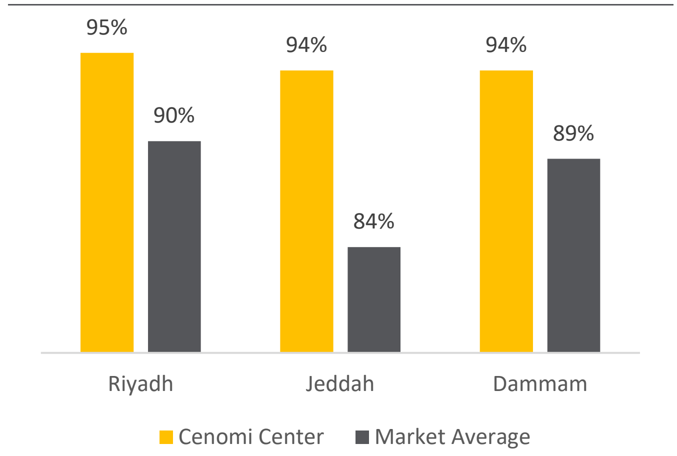
Figure 79: GLA (mn sqm) – current and expected expansion



Source: Third party market report, GIB Capital

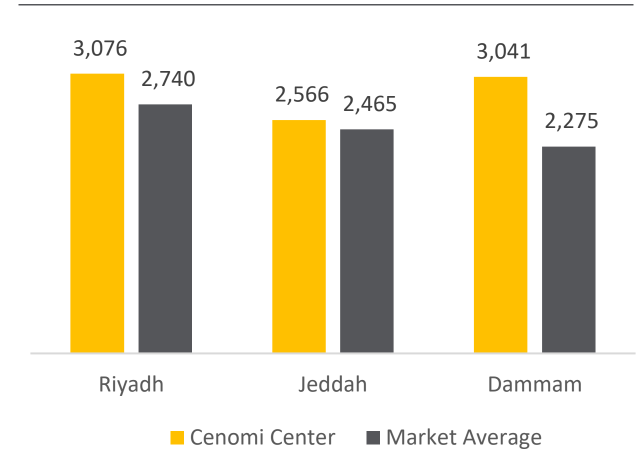
Cenomi Centers not only dominates the KSA retail market in terms of size and market share but also commands a premium in both occupancy and lease rates compared to the market average. For instance, Cenomi's average lease rate is ~11% higher than the market average in Riyadh and 25% higher in Dammam. Similarly, its average occupancy rate surpasses the market average across all major cities, including Riyadh, Jeddah, and Dammam (Figure: 80).

Figure 80: Avg occupancy rate in key cities – 2024



Source: GIB Capital, Company data, Knight Frank

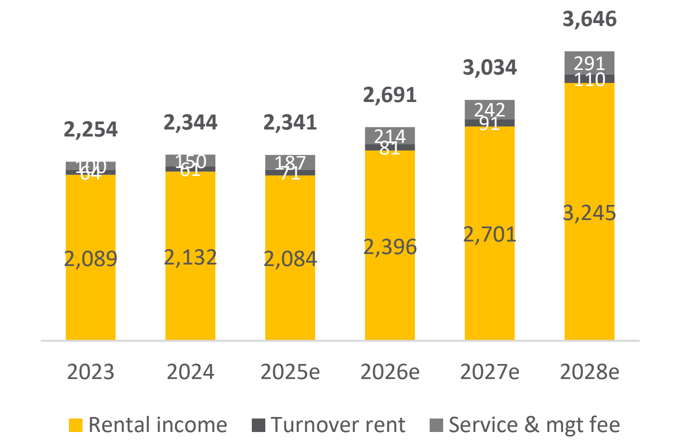
Figure 81: Avg lease rate in key cities – 2024



Source: GIB Capital, Company data, Knight Frank

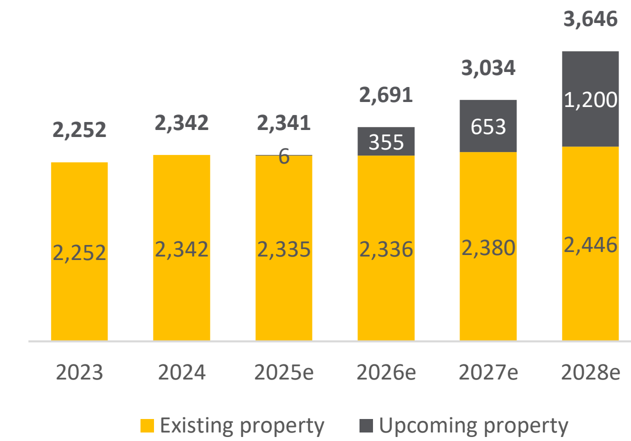
Financial analysis in charts

Figure 82: Revenue (SARmn)



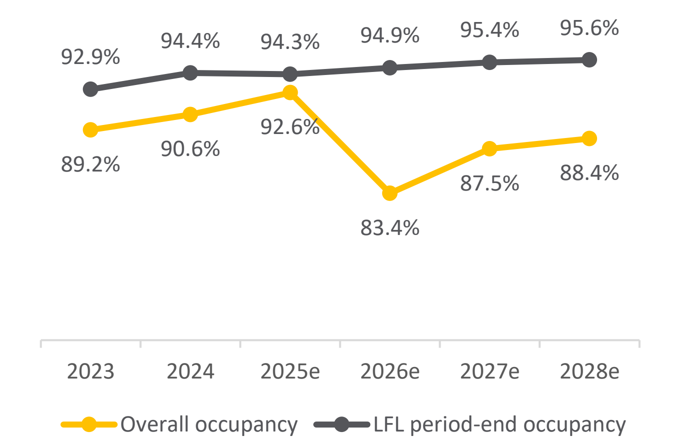
Source: Company data, GIB Capital

Figure 83: Revenue by property (SARmn)



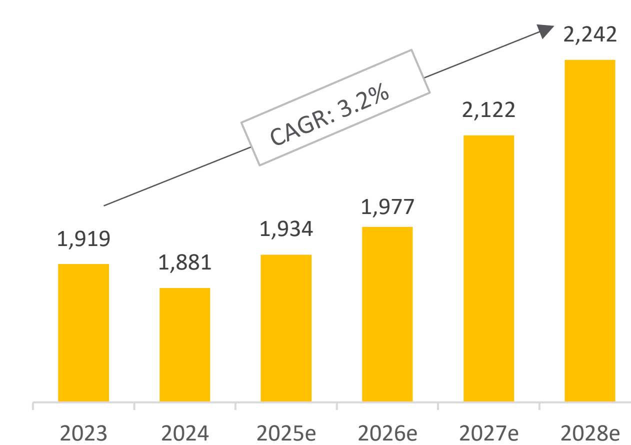
Source: Company data, GIB Capital

Figure 84: Occupancy trend



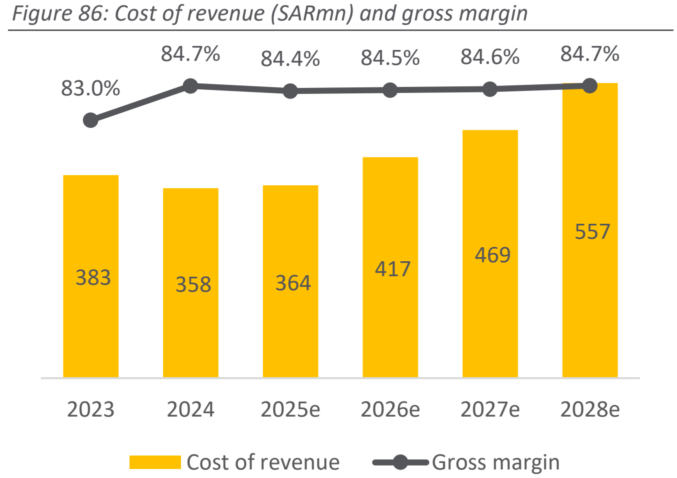
Source: Company data, GIB Capital

Figure 85: Revenue/Avg rent per sqm (SAR)



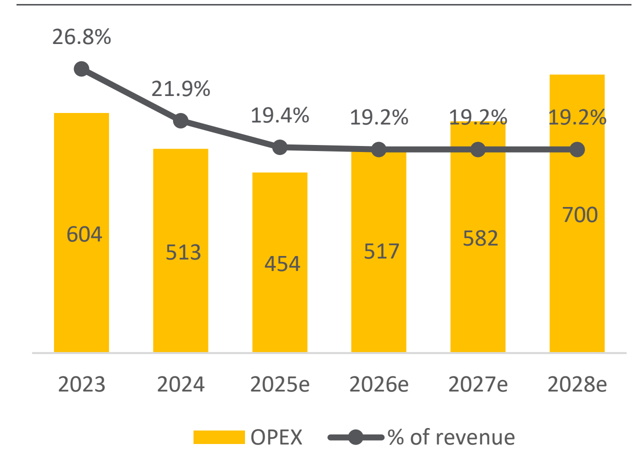
Source: Company data, GIB Capital

Figure 86: Cost of revenue (SARmn) and gross margin



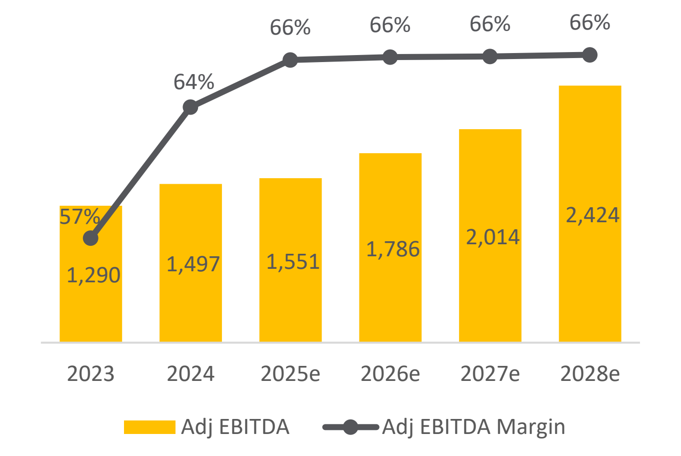
Source: Company data, GIB Capital

Figure 87: OPEX including ECL (SARmn)



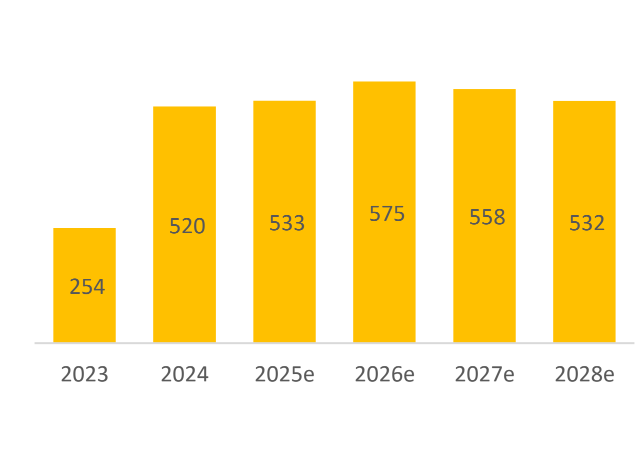
Source: Company data, GIB Capital

*Figure 88: Adj EBITDA trend (SARmn)**



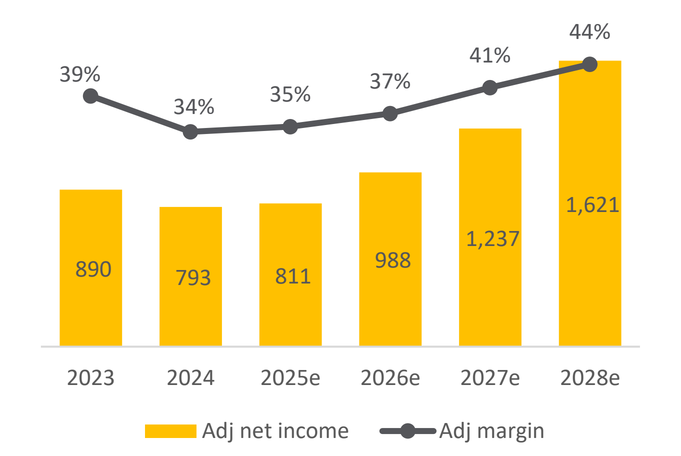
*Source: Company data, GIB Capital, *Adjusted for FV gain/loss and one-offs*

Figure 89: Finance expenses excluding lease cost (SARmn)



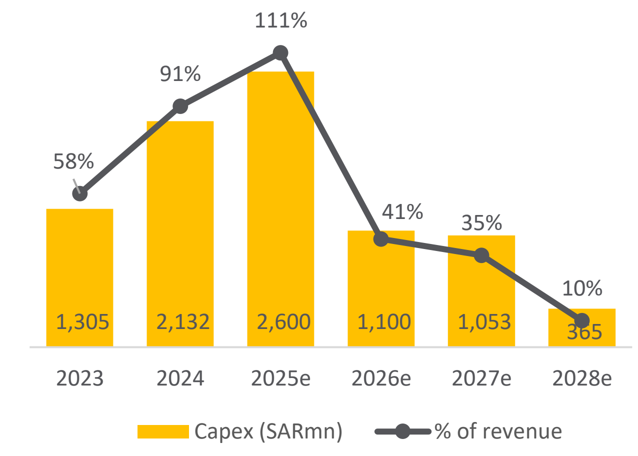
Source: Company data, GIB Capital

*Figure 90: Adj net income and margin**



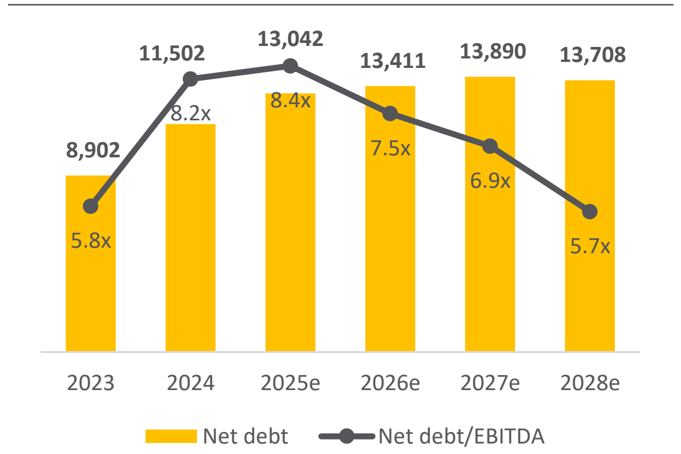
*Source: Company data, GIB Capital, *Adjusted for FV gain/loss on investment properties and one-offs*

Figure 91: Capex



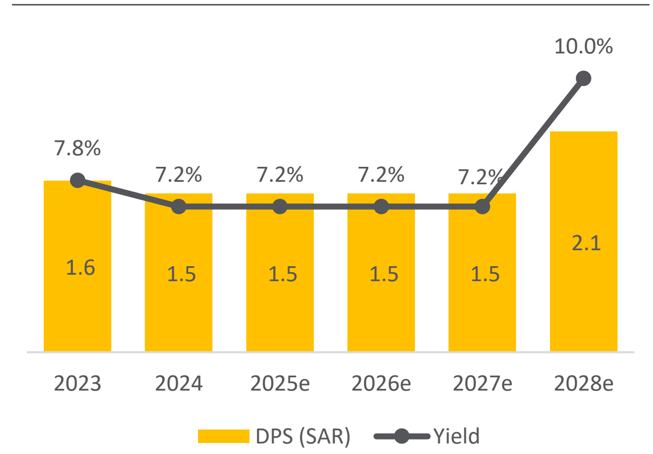
Source: Company data, GIB Capital

*Figure 92: Leverage trend (SARmn)**



*Source: Company data, GIB Capital, *Excluding lease liabilities*

Figure 93: Dividend



Source: Company data, GIB Capital

GIB CAPITAL جي آي بي كابيتال

Financials

Figure 94: Summarized basic financial statements (SARmn)

Income statement	2023a	2024a	2025e	2026e	2027e	2028e
Revenue	**2,254**	**2,344**	**2,341**	**2,691**	**3,034**	**3,646**
revenue y/y	*2%*	*4%*	*0%*	*15%*	*13%*	*20%*
COGS	(383)	(358)	(364)	(417)	(469)	(557)
Gross Profit	**1,870**	**1,986**	**1,977**	**2,274**	**2,565**	**3,089**
Gross Profit margin	*83.0%*	*84.7%*	*84.4%*	*84.5%*	*84.6%*	*84.7%*
S&M and G&A	(414)	(279)	(279)	(323)	(364)	(438)
Expected Credit (Loss)/reversal	(190)	(322)	(176)	(194)	(218)	(263)
Net FV gain/(loss) on investment properties	370	565	577	457	410	362
Adj operating profit*	**1,285**	**1,488**	**1,539**	**1,774**	**1,999**	**2,406**
Operating margin	*57%*	*63%*	*66%*	*66%*	*66%*	*66%*
Finance costs, net	(357)	(690)	(668)	(724)	(695)	(706)
PBT	**1,541**	**1,268**	**1,443**	**1,502**	**1,711**	**2,061**
Zakat/tax	(40)	(44)	(43)	(45)	(51)	(62)
Net income	**1,515**	**1,217**	**1,388**	**1,445**	**1,646**	**1,983**
Adj Net income*	**890**	**793**	**811**	**988**	**1,237**	**1,621**
Adj Net margin	*39%*	*34%*	*35%*	*37%*	*41%*	*44%*
y/y	*50%*	*-20%*	*14%*	*4%*	*14%*	*20%*
Adj EPS	**1.9**	**1.7**	**1.7**	**2.1**	**2.6**	**3.4**
DPS	1.6	1.5	1.5	1.5	1.5	2.1
Payout	86%	90%	88%	72%	58%	61%
Adj EBITDA*	**1,290**	**1,497**	**1,551**	**1,786**	**2,014**	**2,424**
Balance Sheet	**2023a**	**2024a**	**2025e**	**2026e**	**2027e**	**2028e**
Development properties	354	354	354	354	354	354
Accrued revenue	79	69	69	79	89	107
Account receivable and others	474	483	500	575	648	779
Amount due from related party	484	408	455	523	590	709
Prepayment and other assets	118	431	430	495	558	670
Other investments	303	256	256	256	256	256
Cash and cash equivalents	85	670	180	111	166	253
Total Current Assets	**1,896**	**2,671**	**2,244**	**2,393**	**2,661**	**3,128**
Investment properties	25,334	28,019	30,476	31,515	32,897	34,489
Property and equipment	57	49	44	40	37	36
Amount due from related party - non current	0	235	235	235	235	235
Other non current assets	19	13	13	13	13	13
Total Non-Current Assets	**25,645**	**28,541**	**30,988**	**32,018**	**33,394**	**34,984**
Total Assets	**27,751**	**31,453**	**33,532**	**34,411**	**36,055**	**38,111**
Current Liabilities	4,639	1,639	1,584	1,887	3,067	4,932
Non-current Liabilities	8,800	14,985	16,433	16,265	15,781	14,965
Equity	14,312	14,828	15,515	16,259	17,207	18,214
Total Equity and Liabilities	**27,751**	**31,453**	**33,532**	**34,411**	**36,055**	**38,111**
BVPS	30.1	31.2	32.7	34.2	36.2	38.3
Cashflow	**2023a**	**2024a**	**2025e**	**2026e**	**2027e**	**2028e**
Cashflow from Operations	1,390	1,006	1,430	1,702	1,922	2,276
Cashflow from Investing	(689)	(1,939)	(1,543)	(613)	(968)	(183)
Cashflow from Financing	(1,227)	1,518	(377)	(1,157)	(899)	(2,007)
Total Cashflows	**(525)**	**585**	**(490)**	**(69)**	**55**	**87**

*Source: Company, GIB Capital, *Adj for FV gain/(loss) on investment properties and one-offs.*

Figure 95: Key ratios

Key ratios	2023a	2024a	2025e	2026e	2027e	2028e
Profitability ratios						
RoA	3%	3%	2%	3%	3%	4%
RoE	6%	5%	5%	6%	7%	9%
Rental yield	9%	8%	8%	9%	9%	11%
Net margin	39%	34%	35%	37%	41%	44%
Liquidity ratios						
Current ratio	0	2	1	1	1	1
Accrued revenue days	13	11	11	11	11	11
Receivable days	77	75	78	78	78	78
Payable days	669	683	700	700	700	700
Cash conversion cycle	(580)	(597)	(611)	(611)	(611)	(611)
Debt ratios						
Net Debt/EBITDA (w/o IFRS liab.)	5.8	8.2	8.4	7.5	6.9	5.7
Loan to value*	35%	41%	43%	43%	42%	40%
Net Debt/Equity (w/ IFRS liab.)	0.8	1.0	1.1	1.0	1.0	1.0
Valuation ratios						
P/E	11.1	12.5	12.2	10.0	8.0	6.1
P/B	0.7	0.7	0.6	0.6	0.6	0.5
Price/FFO	11.1	14.6	11.8	9.7	7.8	6.0
EV/EBITDA	16.2	13.9	13.5	11.7	10.4	8.6
FCF Yield	1.2%	-9.3%	-7.6%	5.9%	5.5%	15.2%
Dividend Yield	7.8%	7.2%	7.2%	7.2%	7.2%	10.0%

*Source: Company, GIB Capital, *Excluding lease liabilities*

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