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THE ATTACHED OFFERING CIRCULAR MAY ONLY BE DISTRIBUTED OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" AS DEFINED IN, AND IN COMPLIANCE WITH, REGULATION S ("REGULATION S") UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") TO PERSONS THAT ARE NOT U.S. PERSONS WITHIN THE MEANING OF REGULATION S.

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THE DOCUMENT HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF SECURITIES IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (THE "**EEA**") OR IN THE UNITED KINGDOM (THE "**UK**") WILL BE MADE PURSUANT TO AN EXEMPTION UNDER REGULATION (EU) 2017/1129 (AS AMENDED, THE "**EU PROSPECTUS REGULATION**") OR SECTION 86 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED, THE "**FSMA**"), AS THE CASE MAY BE, FROM THE REQUIREMENT TO PUBLISH A PROSPECTUS FOR OFFERS OF SECURITIES. THE DOCUMENT IS NOT A PROSPECTUS FOR THE PURPOSES OF THE EU PROSPECTUS REGULATION OR REGULATION (EU) 2017/1129 AS IT FORMS PART OF THE DOMESTIC LAW OF THE UK BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE "**EUWA**").

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THE SECURITIES DESCRIBED IN THE DOCUMENT WILL NOT CONSTITUTE "ALTERNATIVE FINANCE INVESTMENT BONDS" WITHIN THE MEANING OF ARTICLE 77A OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (REGULATED ACTIVITIES) ORDER 2001 (AS AMENDED), AND WILL REPRESENT INTERESTS IN A COLLECTIVE INVESTMENT SCHEME (AS DEFINED IN THE FSMA) WHICH HAS NOT BEEN AUTHORISED, RECOGNISED OR OTHERWISE APPROVED BY THE UK FINANCIAL CONDUCT AUTHORITY.

THE DOCUMENT IS NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UK. RATHER, THE DISTRIBUTION IN THE UK OF THE DOCUMENT AND ANY OTHER MARKETING MATERIALS RELATING TO THE SECURITIES REFERRED TO IN THE DOCUMENT: (A) IF THE DISTRIBUTION IS BEING EFFECTED BY A PERSON WHO IS NOT AN AUTHORISED PERSON UNDER THE FSMA, IS BEING ADDRESSED TO, OR DIRECTED AT, ONLY THE FOLLOWING PERSONS: (I) PERSONS WHO ARE INVESTMENT PROFESSIONALS AS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "**FINANCIAL PROMOTION ORDER**"); (II) PERSONS FALLING WITHIN ANY OF THE CATEGORIES OF PERSONS DESCRIBED IN ARTICLE 49(2) OF THE FINANCIAL PROMOTION ORDER; AND (III) ANY OTHER PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE MADE IN ACCORDANCE WITH THE FINANCIAL PROMOTION ORDER; AND (B) IF THE DISTRIBUTION IS BEING EFFECTED BY A PERSON WHO IS AN AUTHORISED PERSON UNDER THE FSMA, IS BEING ADDRESSED TO, OR DIRECTED AT, ONLY THE FOLLOWING PERSONS: (I) PERSONS FALLING WITHIN ONE OF THE CATEGORIES OF INVESTMENT PROFESSIONAL AS DEFINED IN ARTICLE 14(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (PROMOTION OF COLLECTIVE INVESTMENT SCHEMES) (EXEMPTIONS) ORDER 2001 (THE "**PROMOTION OF CISs ORDER**"); (II) PERSONS FALLING WITHIN ANY OF THE CATEGORIES OF PERSON DESCRIBED IN ARTICLE 22(2)(a)-(d) OF THE PROMOTION OF CISs ORDER; AND (III) ANY OTHER PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE MADE (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**"). THIS DOCUMENT IS BEING DIRECTED ONLY AT: (1) RELEVANT PERSONS IN THE UK; AND (2) QUALIFIED INVESTORS (WITHIN THE MEANING OF SUCH TERM UNDER THE EU PROSPECTUS REGULATION) IN THE EEA. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS IN THE UK AND QUALIFIED INVESTORS IN THE EEA. PERSONS OF ANY OTHER DESCRIPTION IN THE UK OR THE EEA MAY NOT RECEIVE AND SHOULD NOT ACT OR RELY ON THE DOCUMENT. FOR A MORE COMPLETE DESCRIPTION OF RESTRICTIONS ON OFFERS AND SALES, SEE "*SUBSCRIPTION AND SALE*" IN THE DOCUMENT.

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You are reminded that the Document has been delivered to you on the basis that you are a person into whose possession the Document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the Document, electronically or otherwise, to any other person. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

Neither the Joint Lead Managers nor any of their respective affiliates accepts any responsibility whatsoever for the contents of the Document or for any statement made or purported to be made by any of them, or any other person on their behalf, in connection with the Trustee, the Obligor or the offer of the Certificates (as defined in the Document) (the "**Offer**"), or for any acts or omissions of the Trustee, the Obligor or any other person in connection with the Document or the Offer. The Joint Lead Managers and their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of the Document or any such statement. No representation or warranty, express or implied, is made by any of the Joint Lead Managers or their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in the Document.

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The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of the Trustee and the Obligor in such jurisdiction.

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Recipients of the Document who intend to subscribe for or purchase any securities to be issued are reminded that any subscription or purchase may only be made on the basis of the information contained in the final version of the Document.

The distribution of the Document and the offer or sale of the securities described herein in certain jurisdictions may be restricted by law. Persons into whose possession the Document comes are required by the Joint Lead Managers, the Trustee and the Obligor to inform themselves about, and to observe, any such restrictions.

Prohibition of Sales to EEA Retail Investors – The Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Certificates or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

Prohibition of Sales to UK Retail Investors – The Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Certificates or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

UK MiFIR Product Governance / Professional Investors and ECPs only target market – Solely for the purposes of the manufacturers' product approval process, the target market assessment in respect of the

Certificates has led to the conclusion that: (i) the target market for the Certificates is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**") and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Certificates (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook and/or Directive 2014/65/EU (as amended) is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

ARABIAN CENTRES SUKUK III LIMITED

(an exempted company incorporated with limited liability under the laws of the Cayman Islands)

U.S.$500,000,000 Trust Certificates due 2029

The U.S.$500,000,000 trust certificates due 2029 (the "**Certificates**") of Arabian Centres Sukuk III Limited (in its capacity as issuer and trustee, the "**Trustee**") will be constituted by a declaration of trust (the "**Declaration of Trust**") to be dated 6 March 2024 (the "**Issue Date**") entered into between the Trustee, Arabian Centres Company, trading under the name Cenomi Centers ("**ACC**", the "**Company**" or the "**Obligor**" (which expressions shall be construed as referring to Arabian Centres Company acting in all its relevant capacities under the Transaction Documents (as defined herein) to which it is a party unless the context otherwise requires)) and BNY Mellon Corporate Trustee Services Limited (the "**Delegate**")

The Certificates confer on the holders of the Certificates from time to time (the "**Certificateholders**") the right to receive certain payments (as more particularly described herein) arising from an undivided ownership interest in the assets of a trust declared by the Trustee pursuant to the Declaration of Trust (the "**Trust**") over the Trust Assets (as defined herein) and the Trustee will hold such Trust Assets upon trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder in accordance with the Declaration of Trust and the terms and conditions of the Certificates (the "**Conditions**").

Periodic Distribution Amounts (as defined in the Conditions) shall be payable subject to and in accordance with the Conditions on the outstanding face amount of the Certificates from (and including) the Issue Date to (but excluding) 6 March 2029 (the "**Scheduled Dissolution Date**") at a rate of 9.5 per cent. per annum. Payments on the Certificates will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or other charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands or Saudi Arabia, or in each case or any authority therein or thereof having power to tax to the extent described under Condition 11.

Unless the Certificates are previously redeemed or purchased and cancelled, the Certificates shall be redeemed on the Scheduled Dissolution Date. The Certificates may be redeemed before the Scheduled Dissolution Date: (i) at the option of the Obligor in whole but not in part in the event of certain changes affecting taxes of the Cayman Islands or Saudi Arabia; (ii) following the occurrence of a Dissolution Event or a Total Loss Event (unless the Wakala Assets have been replaced with Replacement Wakala Assets in accordance with the terms of the Servicing Agency Agreement) (each as defined in the Conditions); (iii) following the occurrence of a Change of Control (as defined in the Conditions); (iv) following the occurrence of an Asset Disposition Event (as defined in the Conditions); (v) at the option of the Obligor in whole but not in part; (vi) at the option of the Obligor in whole but not in part in the event that at least 75 per cent. of the aggregate face amount of Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to Condition 13; (vii) following the occurrence of a Tangibility Event (as defined in the Conditions); or (viii) following the occurrence of a Permitted Security Enforcement Event (as defined in the Conditions) (in the case of (i), (ii) and (vi), at the Dissolution Distribution Amount, in the case of (iii), at the Change of Control Dissolution Distribution Amount, in the case of (iv), at the relevant Asset Disposition Dissolution Distribution Amount, in the case of (v), at the Optional Dissolution Distribution Amount, in the case of (vii), at the Tangibility Event Dissolution Distribution Amount and in the case of (viii) at the Permitted Security Dissolution Distribution Amount (each as defined in the Conditions)), in each case subject to Condition 10. The Trustee will pay the Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount, the Tangibility Event Dissolution Distribution Amount or the Permitted Security Dissolution Distribution Amount, solely from the proceeds received in respect of the Trust Assets.

The Certificates will be limited recourse obligations of the Trustee. An investment in the Certificates involves certain risks. Investors should carefully review the risks described herein under "*Risk Factors*".

Application has been made to The International Stock Exchange Authority Limited (the "**Authority**") for the listing of and permission to deal in the Certificates on the Official List of The International Stock Exchange (the "**Exchange**"). There is no assurance that the Certificates will be listed on the Official List of the Exchange, that such permission to deal in the Certificates will be granted or that such listing or permission will be maintained. The Certificates may also be delisted from the Official List of the Exchange following the occurrence of a Tangibility Event. Settlement of the Certificates is not conditional on such listing or permission.

This Offering Circular has been prepared on the basis that any offer of the Certificates in any member state of the European Economic Area or in the United Kingdom (the "**UK**") will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**") or section 86 of the Financial Services and Markets Act 2000 (as amended, the "**FSMA**"), as the case may be, from the requirement to publish a prospectus for offers of securities. This Offering Circular is not a prospectus for the purposes of the EU Prospectus Regulation or Regulation (EU) 2017/1129 as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 Regulation (the "**UK Prospectus Regulation**").

The Certificates will be issued in registered form in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

The Certificates will initially be represented by interests in a global trust certificate in registered form (the "**Global Certificate**"). The Global Certificate will be deposited on or before the Issue Date with, and registered in the name of a nominee of, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg. Definitive individual certificates in respect of beneficial interests in the Global Certificate will not be issued except as described under "*Global Certificate*".

The Obligor has a long term rating of Ba3 (stable outlook) by Moody's Investors Service Cyprus Ltd. ("**Moody's**") and a long term rating of BB+ (stable outlook) by Fitch Ratings Ltd. ("**Fitch**"). The Certificates are expected to be assigned a rating of Ba3 by Moody's and are expected to be assigned a rating of BB+ by Fitch. Moody's is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended (the "**EU CRA Regulation**"). As such, Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the EU CRA Regulation. The ratings issued by Moody's are endorsed by Moody's Investors Service Limited, which is established in the UK and registered under the EU CRA Regulation as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). Fitch is established in the UK and registered under the UK CRA Regulation. As such, Fitch appears on the list of registered credit rating agencies on the UK FCA's Financial Services Register (at https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras). The ratings issued by Fitch are endorsed by Fitch Ratings Ireland Limited in accordance with the EU CRA Regulation. Fitch Ratings Ireland Limited is established in the European Union and registered under the EU CRA Regulation. **A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

The transaction structure relating to the Certificates (as described in this Offering Circular) has been approved by the Executive Shariah Committee of HSBC Saudi Arabia and the Internal Shariah Supervision Committee of Emirates NBD Islamic. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own *Shari'a* advisers as to whether the proposed transaction described in such approvals, including the tradability of the Certificates on any secondary market, is in compliance with *Shari'a* principles (including, without limitation, their individual standards of compliance relating thereto). None of the Trustee, the Obligor, the Joint Lead Managers, the Delegate, the Agents or any of their respective affiliates makes any representation as to the *Shari'a* compliance of any Certificates and/or any trading thereof (including, without limitation, any future trading of the Certificates on the secondary market) and none of the Trustee, the Obligor, the Joint Lead Managers, the Delegate, the Agents or their respective affiliates shall be liable to any Certificateholder or any other person in respect thereof. Potential investors are reminded that, as with any *Shari'a* views, differences in opinion are possible and different *Shari'a* standards may be applied by different *Shari'a* advisers.

The Certificates have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. The Certificates are being offered and sold outside the United States to persons that are not U.S persons in accordance with Regulation S under the Securities Act ("**Regulation S**") and may not be offered or sold within the United States or to, for the account or benefit of, U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the Securities Act. For a description of these and certain further restrictions, see "*Subscription and Sale*".

Joint Global Coordinators

Goldman Sachs International | **HSBC**

Joint Lead Managers and Joint Bookrunners

anb capital | **Dubai Islamic Bank**
Emirates NBD Capital | **GFH Financial Group B.S.C.**
Goldman Sachs International | **HSBC**
J.P. Morgan | **Kamco Invest**
Mashreqbank psc (acting through its Islamic Banking Division) | **Sharjah Islamic Bank P.J.S.C**

Warba Bank

The date of this Offering Circular is 4 March 2024

IMPORTANT NOTICES

This Offering Circular is for the purpose of giving information with regard to the Trustee, the Obligor and the Certificates which, according to the particular nature of the Trustee, the Obligor and the Certificates, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Trustee and the Obligor.

Each of the Trustee and the Obligor accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Trustee and the Obligor (which have taken all reasonable care to ensure this is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information sourced from third parties contained in this Offering Circular has been accurately reproduced and, as far as the Trustee and Obligor are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Any *Shari'a* non-compliant terminology or terms used in this Offering Circular have been used to give the correct meaning to a particular definition or provision and do not impact the *Shari'a* compliant nature of the Transaction Documents.

No representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Joint Lead Managers, the Delegate, the Agents (as defined herein), or any of their respective affiliates, as to the accuracy or completeness of the information contained in this Offering Circular or any other information supplied in connection with the Certificates or for any acts or omissions of the Trustee, the Obligor or any other person in connection with this Offering Circular or the issue and offering of the Certificates. Each person receiving the Offering Circular acknowledges that such person has not relied on any of the Joint Lead Managers, the Delegate, any of the Agents, or any of their respective affiliates, in connection with its investigation of the accuracy of such information or its investment decision and each person must rely on its own assessment of the Trustee, the Obligor and/or the Certificates. Nothing contained in this Offering Circular is, or is to be construed as, or shall be relied on as a promise, representation or warranty, whether as to the past or future, by any of the Joint Lead Managers, the Delegate, any of the Agents, or any of their respective affiliates in any respect. To the fullest extent permitted by law, none of the Joint Lead Managers, the Delegate, the Agents or any of their respective affiliates accepts any responsibility whatsoever for the contents of this Offering Circular. Each of the Joint Lead Managers, the Delegate, the Agents, and their respective affiliates, accordingly disclaims all and any liability, whether arising in tort, contract or otherwise, which it might otherwise have in respect of this Offering Circular.

No person is or has been authorised by the Trustee, the Obligor, the Joint Lead Managers, the Delegate or the Agents to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the offering of the Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Trustee, the Obligor, the Joint Lead Managers, the Delegate or the Agents.

Neither this Offering Circular nor any other information supplied in connection with the offering of the Certificates: (a) is intended to provide the basis of any credit or other evaluation; or (b) should be considered as a recommendation by the Trustee, the Obligor, the Joint Lead Managers, the Delegate or the Agents that any recipient of this Offering Circular or any other information supplied in connection with the offering of the Certificates should purchase any Certificates. Each investor contemplating purchasing any Certificates should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of, the Trustee and the Obligor.

Neither the delivery of this Offering Circular nor the offer, issue, sale or delivery of the Certificates shall, under any circumstances, imply that there has been no change in the affairs of the Trustee or the Obligor since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Trustee or the Obligor since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Certificates is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Joint Lead Managers, the Delegate and the Agents expressly do not undertake to review the financial condition or affairs of the Trustee or the Obligor during the life of the Certificates or to advise any investor in the Certificates of any information coming to their attention or that there has been no change in the affairs of any party mentioned herein since that date.

In connection with the issue and sale of the Certificates, each of the Joint Lead Managers and any of their respective affiliates acting as an investor for its own account may take up Certificates and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Trustee or the Obligor or related investments, and may offer or sell such securities or other investments otherwise than in connection with the issue and sale of the Certificates. Accordingly, references in this Offering Circular to the Certificates being offered, issued or sold should be read as including any offer, issue or sale of securities to the Joint Lead Managers and any of their affiliates acting in such capacity. The Joint Lead Managers do not intend to disclose the extent of any such transactions or investments otherwise than in accordance with any legal or regulatory obligation to do so.

No comment is made, or advice is given by, the Trustee, the Obligor, the Joint Lead Managers, the Delegate or the Agents or any of their respective directors, affiliates, advisers or agents in respect of the legality of the purchase of the Certificates by an investor under applicable laws.

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER, LEGAL ADVISER, BUSINESS ADVISER AND *SHARI'A* ADVISER AS TO TAX, LEGAL, BUSINESS, *SHARI'A* AND RELATED MATTERS CONCERNING THE PURCHASE OF CERTIFICATES.

This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy Certificates in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offering, sale and delivery of the Certificates in certain jurisdictions may be restricted by law. None of the Trustee, the Obligor, the Joint Lead Managers, the Delegate, the Agents or any of their respective directors, affiliates, advisers or agents represents that this Offering Circular may be lawfully distributed, or that Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee, the Obligor, the Joint Lead Managers, the Delegate, the Agents or any of their respective directors, affiliates, advisers or agents which is intended to permit a public offering of the Certificates or distribution of this Offering Circular in any jurisdiction where action for that purpose is required.

Accordingly, the Certificates may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

Persons into whose possession this Offering Circular comes are required by the Trustee, the Obligor and the Joint Lead Managers to inform themselves about and to observe any such restrictions. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Certificates in the United States, the United Kingdom (the "**UK**"), the European Economic Area (the "**EEA**"), the Cayman Islands, the United Arab Emirates (the "**UAE**") (excluding the Dubai International Financial Centre (the "**DIFC**")), the DIFC, the Kingdom of Bahrain, Saudi Arabia, the State of Qatar (including the Qatar Financial Centre), Japan, Hong Kong, Malaysia and Singapore. For a description of the restrictions on offers, sales and deliveries of Certificates and on the distribution of this Offering Circular and other offering material relating to the Certificates, see "*Subscription and Sale*".

The Certificates may not be a suitable investment for all investors. Each potential investor in the Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Certificates, the merits and risks of investing in the Certificates and the information contained in this Offering Circular or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Certificates and the impact the Certificates will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates, including where the currency for payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Certificates and be familiar with the behaviour of any relevant indices and financial markets;

(e) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and

(f) be able to evaluate the compliance of the Certificates with *Shari'a* principles (including, without limitation, their individual standards of compliance relating thereto).

The Certificates are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Certificates unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of such Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (a) the Certificates are legal investments for it; (b) the Certificates can be used as collateral for various types of financing; and (c) other restrictions apply to its purchase or pledge of any Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules.

The transaction structure relating to the Certificates (as described in this Offering Circular) has been approved by the Executive Shariah Committee of HSBC Saudi Arabia and the Internal Shariah Supervision Committee of Emirates NBD Islamic. Prospective Certificateholders should not rely on such approval in deciding whether to make an investment in the Certificates and should consult their own *Shari'a* advisers as to whether the proposed transaction described in such approval is in compliance with their individual standards of compliance with *Shari'a* principles. None of the Trustee, the Obligor, the Joint Lead Managers, the Delegate or any of the Agents makes any representation as to the *Shari'a* compliance of the Certificates and/or any trading thereof.

There is currently no public market for the Certificates. Application has been made to list the Certificates on the Official List of the Exchange, and the Trustee will submit or procure the submission of this Offering Circular to the Authority in connection with the listing application. In the course of any review by the Authority, the Trustee may be requested to make changes to the financial and other information included in this Offering Circular. Comments by the Authority may require significant modification to or reformulation of information contained in this Offering Circular or may require the inclusion of additional information. The Trustee may also be required to update the information in this Offering Circular to reflect any changes in the business, financial condition or results of operations of the Trustee or the Obligor. The application for admission of the Certificates to the Official List of the Exchange may not be approved as of the date of issuance of the Certificates or any date thereafter, and settlement of the Certificates is not conditioned on obtaining this listing.

STABILISATION

In connection with the issue of the Certificates, Goldman Sachs International (the "**Stabilisation Manager**") (or persons acting on behalf of the Stabilisation Manager) may effect transactions with a view to supporting the market price of the Certificates during the stabilisation period at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the Issue Date and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Certificates. The Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) must conduct such stabilisation in accordance with all applicable laws and rules.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Offering Circular may be deemed to be forward-looking statements. The words "anticipate", "believe", "expect", "plan", "intend", "targets", "aims", "seeks", "estimate", "project", "will", "would", "may", "could", "continue", "should" and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Offering Circular, including, without limitation, those regarding the financial position of the Obligor, or the business strategy, management plans and objectives for future operations of the Obligor, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Obligor's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are contained in the sections entitled "*Risk Factors*", "*Management's Discussion and Analysis of the Company's Financial Position and Results of Operations*", "*Description of the Company*" and other sections of this Offering Circular. The Obligor has based these forward-looking statements on the current view of its management with respect to future events and financial performance. These forward-looking statements are based on numerous assumptions regarding the Obligor's present, and future, business strategies and the environment in which the Obligor expects to operate in the future. Important factors that could cause the Obligor's actual results, performance or achievements to differ materially from those in the forward-looking statements are discussed in this Offering Circular (see "*Risk Factors*").

Forward-looking statements speak only as at the date of this Offering Circular and, without prejudice to any requirements under applicable laws and regulations, the Trustee, the Obligor and the Joint Lead Managers expressly disclaim any obligation or undertaking to publicly update or revise any forward-looking statements in this Offering Circular to reflect any change in the expectations of the Trustee or the Obligor or any change in events, conditions or circumstances on which these forward-looking statements are based. Given the uncertainties of forward-looking statements, the Trustee and the Obligor cannot assure potential investors that projected results or events will be achieved and the Trustee and the Obligor caution potential investors not to place undue reliance on these statements.

VOLCKER RULE

The Trustee may be deemed to be a "covered fund" for purposes of Section 13 of the Bank Holding Company Act of 1956, as amended (in particular, by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act 2010), and any implementing regulations and related guidance (the "**Volcker Rule**"). Further, the Certificates may constitute an "ownership interest" for the purposes of the Volcker Rule. As a result, the Volcker Rule may, subject to certain exemptions, prohibit certain banking institutions from, directly or indirectly, acquiring or retaining the Certificates. This prohibition may adversely affect the liquidity and market price of the Certificates. In addition, any entity that is a "banking entity" under the Volcker Rule and is considering an investment in the Certificates should consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally. See "*Risk Factors — Risks relating to the Trustee — The Certificates may be an ownership interest for the purposes of the Volcker Rule*".

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

The Certificates represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000, as amended (the "**FSMA**")) which has not been authorised, recognised or otherwise approved by the UK Financial Conduct Authority. Accordingly, this Offering Circular is not being distributed to, and must not be passed on to, the general public in the UK.

The distribution in the UK of this Offering Circular and any other marketing materials relating to the Certificates is being addressed to, or directed at: (A) if distribution is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); (ii) persons falling within any of the categories of persons described in Article 49(2) (High net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (B) if the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the

"**Promotion of CISs Order**"); (ii) persons falling within any of the categories of person described in Article 22(2)(a)-(d) (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order; and (iii) any other person to whom it may otherwise lawfully be made. Persons of any other description in the UK may not receive and should not act or rely on this Offering Circular or any other marketing materials in relation to the Certificates.

Prospective investors in the UK in the Certificates are advised that all, or most, of the protections afforded by the UK regulatory system will not apply to an investment in the Certificates and that compensation will not be available under the UK Financial Services Compensation Scheme.

Any individual intending to invest in the Certificates should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and that he has sufficient financial resources to sustain any loss that may arise from such investment.

NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS

No invitation, whether directly or indirectly, may be made to any member of the public of the Cayman Islands to subscribe for the Certificates and this Offering Circular shall not be construed as an invitation to any member of the public of the Cayman Islands to subscribe for the Certificates.

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This document may not be distributed in the Kingdom except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial advisor.

NOTICE TO RESIDENTS OF MALAYSIA

The Certificates may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Certificates in Malaysia may be made, directly or indirectly, and this Offering Circular or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons set out in Part I of Schedule 6 or Section 229(1)(b), Part I of Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the Capital Market and Services Act 2007 of Malaysia, as may be amended and/or varied from time to time and subject to any amendments to the applicable laws from time to time.

The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Trustee or the Obligor and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Offering Circular.

NOTICE TO RESIDENTS OF CANADA

The Certificates may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Certificates must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor. Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Joint Lead Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interests in connection with the offering of the Certificates.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

The Certificates will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Offering Circular has not been and will not be reviewed or approved by, or registered with, the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority in accordance with their regulations or any other regulations in the State of Qatar (including the Qatar Financial Centre). The Certificates are not and will not be traded on the Qatar Stock Exchange. The Certificates and interests therein will not be offered to investors domiciled or resident in the State of Qatar (including the Qatar Financial Centre) and do not constitute debt financing in the State of Qatar (including the Qatar Financial Centre) under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of the State of Qatar (including the Qatar Financial Centre).

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, Certificates issued in connection with this Offering Circular and related offering documents may only be offered in registered form to existing accountholders and accredited investors as defined by the Central Bank of Bahrain (the "**CBB**") in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.$100,000, or any equivalent amount in any other currency or such other amount as the CBB may determine.

This Offering Circular does not constitute an offer of securities in the Kingdom of Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006, as amended from time to time). This Offering Circular and related offering documents have not been and will not be registered as an Offering Circular with the CBB. Accordingly, no Certificates may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Offering Circular or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors (as such term is defined by the CBB) for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered this Offering Circular or related offering documents and it has not in any way considered the merits of the securities to be marketed for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Offering Circular and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Offering Circular. No offer of Certificates will be made to the public in the Kingdom of Bahrain and this Offering Circular must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Certificates or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Certificates or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of the manufacturers' product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (i) the target market for the Certificates is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Certificates (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook and/or Directive 2014/65/EU (as amended) is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION – In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (as modified or amended from time to time, the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Certificates are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and "Excluded Investment Products" (as defined in the Monetary Authority of Singapore (the "**MAS**") Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Trustee is an exempted company incorporated in the Cayman Islands and the Obligor is a joint-stock company established in Saudi Arabia.

The concept of appointing a process agent for service of process is not fully recognised under the laws of Saudi Arabia. Additionally, even if parties agree that service of process on a Saudi entity will be through a process agent in a foreign jurisdiction, a Saudi Arabian court or judicial committee might not consider this to be a valid service of process. It is understood that it is the customary practice of the Board of Grievances when considering the enforcement of foreign judgments to require that parties resident in Saudi Arabia be served through diplomatic channels. Other Saudi Arabian courts and judicial committees may also insist that a Saudi entity be served in Saudi Arabia through diplomatic channels. That said, if it is established that the Saudi party was served the process and attended before the court which issued the judgment, it is likely that the courts would not insist on process being served through diplomatic channels.

The Certificates are governed by English law and disputes in respect of them may be settled by arbitration under the Rules of the LCIA in London, England. Investors may have difficulty enforcing foreign arbitration awards against the Obligor in the courts of Saudi Arabia. The Saudi enforcement courts may, at their discretion, enforce all, or any part of, a foreign arbitral award or a foreign judgment, subject to certain conditions, which include (amongst other things) reciprocity between Saudi Arabia and the country in which the award was made. Reciprocity may be demonstrated by way of the existence of a treaty or protocol between Saudi Arabia and the relevant jurisdiction (in this regard, it is noted that Saudi Arabia has acceded to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 and is also a signatory to the Arab League Treaty for the Reciprocal Enforcement of Judgments dated 16 April 1983 and the Agreement on Enforcement of Judgments, Delegations and Judicial Summonses in the States of the Cooperation Council for the Arab Gulf States dated 6 December 1995) or by virtue of a plaintiff providing evidence that the relevant foreign court has recognised and enforced a Saudi Arabian judgment on a previous occasion. No assurance can be given that investors would be able to meet the requirements of reciprocity of enforcement or that the court would agree to enforce the judgment or the award even if all requirements are met. In addition, even if such requirements were met, Certificateholders should also be aware that if any terms of the Certificates or the Transaction Documents (including any provisions relating to the payment of profit) were found to be inconsistent with *Shari'a*, they would not be enforced by the Saudi enforcement courts. Whether the courts in Saudi Arabia will enforce a foreign arbitral award in accordance with the terms of the New York Convention, or otherwise, is yet to have a clear established practice. Pursuant to the Saudi Arabian Arbitration Regulation (the "**Arbitration Regulation**"), which entered into force on 18/8/1433H (corresponding to 8 July 2012), a Saudi Arabian court must decline to hear a dispute if the parties have entered into a prior agreement to submit disputes to arbitration and the defendant raises the issue before entering a defence on the merits. If parties to court proceedings agree in the course of the proceedings to submit the dispute to arbitration, the Arbitration Regulation makes it mandatory for the courts to discontinue the action. Judicial precedents in Saudi Arabia have no binding effect on subsequent decisions. In addition, court decisions in Saudi Arabia are not generally or consistently indexed and collected in a single publication or place or made publicly available. These factors create greater judicial uncertainty. See further "*Risk Factors – Risks Relating to Enforcement*".

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

FINANCIAL AND STATISTICAL INFORMATION

The following financial statements (the "**Financial Statements**") are attached to this Offering Circular:

(i) the reviewed condensed consolidated interim financial statements of the Company as at and for the three month and nine month periods ended 30 September 2023 (which include comparative information as at and for the nine months ended 30 September 2022);

(ii) the audited consolidated financial statements of the Company as at and for the nine month period ended 31 December 2022 (which include comparative information as at and for the nine month period ended 31 December 2021 restated, other than with respect to the consolidated statement of cash flows, to reflect the Company's change of accounting policy to the fair value model in 2022 (see "*Change of accounting policy to the fair value model instead of cost model to measure the value of the Company's investment properties*"));

(iii) the reviewed condensed consolidated interim financial statements of the Company as at and for the three and nine month periods ended 31 December 2021 (which include the Company's consolidated statement of cash flows for the nine month period ended 31 December 2021); and

(iv) the audited consolidated financial statements of the Company as at and for the years ended 31 March 2022 and 31 March 2021 (which include comparative information as at and for the year ended 31 March 2020),

The above Financial Statements are appended to this Offering Circular in pages F-1 to F-253 and are presented in Saudi Riyals.

The Company is required by Saudi Arabian regulation to prepare its audited consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("**IFRS-KSA**"). Accordingly, the audited Financial Statements have been prepared in accordance with IFRS-KSA. The condensed consolidated interim financial statements as at and for the three and nine months ended 30 September 2023 and 31 December 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting standard that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("**SOCPA**"). The condensed consolidated interim financial statements as at and for the nine months ended 30 September 2023 do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS-KSA.

COVID-19-related rent concessions

During the fiscal year 2021, the Company and the Group applied COVID-19-related rent concessions – amendment to IFRS 16 issued on 28 May 2020, which introduced an optional practical expedient for leases in which the Group is a lessee. The Company applied the practical expedient to the concessions, thereby allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Company applied the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Company chose not to apply the practical expedient, or that did not qualify for the practical expedient, the Company assessed whether there was a lease modification on a case-by-case basis.

Change of accounting policy to the fair value model instead of cost model to measure the value of the Company's investment properties and change of fiscal year end

In 2022, the Board of Directors of the Company approved the use of the fair value model to measure the value of the Company's investment properties, as this reflects more relevant information given the variability and changes in the underlying value of investment properties represented by land and buildings. The financial impact of adopting this new valuation model became effective starting from and including the three month period ended 31 December 2022. In addition, in 2022 the Company changed its fiscal year end from 31 March to 31 December.

The financial information in this Offering Circular relating to: (i) the Company's consolidated statement of profit or loss, consolidated statement of financial position and consolidated statement of cash flows included herein with respect to years ended 31 March 2020, and 31 March 2021 and 31 March 2022; and (ii) the Company's consolidated statement of cash flows included herein with respect to the nine months ended 31 December 2021, in each case, predate the Company's change of accounting policy to the fair value model instead of the cost model to measure the value of the Company's investment properties, have not been restated, and are therefore not directly comparable with the financial information included in this Offering Circular as of and for the nine months ended 30 September 2022, 31 December 2022 or 30 September 2023.

Use of Alternative Performance Measures

The Company uses certain measures to assess the operational and financial performance of its business that are unaudited supplemental measures that are not required by, or presented in accordance with IFRS-KSA. These non-IFRS financial measures include EBITDA, EBITDAR, EBITDA margin, net rental revenue, like-for-like revenue growth, funds from operations, and average yearly/period efficiency rate. Management uses such measures to measure operating performance and as a basis for strategic planning and forecasting. Management believes that these and similar measures are used widely by certain investors, securities analysts and other interested parties as supplemental measures of performance. These non-IFRS measures may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Company's operating results as reported under IFRS-KSA. For a reconciliation of (i) funds from operations to profit for the period / year; and (ii) EBITDA and EBITDAR to the profit for the period / year, see "*Management's Discussion and Analysis of the Company's Financial Position and Results of Operations—Key Performance Indicators*". Recipients of this Offering Circular must interpret these measures with reference to the Financial Statements of the Company and the remainder of the information set out in this Offering Circular, and should consult an authorised financial advisor on how to interpret and understand these measures.

The financial and statistical information contained in this Offering Circular is subject to rounding. Accordingly, the figures shown for the same item presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them. In cases where the amounts included in this Offering Circular were converted from a foreign currency into Saudi Riyal, the Saudi Riyal exchange rate against the relevant currency is the one in effect as at the date hereof.

PRESENTATION OF OTHER INFORMATION

Unless otherwise indicated, in this Offering Circular, all references to:

- "**CMA**" means the Saudi Arabian Capital Market Authority;
- "**Government**" refers to the Government of Saudi Arabia;
- "**halalah**" refers to the sub-unit of the Riyal; and
- "**Kingdom**" or "**Saudi Arabia**" refers to the Kingdom of Saudi Arabia;
- "**SAMA**" refers to the Saudi Central Bank;
- "**SAR**", "**Saudi Riyals**" and "**Riyals**" refers to the Saudi Arabian riyal, the lawful currency of Saudi Arabia;

- "**U.S. dollars**" or "**U.S.$**" refers to the lawful currency of the United States of America.

The Company's reporting currency is Saudi Riyals. Since 2003, the Saudi Riyal has officially been pegged to the U.S. dollar at a fixed exchange rate of SAR 3.75 = U.S.$1.00.

Dates

Unless otherwise indicated, in this Offering Circular, all references to a "year", "years" and any dates refer to Gregorian dates.

Throughout this Offering Circular, Hijri dates are presented along with corresponding Gregorian dates, where relevant. The Hijri calendar is prepared on the basis of the anticipated lunar cycles. However, an actual sighting of the moon is used to determine the beginning of each month, as a result of which conversions from the Hijri to Gregorian calendars are often subject to discrepancies of one day.

Third party information

This Offering Circular contains information regarding the Company's business and the industry in which it operates and competes, which the Company has obtained from third party sources. Where third party information has been used in this Offering Circular, such information has been accurately reproduced. Where any data included in this Offering Circular is referred to as having been estimated, all such estimates have been made by the Company using its own information, third party information and/or other market information which is publicly available. Although all such estimations have been made in good faith based on the information available and the Company's knowledge of the market within which it operates, the Company cannot guarantee that a third party expert using different methods would reach the same conclusions.

The Board of Directors believes that the information and data from other sources contained in this Offering Circular are reliable. However, this information and these data have not been independently verified by the Company, the Group, the Joint Lead Managers or any of their advisors, and therefore none of the aforementioned bears any liability for the accuracy or completeness of said information and data. No representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Joint Lead Managers or any of their affiliates as to the accuracy or completeness of such information and data.

No incorporation of website information

The information on the Company's website or any other website mentioned in this Offering Circular or any website directly or indirectly linked to these websites has not been verified and is not incorporated by reference into this Offering Circular, and investors should not rely on it.

FORECASTS AND FORWARD-LOOKING STATEMENTS

Forecasts set forth in this Offering Circular have been prepared on the basis of assumptions based on the Company's information as derived from its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used and consequently no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Some statements in this Offering Circular may be deemed to be forward-looking statements. The words "anticipate", "believe", "expect", "plan", "intend", "targets", "aims", "seeks", "estimate", "project", "will", "would", "may", "could", "continue", "should" and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Offering Circular, including, without limitation, those regarding the financial position of the Company, or the business strategy, management plans and objectives for future operations of the Company, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Company's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are contained in sections of this Offering Circular entitled "*Risk Factors*", "*Management's discussion and analysis of financial condition and results of operations" and "Description of the Company*" and other sections of this Offering Circular. The Company has based these forward-looking statements on the current view of its management with respect to future events and financial performance. These forward-looking statements are based on numerous assumptions regarding the

Company's present, and future, business strategies and the environment in which the Company expects to operate in the future. Important factors that could cause the Company's actual results, performance or achievements to differ materially from those in the forward-looking statements are discussed in this Offering Circular in (see "*Risk Factors*").

Forward-looking statements speak only as at the date of this Offering Circular and, without prejudice to any requirements under applicable laws and regulations, the Company, the Joint Lead Managers expressly disclaim any obligation or undertaking to publicly update or revise any forward-looking statements in this Offering Circular to reflect any change in the expectations of the Company or any change in events, conditions or circumstances on which these forward-looking statements are based. Given the uncertainties of forward-looking statements, the Company cannot assure potential investors that projected results or events will be achieved and the Company cautions potential investors not to place undue reliance on these statements.

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SUMMARY

OVERVIEW

Arabian Centres Company (trading as Cenomi Centers) ("**ACC**" or the "**Company**") is the largest owner, developer and operator of shopping malls in Saudi Arabia, with properties located in ten key cities across Saudi Arabia, including Riyadh, Jeddah, Dammam, Mecca and Dhahran, which together represent the majority of the total population of Saudi Arabia. The Company's core operating portfolio comprises 22 shopping malls (the "**malls**") as at 31 December 2023 (21 malls as at 30 September 2023), which are located strategically throughout Saudi Arabia and are designed to appeal, through their tenant mix and retail environment, to a broad spectrum of visitors. As at 31 March 2022, the Company's malls had a total gross leasable area ("**GLA**") of approximately 1.335 million square metres, 4,726 occupied retail units and a period-end like-for-like occupancy rate of 92.4%. As at 30 September 2022, the Company's malls had a total GLA of approximately 1.344 million square metres, 4,869 occupied retail units and a period-end like-for-like occupancy rate of 94.2%. As at 30 September 2023, the Company's malls had a total GLA of approximately 1.327 million square metres, 4,704 occupied retail units and a period-end like-for-like occupancy rate of 90.3%, rising to 92.9% as at 31 December 2023. Based on a market study conducted by Colliers, as at 31 January 2023, the Company held a 17.6% overall market share of shopping mall GLA in the major cities of Saudi Arabia (i.e. Jeddah, Dammam and Riyadh), compared to 16.5% at 31 December 2021. As at 31 December 2023, the Company also has a number of strategic projects to support its growth, including a pipeline of six additional malls (one of which – Jubail Marina Mall – will be managed under an operational agreement) by 2027, which the Company expects will increase its GLA by approximately 600,000 square metres. On 17 November 2021, the Company obtained the "Qualification Certificate of the Real Estate Developer" from the Off-Plan Sale or Rent Committee ("**WAFI**"), one of the initiatives of the Ministry of Municipal and Rural Affairs and Housing, thereby providing the Company with the ability to develop lands, residential projects and mixed-use lands directly in Saudi Arabia and not through third-party developers. The Company is thereby permitted to sell and rent units off-plan, thereby boosting its financial flexibility. See "*—Corporate Strategy —Maximise returns from existing portfolio*".

The Company operates some of the most iconic malls in Saudi Arabia, including the Mall of Arabia (Jeddah), Mall of Dhahran and Nakheel Mall (Riyadh). The Company generated revenue of SAR 2,197.3 million, SAR 1,856.4 million and SAR 2,037.5 million for the years ended 31 March 2020, 2021 and 2022, respectively. The Company generated revenue of SAR 1,655.9 million, SAR 1,687.5 million and SAR 1,709.8 million for the nine month periods ended 30 September 2022, 31 December 2022 and 30 September 2023, respectively. For the year ended 31 March 2021, footfall for the Company's malls was 63.2 million and for the year ended 31 March 2022 footfall for the Company's malls reached 80.8 million. For the nine month period ended 31 December 2022, the footfall for the Company's malls reached 84.2 million, increasing to 95.2 million for the nine month period ended 30 September 2023 and 124 million for the year ended 31 December 2023.

The Company believes that it has one of the highest quality portfolios of large shopping malls in Saudi Arabia. Supported by a highly experienced management team, the Company seeks to continuously attract a premium mix of tenants. As at 30 September 2023 more than 1,000 international, regional and local retail brands, including Centrepoint, Zara, Danube, Virgin Megastores and Panda, were tenants of the Company's properties. The Company has strong relationships with 24 large, strategic Key Account Tenants (as defined below), each of which holds retail unit leases in a number of its malls. These strong tenant relationships have allowed the Company to pre-lease a significant portion of the GLA for new malls and achieve an average first year occupancy of 70% to 75% for each of its new malls since 2017. As at 31 December 2023, the Company's 22nd mall, U Walk Jeddah has secured approximately 80% pre-let occupancy from tenants. In addition, since 2019, the Company has focused on expanding the entertainment and lifestyle offerings in its malls and had introduced cinemas at 17 of its 22 malls as at 31 December 2023.

On 29 June 2022, following the CMA's decision to allow listed companies to utilise the fair value model or the re-evaluation model for valuing their assets for financial periods starting 2022, the Company's Board of Directors approved the use of the fair value model or the re-evaluation model for valuing the Company's properties. The financial impact of adopting this new valuation model became effective from the financial period ended 31 December 2022, and, as a result, the value of the Company's net assets increased by SAR 7.6 billion, from SAR 18.3 billion as at 31 March 2022 to SAR 25.9 billion as at 31 December 2022. In addition, in 2022 the Company changed its fiscal year end from 31 March to 31 December.

The Company commissioned an external valuation by independent valuers of its investment properties as at 30 September 2023. Based on the valuation, the fair value of the Company's investment properties as at 30 September 2023 was SAR 23.9 billion. The valuers had appropriate qualifications and experience in the valuation of properties at the relevant locations and the valuation was prepared in accordance with Royal Institution of Chartered Surveyors ("**RICS**") Global Standards 2020 which comply with the international valuation standards. The fair value hierarchy for the investment properties for financial statement disclosure purposes is level 3, with the significant unobservable inputs including transparency of retail rental payment terms; discount rates; and capitalisation rate (yields).

The Company is headquartered in Saudi Arabia. Its shares are listed on the Saudi Stock Exchange under ticker symbol 4321. As at 31 December 2023, the Company had a market capitalisation of SAR 9.9 billion, including 29.1% in free float.

COMPETITIVE ADVANTAGES, STRENGTHS AND STRATEGIES OF THE COMPANY

Corporate Strategy

The Company pursues a disciplined optimisation and growth strategy structured around five strategic pillars, which include: (i) maintaining the Company's leadership position in the Saudi retail sector by selectively expanding its mall portfolio; (ii) ensuring product excellence by enhancing visitor experience, optimising the tenant mix, onboarding landmark brands and strengthening the Company's brand awareness; (iii) delivering on operational excellence in order to maximise returns from the Company's existing operating portfolio, including through the non-core asset sale program amongst other initiatives; (iv) organisational enhancement through building world class teams and capabilities to drive organisational change; and (v) sustainability leadership by establishing and implementing an ambitious sustainability agenda and roadmap.

Operational excellence to maximise returns from existing portfolio

The Company maintains a strong focus on active asset management and intends to continue to build upon its successful track record of actively managing its mall portfolio. To achieve this, the Company has introduced a number of key initiatives, which include:

- *Non-core asset sale program*: In November 2021, the Company obtained the WAFI Qualification, one of the initiatives of the Ministry of Municipal and Rural Affairs and Housing, thereby providing the Company with the ability to develop lands, residential projects and mixed-use lands directly in Saudi Arabia and not through third-party developers. Through the WAFI Qualification, the Company is authorised to develop, rent and sell units off-plan including in relation to its portfolio of non-core landbank assets. In October 2022, the Company's Board of Directors approved a program for selling an identified portfolio of the Company's non-core landbank assets, with an estimated market value of approximately SAR 2 billion (the "**Non-Core Asset Sale Program**"). The Non-Core Asset Sale Program forms part of the Company's aim to focus on its strategic priority of developing, managing and operating a best-in-class portfolio of flagship retail destinations, whilst divesting from assets that no longer form part of its strategic objectives. As of the date of this Offering Circular, four assets have been successfully divested pursuant to the Non-Core Asset Sale Program, generating over SAR 1.14 billion in proceeds. These include the sale of: (i) a land plot in the Olaya district of Riyadh for SAR 230.5 million in October 2022; (ii) a land plot in the Al Raed district of Riyadh for SAR 644.5 million in December 2022; (iii) a land plot in the Granada district of Al Ahsa for SAR 62.5 million in October 2023; and (iv) Sahara Plaza, a single-tenant shopping centre, for SAR 200 million in February 2024.

  The Company intends to divest additional land plots in the near future to further optimise its portfolio alignment. The anticipated income generated from the Non-Core Asset Sale Program is expected to strengthen the Company's liquidity and assist its expansion plans, including its pipeline of six additional malls by 2027, which the Company expects will increase its GLA by approximately 600,000 square metres.

  Moreover, the Company aims to utilise the WAFI Qualification to develop its surplus lands, including a freehold plot held by the Company in 1.2 million square metres of land in Buraidah, Qassim (known as the "**Qassim Land Project**"). The Company plans to develop basic infrastructure at the Qassim Land Project and to subdivide the land into retail residential and commercial plots. The Company estimates a net saleable space at the Qassim Land Project of approximately 600,000 square metres. As at the date of this Offering Circular, the Company has completed infrastructure and development works on the Qassim Land Project site and has commenced off-plan sales. The Company estimates that the net proceeds from the sale of residential plots on the Qassim Land Project site will amount to approximately SAR 442.0 million.

- *Increasing occupancy rates*: A key asset management objective for the Company is to increase occupancy rates across its entire portfolio. The Company has a short-term target of 94% to 95% and a long-term target of 98% average occupancy across its malls; its period-end like-for-like occupancy rate was 92.9% 90.3% and 92.4% as at 31 December 2023, 30 September 2023 and 31 March 2022, respectively. One initiative employs the introduction of short-term lettings, which enables the Company to temporarily mitigate the effect of vacancies until long-term, permanent occupiers are secured. The Company believes that leasing vacant retail units at a discount to estimated rental values in the short term, combined with its GLA optimisation initiatives, will help achieve its occupancy targets. The Company sees both short- and medium-term benefits to increasing occupancy: in the short-term, the Company will collect incremental revenues, and in the medium-term, the Company will achieve greater pricing tension in negotiations with existing tenants.

  In addition, as part of its efforts to enhance efficiency and increase returns, in 2014, the Company first introduced a turnover rent component to certain lease contracts as an add-on to the minimum base rent that is charged to tenants under their lease contracts. The turnover rent charge in respect of any financial period is calculated as the higher of (i) a minimum fixed rate of rent or (ii) a certain percentage of sales revenue generated by the tenant over that period. As at 30 September 2023, 31 March 2022, 31 March 2021 and 31 March 2020, 90% of the Company's lease contracts included a turnover rent component. In the initial years following the implementation of turnover rent, such rents were not actively collected due to difficulties in collecting data. Turnover-based rent accounted for 3.1%, 1.6% and 2.9% of the Company's net rental revenue for the years ended 31 March 2020, 2021 and 2022 respectively. For the nine month periods ended 30 September 2023 and 31 December 2022, turnover-based rent accounted for 3.1% and 2.6% of the Company's net rental revenue respectively.

  Collection of turnover rent enables the Company to benefit when tenants' businesses are performing well, with the base rent being protected in more challenging times. The Company plans to increase collection of turnover rent, in part by integrating its IT systems with the point-of-sale (POS) systems of tenants, which will allow the Company to monitor tenants' sales, which are the basis for determining the amount of turnover rent. During the year ended 31 March 2021, the Company collected sales data from approximately 2,425 contracts, as compared to 2,725 contracts for the year ended 31 March 2020. During the year ended 31 March 2022, the Company collected sales data from approximately 3,060 contracts, as compared to 2,425 contracts for the year ended 31 March 2021. During the nine months ended 30 September 2023, the Company collected sales data from approximately 2,866 contracts, as compared to 3,127 contracts for the nine months ended 30 September 2022.

  The Company has also implemented a systematic data-driven approach to lease renewals (aided through the collection of sales data) which involves confirming that the "affordability ratio" of the tenant (calculated as rent paid by the tenant divided by the sales generated by the tenant in the same period) does not exceed a pre-determined economic benchmark. The Company also periodically undertakes a proactive rotation of tenants within its malls with the aim of curating the optimal mix of brands and experiences for visitors.

- *Optimising lease rates*: The Company is also seeking to improve lease rates across its portfolio as macroeconomic conditions improve in Saudi Arabia. The Company increases lease rates by efficiently managing tenant lease maturities, through a combination of renewing lease contracts at higher rental rates and reconfiguring the leased space upon lease maturity. This involves various approaches, such as giving more space to tenants that are willing to pay higher rents per square metre, introducing stronger tenants, or implementing varying degrees of refurbishment.

  The Company's tenants leases typically have no automatic lease extension, which provides the Company with greater flexibility with reallocating leasable area more optimally. The lease agreements with tenants typically include annual rent escalation clauses (5% per annum for most tenants and 10% for Anchor Stores) as well as additional charges for store closures, early terminations and late openings. Moreover, the Company usually enters into medium to long-term lease agreements with its tenants with typical lease terms ranging between three and five years for most categories of tenant, other than Anchor Store tenants, which typically have lease terms of approximately 10 to 15 years.

The Company aims to further to maximise lease revenue by minimising any rental pricing inefficiencies due to lower than market rates being charged and implementing a more consistent approach to rental pricing. In 2017, the Company began standardising lease contract templates for all tenant categories by (among other things) standardising lease durations and prices (including with respect to discounts). This clearly defined pricing framework has helped to reduce discounts and ensure a systematic application of the Company discount policy, which the Company believed contributes to yields increase.

- *Optimising space*: The Company has identified opportunities to implement design improvements to deliver incremental GLA and thus increase rental income. Specifically, the Company plans to remeasure units, reconfigure/split units, optimise special design, improve seating spaces, and add lettable "island" spaces in common areas or identify other areas that can be leased to additional tenants. The Company believes these changes have the potential to add space of approximately 50,000 square metres across its existing portfolio of malls, equivalent to one additional regional mall. The Company has determined that reconfiguring units by applying L-shape and T-shape stores will improve space utilisation while still maximising eye appeal for customers walking through its malls. These store shapes ensure that storefronts are comparable in size, but certain stores will be shallower while others will be deeper and wider. This allows for larger areas without having shop fronts that are disproportionately large.

- *Adopting an asset-light and efficient model*: The Company seeks to adopt an asset-light and efficient model with an increased focus on partnerships and lease-manage-maintenance agreements. The Company's asset light model is effective in boosting cost optimisation and provides the Company with the financial flexibility required to scale its operations and launch new centres, thereby ensuring its broad geographic footprint. As at 31 December 2023, 11 of the Company's malls were located on leasehold land, with one being held under an operational agreement. In October 2020, the Company renegotiated its lease-manage-maintenance agreements for two of its major developments: U Walk Jeddah (formerly Zahra Mall) and Jeddah Park. Pursuant to the agreement with the landlord of Jeddah Park, the Company will lease, manage, operate and carry out maintenance works at Jeddah Park on behalf of the landlord in return for a percentage of Jeddah Park's annual revenue. The Company also successfully concluded negotiations with its landlords at the Company's 22nd mall, U Walk Jeddah, which reduced the total value of rent payments over the lifetime of the lease contract by SAR 620 million from SAR 1.785 billion to SAR 1.075 billion and postponed the beginning of the lease period to 1 August 2021 by settling an amount of SAR 90 million rentals for the period up to 31 July 2021. The Company received SAR 76.7 million in rental concessions on leases during the year ended 31 March 2021 compared to SAR 370 thousand during the year ended 31 March 2020 and SAR nil during the year ended 31 March 2022. During the nine month periods ended 30 September 2023 and 30 September 2022, the Company received SAR 2.8 million and SAR 1.9 million respectively in rental concessions on leases. Management believes that these agreements with landlords provide the Company with flexibility and enables the Company to share costs and risk with its landlord and to increase returns, particularly in light of the current COVID-19 pandemic. In addition, the Company maintains an ongoing dialogue with the landlords of its head leases with a view to extending or renewing such leases for its malls on favourable terms.

  Moreover, on 14 June 2022, the Company signed two agreements with Riyad Capital for the establishment of two closed-ended real estate funds valued at SAR 6.2 billion and which are funded through project finance facilities on a fully non-recourse basis. The funds were established for the purpose of developing Jawharat Riyadh and Jawharat Jeddah, two major projects in the Company's investment pipeline, situated in Riyadh and Jeddah respectively. The funds are financed through senior facilities provided by external lenders with the special purpose vehicles of the Jawharat Jeddah and Jawharat Riyadh funds serving as the relevant borrowers. The senior facilities are secured by way of mortgages over the Jawharat Jeddah and Jawharat Riyadh project sites, pledges over accounts and other assets of the relevant funds, with no guarantees provided by the Company, nor any recourse to the assets of the Company. Drawdown under the facilities are based on the progress of the relevant projects. The Company is the sole unit holder of the funds whilst Riyad Capital serves as the fund manager. Jawharat Riyadh and Jawharat Jeddah are intended to form a significant part of the Company's pipeline of flagship retail destinations, offering a next generation retail experience to visitors. The newly established funds acquired the Company's Riyadh and Jeddah land plots for the purpose of advancing the above-mentioned projects. The Riyadh-focused fund will focus on continuing the development of the Jawharat Riyadh project, which lies on a 623,400 square metres land plot in Al-Raed District in Riyadh. According to a valuation conducted by Nata Real Estate Valuation Company ("**Nata**"), the Jawharat Riyadh land plot held a total market value of SAR 2.2 billion as of 31 December 2022. The Riyadh land plot held a total market value of SAR 2.2 billion as of 31 December 2022. The Jeddah-focused fund will focus on continuing the development of the Jawharat Jeddah project, which lies on a 170,700 square metres land plot in Al-Muhammadiyah District in Jeddah. According to Nata, the Jawharat Jeddah land plot held a total market value of SAR 1.2 billion as of 31 December 2022. The Company retains the full rights of ownership to the units in the respective funds, whilst Riyad Capital has been mandated to manage the funds. Moreover, the Company retains the rights to manage and operate the Jawharat Riyadh and Jawharat Jeddah centres upon the completion of development works.

- *Boosting non-GLA revenues from media sales, kiosks, and other revenue-generating services*: To supplement GLA-based revenue (i.e. revenue generated from leasing retail space), the Company frequently seeks opportunities to create new revenue streams from non-GLA sources, including specialty leasing and media sales. For example, the Company rezones leasable space to offer additional lettable areas such as pop-up retail units (utilising vacant spaces for temporary leasing), trollies and food carts and ATMs. The Company uses a clear zoning strategy to ensure these spaces are occupied by offerings that complement and do not compete with those of existing tenants. The Company seeks to enhance occupancy of events and promotion space leasing. The Company also provides tenants with access to its digital platform for advertising and its branding initiatives, including, for example, media advertising (digital screens, in-mall megascreens and totems), events, naming rights and physical advertising in its malls such as branded baby changing rooms.

- *Other business efficiency initiatives*: The Company has launched a number of other initiatives to improve the efficiency of its operations by reducing overheads, increasing automation, investing in IT, and optimising facility management and rent collections. These initiatives are expected to result in significant improvements in the Company's business processes and operations. For example, the Company has completed the implementation of a property management system, Yardi, which introduced industry best practice standards, policies, processes and procedures, facilitating the efficient management of all of the Company's malls while enabling the Company to better engage with and serve tenants.

Product excellence to enhance visitor experience, drive footfall and strengthen brand awareness

The Company continually reviews and adjusts the tenant mix and categories of tenants within its malls in line with changing consumer preferences. In doing so, the Company periodically evaluates the financial performance of tenants, assesses footfall trends, observes changes in consumer tastes and preferences, conducts tenant exit surveys, demographic research, and tenant satisfaction surveys.

The Company seeks to enhance the visitor experience and drive footfall through a number of initiatives, which include:

- *Expanding entertainment offering*: The Company seeks to increase its focus on entertainment offerings within its malls, including indoor theme parks, virtual reality experiences, theatrical performances, gyms, and cinema offerings. The Company believes that there is consumer demand for leisure, entertainment and lifestyle options, partially driven by modernisation. The Company seeks to enhance the attraction of its malls to position them as vibrant social "family" destinations, and extend visit times of customers.

  In December 2017, Saudi Arabia announced that it would lift the prohibition on cinemas, and the first new cinema opened in Saudi Arabia in April 2018. In August 2019, the Company opened its first cinema at Mall of Arabia (Jeddah) and has cinemas at 17 of its malls as at 31 December 2023. Moreover, in October 2020, the Company launched one of the largest cinemas in Saudi Arabia at the Mall of Dhahran. The Company plans to further expand the cinema network in its pipeline mall portfolio, with the expected average GLA allocated to cinemas within each mall being approximately 3,000 square metres. The cinemas offering is expected to drive footfall at the Company's malls.

The Company is also looking to increase its focus on entertainment and food and beverage offerings within its malls, while decreasing its grocery offerings. The Company recognises that malls are increasingly becoming a "lifestyle destination", with mid and higher-end food and beverage options being key "lifestyle" features and therefore important drivers of footfall traffic. Within the food and beverage segments, the Company seeks to increase its offerings for casual dining, fine dining, coffee and light dining. The Company believes that malls with a greater proportion of food and beverage options outperform shopping-only environments by improving visit times and retail sale densities. At the same time, the Company anticipates that some of its GLA currently allocated to grocery offering will be reduced in the future and re-allocated to better performing and/or more rent-generating categories of tenants.

As at 30 September 2022, 16.3% and 11.0% of the Company's total GLA was allocated to entertainment offerings, and food and beverage offerings, respectively, whereas the retail offerings and grocery offerings accounted for 61.2% and 8.6% of the Company's total GLA, respectively, during the same period. Moreover, as at 30 September 2023, 16.4% and 10.2% of the Company's total GLA was allocated to entertainment offerings, and food and beverage offerings, respectively, whereas the retail offerings and grocery offerings accounted for 62.8% and 7.2% of the Company's total GLA, respectively, during the same period.

- *Introducing new retail concepts*: The Company seeks opportunities to introduce new retail concepts across its mall portfolio (wherever feasible), to optimise the offering mix and to maximise value for both tenants and the Company through enhancing occupancy, capturing rental uplift and implementing new offerings (e.g., through pop up stalls). The Company seeks to provide state of the art design and themes for its stores, housing the largest flagship locations of select brands, with the widest ranges of products, acting as a showcase for the brand and focusing on the customer experience. The Company is specifically seeking to target additional luxury retail, health and beauty shops and fashion and sports shops. In the year ended 31 December 2023, the Company onboarded 160 brands, whilst in the years ended 31 March 2022, 31 March 2021 and 31 March 2020, the Company onboarded 160, 237 and 128 brands, respectively. The international brands onboarded during the year ended 31 December 2023 include Dyson, Under Armour, Dunkin' Donuts, Lulu Hypermarket, Victoria's Secret, amongst others.

- *Digital Innovation*: The Company also seeks to innovate in the digital and online space with the rollout of its digital initiatives, which will promote increased visitor engagement and enhance tenants' experiences. These initiatives include enhanced digital services at the Company's malls, including through the availability of wi-fi and other amenities designed to create a better mall experience together with the development of a tenant portal to assist with simplifying engagements with the Company's retailers. Moreover, the Company intends to launch a new website during 2024 which it expects to include up to date information regarding the Company's malls and retailers to assist with simplifying and optimising the ways in which customers may engage with the Company's malls and services. In Jeddah, where the Company has seven malls with an additional mall in the pipeline as at 31 December 2023, there is a "collect" point within a 15 to 30 minute drive of anywhere in the city. The Company expects that this digital platform will help attract more customers into the stores through the gradual transitioning of the Company's shopping centres into part-fulfilment centres for online purchases whereby customers are provided with pickup, delivery and local return services. The digital platform is also expected to help maintain high GLA levels since more inventory can be kept within the stores and the Company will be able to offer additional leasable areas that are not currently utilised by its tenants for the purpose of facilitating click-and-collect storage and delivery services. The Company also plans to launch a mobile app, which will include an e-wallet and loyalty programmes, thereby offering consumer's rewards for shopping at the Company's malls and at participating merchants.

  Moreover, the Company is seeking to implement an integrated strategy that combines digital shopping with the in-store experience. As part of this integrated strategy, the Company is also pursuing digital initiatives related to e-commerce, loyalty programmes and consumer finance offerings. The Company made its entry into the e-commerce space in 2021 with the acquisition of VogaCloset, a UK-based online platform providing fashion brands to consumers in Saudi Arabia and the broader Middle East. The VogaCloset acquisition is aimed at accelerating the implementation of the Company's digitisation strategy and increasing the Company's ability to serve the growing demand for integrated retail experiences that reflect the evolving preferences of consumers in Saudi Arabia. The Company is leveraging the VogaCloset's proposition to provide its visitors with a specialized and advanced loyalty programme and a suite of simplified consumer finance solutions. During the year ended 31 March 2022, VogaCloset completed its first full year of operations with a focus on expanding the number of brands represented on its e-commerce platform. By 31 March 2022, VogaCloset onboarded 66 of the Company's tenant brands. In January 2022, FAS Labs, a subsidiary jointly owned by the Company and Fawaz Abdulaziz Alhokair Co. received preliminary approval from the Saudi Central Bank to establish a consumer microfinance platform, FAS Finance. FAS Finance is jointly owned by FAS Labs and ValU S.A.E, and will provide the Company's visitors with a broad range of microfinance solutions. In July 2023, FAS Finance received a license from the Saudi Central Bank to provide consumer microfinance solutions. FAS Finance will aim to leverage the Company's established presence in Saudi Arabia to serve a fast-developing consumer finance market.

Management anticipates that these digital initiatives will enable the Company's business model to remain relevant by reflecting changing consumer trends and preferences, which were accelerated by COVID-19, and further improving the customer experience, regardless of the channel or device being used. Coupled with the insights provided by the digital platforms, the Company expects that these efforts will capture critical consumer data, allowing the Company to take a data-driven approach to analysing and anticipating changes in customer demand.

- *Improving existing mall facilities*: Moreover, the Company aims to enhance the customer experience and convenience through the facilities in its malls, such as through organised parking with clear traffic signage, main gate drop-off, waiting rooms for drivers, appropriate lighting for its parking areas and valet parking. The Company is also conscious of the aesthetic and design features within its malls which can help drive visitor footfall. In particular, the Company regularly invests in its facilities in order to ensure that the appearance of its malls remains modern, of high standard and up-to-date. For example, the Company invested in a major refurbishment of U-Walk Riyadh, which is still ongoing and expected to be completed in 2024 and will include renovated food courts, entrances, facades, parking, flooring and landscaping. The Company also seeks to ensure consistent branding and "look and feel" across its mall portfolio, whereby the Company's corporate identity and logo feature clearly in the external signage of all its malls, and other elements are unified across the Company's mall portfolio, such as furniture, external painting designs and information desk availability, further enhancing brand awareness. The Company also carried out refurbishments to Yasmin Mall in connection with the construction of a cineplex which opened in January 2022 and is currently undertaking refurbishment works at Salaam Mall Jeddah, Nakheel Plaza and Noor Mall as at the date of this Offering Circular. These refurbishments include improvements to the mall exteriors, shorefronts, food courts, car parking, landscapes, flooring, wet areas, lighting and signage.

- *Brand sponsorships*: In September 2019, with a view to promoting the Company's brand and increasing brand awareness locally and internationally, the Company signed a sponsorship agreement with Almeria, a Spanish football club, as part of which the Company's branding was featured in the club's stadium and pitch side advertising.

- *Corporate rebranding*: On 5 December 2022, the Company's Board of Directors approved the change of the Company's trading name from 'Arabian Centres Company' to 'Cenomi Centers', in alignment with the full rebranding to 'Cenomi' initiated by the Company's parent company, the 'Fawaz Alhokair Group' and its subsidiaries. The rebranding to 'Cenomi Centers' is solely in relation to the Company's trading name, whilst the Company's legal name remains as 'Arabian Centres Company'.

In connection with the rebranding, on 5 December 2022, the Company announced the launch of 'Cenomi Rewards', the Company's first loyalty program which offers customers the ability to earn points following purchases made at participating brands across the Company's malls. The Company also further announced its intention to launch an e-commerce marketplace called 'Cenomi.com' which will offer its customers in Saudi Arabia with a range of fashion, beauty and lifestyle retail options.

The rebranding to 'Cenomi Centers', the launch of 'Cenomi Rewards' and the proposed establishment of 'Cenomi.com' forms part of the Company's aim of enhancing customer experience and improving the Company's digital, physical and lifestyle retail offerings.

Maintaining leadership position in the Saudi retail sector by selectively expanding its mall portfolio

The Company added two new malls to its portfolio, Jeddah Park and The View (previously named Khaleej Mall) in the year ended 31 March 2022. Jeddah Park and The View commenced their operations in the second and third quarters of the fiscal year ending on 31 March 2022, respectively and increased the Company's GLA by approximately 120,000 and 56,300 square metres, respectively.

As at 31 December 2023, the Company also has a number of strategic projects to support its growth, including a pipeline of six additional malls (one of which – Jubail Marina Mall – will be managed under an operational agreement) by 2027, which the Company expects will increase its GLA by approximately 600,000 square metres. These projects include three Super Regional Malls (Jawharat Riyadh (Riyadh), Jawharat Al Khobar and Jawharat Jeddah) and two Regional Malls (U Walk Qassim and Murcia Mall). As at the date of this Offering Circular, construction works are in progress for Jawharat Riyadh and Jawharat Jeddah. The land, zoning and building permits and concept designs are in place, pending the commencement of construction for each of remaining sites. With its new development projects, the Company is focused on pre-letting a high percentage of GLA in advance of operations and targeting easily accessible locations with limited nearby competition.

The Company seeks to further diversify its tenant mix by increasing its lifestyle offering, including food and beverage spaces, gyms, spas, clinics, cinemas and other entertainment to further optimise its GLA. By developing its shopping centres as lifestyle destinations, the Company aims to satisfy the expectations of the young and vibrant Saudi society and attract tourists.

The Company also plans to introduce new retail concepts in Saudi Arabia. With U-Walk in Riyadh, the Company has introduced an open-air boulevard concept spread along the road lengthways, which incorporates design features such as an auditorium and natural green areas surrounding casual dining areas and a varied retail mix.

The Company also continuously evaluates the malls in its portfolio and seeks to turnaround underperforming malls through, for example, investments in renovations and refurbishments to improve the visitor experience, or where necessary to exit from non-performing malls.

Sustainability leadership through establishing and implementing an ambitious sustainability agenda and roadmap

The Company is committed to sustainability leadership through the establishment and implementation of an ambitious sustainability agenda and roadmap. This commitment is reflected in the development of a comprehensive ESG policy aimed at reducing carbon emissions and promoting environmental stewardship. Leveraging technology and energy efficiency solutions, such as LEED building standards and solar energy, the Company seeks to minimize its environmental footprint across its portfolio of shopping centers. Initiatives such as water recycling, waste management systems, and the installation of Building Management Systems (BMS) further underscore the Company's dedication to tracking and mitigating its environmental impact. Additionally, the Company aims to create transparency and accountability in pursuing its long-term sustainability objectives through the publication of its inaugural sustainability report in 2022.

In line with its environmental objectives, the Company is committed to operating and constructing malls using environmentally friendly and sustainable methods, where possible. By utilizing sustainable materials and implementing sustainable, monitoring, adaptive, responsive and technologically advanced ("**SMART**") systems to enhance energy efficiency, the Company aims to meet high environmental standards. Initiatives to further these objectives include the installation of solar power plants, including the 2-megawatt plant on the roof of Hamra Mall. The Company also seeks to adhere with guidelines by several organizations including the American Society of Heating and Air-Conditioning Engineers (ASHRAE) in order to advance its goal of positive environmental stewardship.

In December 2023, the Company entered into a renewable energy development agreement with FAS Energy and Marubeni Corporation to install solar panels across 13 of the Company's malls, including roofs and carports, with a proposed total capacity of 52-megawatt peak. Once fully deployed, the solar panel installations are expected to reduce the Company's carbon dioxide emissions by 53,000 tons annually and generate up to 15% of its electricity consumption. Pursuant to the agreement, solar panels will be deployed for a twenty-year period on the roofs of the selected malls. The Company plans to initiate the installation process in phases, starting with sites in Riyadh in 2024, followed by additional locations across the Kingdom throughout 2024 and 2025.

Moreover, the Company aims to foster community development by supporting various local initiatives. Through programs like the Mall Proof of Concept program, the Company provides training and development opportunities to young Saudi nationals, fostering entrepreneurship and career advancement. Collaborations with institutions and organizations, including the Ministry of Human Resource and Social Development, further underscore the Company's commitment to addressing social issues and supporting workforce development initiatives.

Governance forms a cornerstone of the Company's sustainability leadership, with a robust framework in place to ensure effective oversight and compliance. The Company's Board of Directors and board committees play a significant role in supervising operations and managing risks, while internal controls are maintained to uphold the highest standards of corporate governance. The Company has also developed a corporate governance manual in order to ensure alignment with global best practices and the relevant regulatory requirements. Through the above concerted efforts, the Company aims to establish itself as a leader in sustainability, driving positive impact across environmental, social, and governance domains.

Competitive Advantages and Strengths of the Company

Management believes the Company's principal competitive advantages and strengths are as follows:

Saudi Arabia's Largest Shopping Mall Owner and Operator

The Company believes that, as at 30 December 2023, it was the largest shopping mall owner, developer and operator in Saudi Arabia by GLA, with a portfolio of 22 malls with a total GLA of 1.362 million square metres, compared to a total GLA of approximately 600,000 held by the Company's next largest competitor. On 15 December 2023, the Company initiated the soft-opening of its 22nd mall, U Walk Jeddah, followed by a grand opening on 15 February 2024. The Company has strong local positioning in the major cities of Saudi Arabia, with a market share of shopping mall GLA as at 31 January 2023 of 30.0% in Jeddah, 19.0% in Dammam and 10.0% in Riyadh according to a market study conducted by Colliers. Since opening its first shopping mall in Riyadh in 2002, the Company has cemented its position as the market leading developer and operator of high-quality retail spaces in Saudi Arabia. As at 30 September 2023, the Company's portfolio included strategically located assets in key urban areas across Saudi Arabia, including the 10 largest cities across Saudi Arabia, which together represent the majority of the total population of Saudi Arabia. Between 2016 and 2022 the Company's total GLA increased at a compound annual growth rate ("**CAGR**") of 5.6% from approximately 1.0 million square metres to approximately 1.3 million square metres.

The Company's strength is underpinned by a shopping mall portfolio that includes Super-Regional, Regional and Community Malls, with each of its malls uniquely positioned in terms of location, size, design and retail offering. The Company maintains a broad and varied retail unit mix within its shopping malls, which is designed for each mall's target demographic. The Company's malls are further enhanced by dining, entertainment and leisure offerings, including cinemas, at 15 of its 21 malls, which accounted for 26.5% of the total GLA as at 30 September 2023. These offerings contribute to the creation of a visitor experience that enhances the appeal of the Company's malls.

For the year ended 31 March 2020, annual footfall for the Company's malls was 115.0 million. For the year ended 31 March 2021, annual footfall decreased to 63.2 million, almost entirely due to COVID-19 related restrictions and lockdowns. For the year ended 31 March 2022, annual footfall for the Company's malls increased to 80.8 million, reflecting a return to normal operations following the relaxation of COVID-19 related restrictions. Further growth in footfall was recorded in the periods that followed, with 84.2 million footfall for the nine month period ended 31 December 2022,95.2 million footfall for the nine month period ended 30 September 2023 and 124 million footfall for the year ended 31 December 2023. As at 30 September 2023, the Company's malls featured over 1,000 brands, including many leading fashion and apparel brands such as Centrepoint, Zara, Danube, Virgin Megastores and Panda. The Company appeals to its tenants by offering multiple locations, high footfall, combined pricing across various malls and proximity to other leading retail brands, which collectively provide the Company with the ability to negotiate favourable rents and other tenancy terms.

Large Retail Market with Long-term Growth Prospects

Saudi Arabia is the largest retail market in the GCC, with a 47.4% market share as of 31 December 2022, compared to the second largest retail market, the United Arab Emirates, which had a 28.6% market share at the same date according to a report by Euromonitor International. The Saudi market benefits from favourable demographics and lifestyle trends that have helped drive retail demand in the country, including strong population growth, a young population and a steadily increasing work force. Moreover, within Saudi Arabia there is a cultural predisposition towards gift giving, and shopping is a key activity for leisure as well as for family outings. The limited availability of other (i.e. non-mall) retail offerings, coupled with Saudi Arabia's hot climate, also supports a high level of demand for indoor, air-conditioned mall environments as a leisure destination, driving consistently high footfall levels throughout the year. Saudi Arabia has comparatively low organised retail (i.e. organised retail businesses such as malls and large supermarkets) relative to other GCC and international markets, but is shifting away from traditional retail (i.e. less organised retail businesses such as open-air stores and street vendors) to organised retail following reforms backed by the government, which the Company believes are conducive to the business model of large mall operators.

The Saudi government announced its "Vision 2030" strategy in 2016, which sets forth a comprehensive agenda of socio-economic reforms which the Company believes will positively impact the retail sector in which it operates. One of the key objectives of Vision 2030 is the diversification of Saudi Arabia's economy and reduced reliance on oil-related revenues. As part of Vision 2030, special emphasis is placed on the retail sector with the objective of creating an additional one million jobs for Saudi nationals. This is expected to be achieved by facilitating the growth of the retail sector by attracting local, regional and international brands and increasing the contribution of modern retailers. Vision 2030 has also focused on female empowerment, with a target to increase the participation of women in the workforce from 22% to 30% by 2030, which is expected to boost their purchasing power and in turn lead to an increase in discretionary spend. In addition, Vision 2030 seeks to promote the entertainment sector through reforms such as the lifting of the ban on cinemas, which is expected to increase household spend on cultural and entertainment related activities. As a result, and in line with Vision 2030, the Saudi General Entertainment Authority has been set up to promote entertainment opportunities and shopping malls in the country that are well placed to become entertainment destinations and thereby attract a higher footfall. One of Vision 2030's objectives is also increasing tourism, and the Saudi retail market has benefited from increased tourism in recent years. Tourism levels are expected to continue to increase, driven by a number of factors, which include ongoing significant investments in infrastructure, hotels and retail facilities.

Predictable and Stable Income Profile Backed by Robust Portfolio of Assets and Leases

The Company has delivered strong operational performance through the development of new malls and the enhancement in performance of its existing malls. The Company has adopted a disciplined approach to its operations, with a focus on value creation and financial performance. It has a strong track record across key financial performance and operating metrics, with Company revenues remaining stable at SAR 1,709.8 million for the nine month period ended 30 September 2023 and SAR 1,687.5 million for the nine month period ended 31 December 2022. The Company's revenues decreased during the year ended 31 March 2021, from SAR 2,197.3 million in 2020, to SAR1,856.4 million, mainly due to the amortisation of SAR 241 million in COVID-19 related rental discounts, aimed at addressing the impact of COVID-19 on the Company's tenants. The Company's revenues increased to SAR 2,037.5 million in the year ended 31 March 2022, mainly due to an increase in rental income and turnover rent during the ongoing recovery from the COVID-19 pandemic. The Company believes its financial strength and flexibility provides it with an advantage over many of its competitors and allowed it to demonstrate resilience in response to the COVID-19 pandemic. The Company benefits from robust income from its large existing asset base due to its resilient occupancy rate, controlled cost structure, and low tax rates. The Company's like-for-like period end occupancy was 92.9% as at 31 December 2023 (as compared to 90.3% as at 30 September 2023, to 92.4% as at 31 March 2022, 91.9% as at 30 September 2021, 92.3% as at 30 June 2021, 92.1% as at 31 March 2021, 90.2% as at 31 December 2020, 90.5% as at 30 September 2020, 91.4% as at 30 June 2020 and 93.1% as at 31 March 2020). For the year ended 31 March 2021, the Company posted EBITDA of SAR 1,081.4 million, with EBITDA margins and net profit margins of 73.6% and 26.2%, respectively. For the year ended 31 March 2022, the Company's EBITDA was SAR 1,092.0 million, with EBITDA margins and net profit margins of 67.0% and 21.3%, respectively. For the nine month period ended 30 September 2023, the Company's net profit margins were 59.6%.

The Company's strong operational performance and financial profile have enabled it to weather the challenges presented by COVID-19. The Company entered the COVID-19 crisis with a strong liquidity profile, having recently completed a refinancing that led to a significant reduction in secured debt as a proportion of total debt and provided the Company with increased financial flexibility amongst other support measures. With the aim of alleviating the impact of COVID-19 and the temporary closure of tenants' stores, the Company amortised COVID-19 related discounts to tenants amounting to SAR 241 million and SAR 174 million in the years ended 31 March 2021 and 31 March 2022, respectively.

The Company believes it is well positioned to leverage its existing tenant base as it further expands its mall portfolio. The Company has been successful in implementing a strong pre-leasing model, whereby it has been able to pre-lease approximately 50% of its recent new malls three to six months ahead of the start of their operations, thus allowing the Company to reduce the risk associated with new developments and achieve the optimum level of occupancy more quickly. For example, U-Walk Riyadh had a pre-leasing level of 76% when it opened on 1 September 2019 which contributed towards an occupancy level of 96.7% as at 31 March 2022. Similarly, Nakheel Mall (Riyadh) had a pre-leasing level of 75% during its launch in the year ended 31 March 2015, which contributed to occupancy levels of 92%, 92% and 96% in the years ended 31 March 2016, 2017 and 2018, respectively. As at 31 December 2023, the Company's 22nd mall, U Walk Jeddah has secured a pre-leasing level of approximately 80% from tenants. This has allowed the Company to mitigate some of the risks associated with new developments and achieve a quicker ramp up of its new malls in terms of generating optimum occupancy levels and driving footfall.

In addition, as part of its efforts to enhance efficiency and increase returns, the Company had introduced a turnover rent component to 90% of its lease contracts as at 31 March 2022 under which tenants are obliged, in respect of any financial period, to pay the higher of (i) a minimum fixed rate of rent or (ii) a certain percentage of sales revenue generated by the tenant over that period. In addition, the leases into which the Company enters typically have no automatic lease extension, to allow the Company the flexibility to reallocate leasable area more optimally, and include annual rent escalation clauses (5% per annum for most tenants and 10% for Anchor Stores, although no escalations were enforced in 2020 and 2021 due to COVID-19) as well as additional charges for store closures, early terminations and late openings. The Company believes that such terms provide the potential to access incremental cash flows.

Experienced Management Team and Supportive Controlling Shareholders

The Company has a highly experienced management team with a total of more than 100 years of combined experience across several leading organisations including in the commercial real estate, finance and retail industries. The management team is responsible for the Company successfully becoming the largest mall owner and operator in Saudi Arabia. Under the continuous leadership of the existing, as well as previous members of its management team, the Company has successfully developed five new malls in addition to an extension to Nakheel Mall and also managed the redevelopment and enhancement of existing malls in the last five years, increasing total GLA by approximately 23.5% from 2018 to 2023. The team also oversaw the Company's successful IPO on the Saudi Stock Exchange in May 2019.

Under the leadership of the current management team, the Company has aimed to enhance its ability to deliver its flagship offerings through the creation of several regional Chief Operating Officer roles. Moreover, in recent years, the Company has hired new senior managers for its health, safety & environment ("**HSE**") and information technology functions, with the aim of further bolstering the operation and management of these divisions. The current management team are also responsible for establishing and overseeing the Company's strategy aimed at reinforcing its reputation as the premier developer and operator of lifestyle destinations in Saudi Arabia with a focus on five core strategic pillars. See "—*Corporate Strategy*" below.

The Controlling Shareholders, who are the founding shareholders of the Company, are pioneers of the retail industry in Saudi Arabia and have been instrumental in bringing international fashion brands, including Zara, Miss Selfridge and Wallis, to Saudi consumers in the late 1990s, following which the Company opened its first mall in 2002. The Controlling Shareholders continue to support the Company and the management team through their retail market insight and knowledge of the real estate sector. The Company has a longstanding relationship across the value chain with other entities owned by the Controlling Shareholders, including Fawaz Abdulaziz Alhokair Co. and Lynx Contracting Company.

Competitive Advantage Supported by an Integrated Ecosystem of Related Parties

The Company is a fully integrated mall owner, developer and operator with over 500 employees acting in core in-house functions such as design and delivery management, portfolio and asset management, leasing, operations and digital/marketing services, as well as support functions such as finance, human resources, legal and information technology.

The Company believes that it benefits from significant competitive advantages due to its close and longstanding relationships with its key related parties.

One of the key related parties, Fawaz Abdulaziz Alhokair Co., which is also owned by the Company's Controlling Shareholders, is a leading franchise retailer and one of the largest retail companies in Saudi Arabia and, as at 30 September 2023, had over 1,340 retail stores in 10 countries. Its brand portfolio includes over 65 brands, including Zara, Massimo Dutti, Aldo, Gap and New Yorker, which are among the leading international brands operating in Saudi Arabia. As at 30 September 2023, Fawaz Abdulaziz Alhokair Co. had 502 retail units (not including food & beverage units) across the Company's 21 malls and accounted for 17.8% of the Company's average total occupied GLA for the nine months ended 30 September 2023. In recent years, Fawaz Abdulaziz Alhokair Co. has typically pre-leased between 20% and 25% of the GLA of each new mall opened by the Company, which the Company believes helps to attract other tenants.

Another key related party is Innovative Union Company (part of Fawaz Abdulaziz Alhokair Co.), which leased approximately 9,886 square metres of GLA (0.9% of the total GLA of the Company) across the Company's malls as at 30 September 2023. Innovative Union Company is a large restaurant franchise owner and operator and food retailer in Saudi Arabia with a brand portfolio of 9 brands and has been in operation since 2000.

The leading Saudi cinema brand, Next Generation Co L.L.C. (otherwise known as MUVI), is another key related party. As at 30 September 2023, MUVI had a presence in 15 of the Company's shopping malls occupying more than 59,000 square metres of GLA. This includes a large movie theatre located at Mall of Dhahran, which has 18 screens, 2,368 seats, and occupies nearly 10,000 square metres of GLA. MUVI plans to further expand its cinema offering across the Company's future network of malls..

Given the Company's strong relationships with these related parties, the Company believes that it is well-positioned to create integrated shopping, entertainment, cinema and dining experiences in its malls.

The Company also benefits strategically from its relationship with Lynx Contracting Company, a specialist mall design and construction company in Saudi Arabia owned by the Controlling Shareholders. Lynx Contracting Company has developed and constructed 19 of the Company's existing 22 malls, and, as at 31 December 2023 the Company had contracted Lynx Contracting Company to develop six new sites. The Company benefits from its relationship with Lynx Contracting Company in that it has a reliable construction partner given their long history of successfully working together to efficiently deliver mall projects.

RECENT DEVELOPMENTS

Key recent developments occurring after 30 September 2023 include the following:

Ratings update

In February 2024, Moody's announced a downgrade of the Company's corporate family rating and the ratings of trust certificates issued by Arabian Centres Sukuk Limited and Arabian Centres Sukuk II Limited from Ba2 to Ba3. However, Moody's adjusted the Company's outlook to stable from negative. Moody's noted that the new stable outlook reflects the expectation that the Company will be able to maintain its credit metrics commensurate with the current rating and there will be no deterioration in the Company's liquidity. Whilst Moody's highlighted the positive long-term fundamentals for shopping mall operators in Saudi Arabia and the Company's operational improvements and strong market positioning, the rationale provided for the ratings downgrade was primarily the weakening in the Company's credit metrics driven by lower Moody's adjusted EBITDA (calculated excluding proceeds from the Company's Non-Core Asset Sale Program) and higher Moody's adjusted gross and net debt as the Company continues to deliver on its investment program with the two flagship projects Jawharat Jeddah and Jawharat Riyadh, expected to open in 2025. Moody's noted that the Company's new senior facilities will contribute towards supporting its short term liquidity requirements and the Company is expected to refinance its 2019 Sukuk maturing in November 2024 in the very near term, however, it was highlighted that the Company retains a tight liquidity profile given its investment program and its commitment to its historic dividend payment levels. Fitch retained their ratings of the Company and the previous trust certificate issuances at BB+ with a stable outlook.

Sale of Sahara Plaza

In February 2024, the Company completed the SAR 200 million sale of Sahara Plaza, a single-tenant department store located in Riyadh, which previously formed part of the Company's portfolio of malls. The sale of Sahara Plaza was conducted in line with the Company's Non-Core Asset Sale Program which intends to divest the Company of a pre-identified portfolio of assets that are not aligned with the Company's strategic direction. The sale, which was based on the fair value of Sahara Plaza as at 30 September 2023, generated approximately SAR 79 million in profit for the Company which will be recognized in the Company's financial results for the three month period ended 31 March 2024.

Opening of U Walk Jeddah

On 15 December 2023, the Company initiated the soft-opening of its 22nd mall, U Walk Jeddah. U Walk Jeddah marked its grand opening and became fully operational on 15 February 2024. U Walk Jeddah is a leasehold development built on an area of 161,500 square metres with a total GLA of 61,000 square metres. U Walk Jeddah features an indoor retail boulevard, a leisure district, a nearly 2 kilometre long open-air promenade with landscaped gardens and a choreographed fountain system. Approximately 136 shops can be situated within U Walk Jeddah and the mall mix is expected to comprise of predominantly retail spaces and food and beverage spaces, with the rest comprising of entertainment spaces, including a cinema as well as indoor and outdoor entertainment. As at 31 December 2023, U Walk Jeddah has secured approximately 80% pre-let occupancy from tenants.

Solar Panel installation agreement with FAS Energy and Marubeni Corporation

In December 2023, the Company entered into a renewable energy development agreement with FAS Energy and Marubeni Corporation to install solar panels across 13 of its malls, including roofs and carports, with a proposed total capacity of 52 megawatt peak. Once fully deployed, the solar panel installations are expected to reduce the Company's carbon dioxide emissions by 53,000 tons annually and generate up to 15% of its electricity consumption. This initiative forms part of the Company's sustainability strategy and its commitment to ESG innovation in Saudi Arabia. Pursuant to the agreement, solar panels will be deployed for a twenty-year period on the roofs of the selected malls. The Company plans to initiate the installation process in phases, starting with sites in Riyadh in 2024, followed by additional locations across the Kingdom throughout 2024 and 2025.

Suspended merger discussions with Fawaz Abdulaziz Alhokair Co

On 7 May 2023, the Company announced that it was in early-stage discussions with Fawaz Abdulaziz Alhokair Co. (a related party to the Company) in relation to a potential transaction to combine the businesses of the two companies. However, on 21 December 2023, the Company announced that the board of directors of the two companies have agreed to suspend the discussions until further notice as prevailing market conditions were not ideal for such transaction.

SUMMARY FINANCIALS

Consolidated statement of income data for the nine month periods ended 30 September 2022 and 2023

	For the Nine Months Ended 30 September	
	2022	2023
	SAR in 000s	
Revenue	1,655,865.2	1,709,751.6
Cost of revenue - Direct costs	(269,017.8)	(297,812.7)
Gross profit	**1,386,847.4**	**1,411,938.9**
Other operating income	19,996.4	274,844.4
Net fair value gain / (loss) on investment properties	(178,433.9)	81,457.1
Advertisement and promotion expenses	(23,964.1)	(36,478.6)
General and administrative expenses	(178,660.1)	(247,197.6)
Impairment loss on accounts receivable and accrued revenue rentals	(29,565.0)	(146,057.0)
Other operating expense	(52,349.3)	(18,113.7)
Operating profit	**943,871.5**	**1,320,393.6**
Finance income		7,124.8
Finance costs over loans and borrowings	(136,230.3)	(184,398.9)
Finance cost over lease liabilities	(115,759.2)	(79,258.4)
Net finance costs	(251,989.5)	(256,532.6)
Share from loss of equity-accounted investee	(15,031.0)	(8,057.6)
Profit before zakat	**676,851.0**	**1,055,803.5**
Zakat charge	(55,819.7)	(37,105.7)
Profit for the period	**621,031.3**	**1,018,697.8**
Profit for the period attributable to:		
Shareholders of the Company	615,905.5	1,008,540.6
Non-controlling interests	5,125.8	10,157.2

Source: Financial information in the table above has been extracted from the Company's condensed consolidated interim financial statements as at and for the three and nine months ended 30 September 2023, Company information

Consolidated statement of income data for the nine month periods ended 31 December 2021 and 2022

	For the Nine Months Ended 31 December	
	2021	2022
	SAR in 000s	
Revenue	1,518,317.6	1,687,534.3
Cost of revenue - Direct costs	(286,332.1)	(275,997.5)
Gross profit	**1,231,985.6**	**1,411,536.8**
Other operating income	7,407.7	3,572.8
Net fair value gain / (loss) on investment properties	(136,690.4)	60,760.6
Advertisement and promotion expenses	(15,801.5)	(28,544.8)
General and administrative expenses	(173,788.6)	(207,068.5)
Impairment loss on accounts receivable and accrued revenue rentals	(73,222.3)	(83,315.4)
Other operating expense	(1,259.1)	(26,574.6)
Operating profit	**838,631.3**	**1,130,366.8**
Finance costs over loans and borrowings	(126,065.3)	(146,848.7)
Finance cost over lease liabilities	(121,847.9)	(102,263.0)
Net finance costs	(247,913.2)	(249,111.7)
Share from loss of equity-accounted investee	(4,000.0)	(7,159.3)
Profit before zakat	**586,718.1**	**874,095.8**
Zakat charge	(8,366.2)	(37,102.7)
Profit for the period	**578,351.9**	**836,993.1**
Profit for the period attributable to:		
Shareholders of the Company	600,253.0	831,907.6
Non-controlling interests	(21,901.0)	5,085.5

Source: Financial information in the table above has been extracted from the Company's audited consolidated financial statements as at and for the nine months ended 31 December 2022, Company information

Consolidated statement of income data for the years ended 31 March 2020, 2021 and 2022

	For the Years Ended 31 March		
	2020	2021	2022
		SAR in 000s	
Revenue	2,197,315.2	1,856,358.8	2,037,485.6
Direct costs	(316,594.6)	(315,243.1)	(342,775.8)
Depreciation of right-of-use assets	(155,864.8)	(206,324.1)	(199,014.6)
Depreciation of investment properties	(286,418.2)	(311,653.4)	(343,048.9)
Gross profit	**1,438,437.6**	**1,023,138.2**	**1,152,646.2**
Other operating income	12,678.9	145,616.3	27,425.3
Advertisement and promotion expenses	(12,946.6)	(20,275.1)	(25,440.6)
General and administrative expenses	(182,674.5)	(191,488.4)	(248,316.7)
Impairment loss on accounts receivable and accrued revenue rentals	(119,265.0)	(138,363.2)	(56,348.4)
Other operating expense	(3,376.9)	(2,070.3)	(32,106.7)
Operating profit	**1,132,853.5**	**816,557.5**	**817,859.1**
Share from (loss) / profit of equity-accounted investee[(a)]	15,841.2	1,652.4	(15,044.4)
Finance costs over lease liabilities	(134,543.5)	(172,238.3)	(162,339.2)
Finance cost over loans and borrowings	(351,259.7)	(172,892.4)	(166,856.7)
Profit before zakat	**662,891.5**	**473,079.2**	**473,618.8**
Zakat (charge) / reversal[(b)]	(20,290.2)	13,641.3	(39,769.9)
Profit for the year	**642,601.4**	**486,720.4**	**433,848.8**
Profit for the year attributable to:			
Shareholders of the Company	633,934.2	486,659.0	436,838.3
Non-controlling interests	8,667.1	61.4	(2,989.4)

Source: Financial information in the table above has been extracted from the Company's audited consolidated financial statements as at and for the year ended 31 March 2022 and 31 March 2021, Company information

(a) This line item was disclosed as Share from profit of equity-accounted investee in the Company's 2021 Audited Financial Statements.

(b) This line item was disclosed as Zakat reversal / (charge) in the Company's 2021 Audited Financial Statements.

Consolidated balance sheets data as at 31 December 2022 and 30 September 2023

	31 Dec 2022	30 Sep 2023
Assets		
Current Assets		
Development properties	345,683,721	353,044,704
Accrued revenue	91,196,413	85,086,292
Accounts receivable	388,214,220	354,876,780
Amounts due from related parties	417,815,065	390,909,380
Prepayments and other assets	206,384,728	239,265,151
Cash and cash equivalents	610,445,796	415,780,998
Assets held for sale	405,880,057	62,500,000
Total Current Assets	**2,465,620,000**	**1,901,463,305**
Non-Current Assets		
Investment properties	23,075,741,378	24,756,340,546
Property and equipment	63,412,471	57,350,379
Accrued revenue – non-current portion	182,392,826	170,172,585
Investment in equity accounted investee and others	64,874,137	75,834,940
Other non-current assets	24,818,172	23,590,896
Total Non-Current Assets	**23,411,238,984**	**25,083,289,346**
Total Assets	**25,876,858,984**	**26,984,752,651**
Liabilities and Equity		
Current Liabilities		
Loans and borrowings	903,315,625	1,145,063,541
Lease liabilities – current portion	255,589,354	317,413,700
Accounts payable and other liabilities	459,263,679	717,414,731
Amounts due to related parties	6,339,458	7,030,629
Unearned revenue	239,109,599	292,353,385
Zakat liabilities	51,221,357	64,580,057
Total Current Liabilities	**1,914,839,072**	**2,543,856,043**
Non-Current Liabilities		
Loans and borrowings	7,433,674,604	7,724,909,265
Lease liabilities	2,383,687,028	2,794,764,711
Employee benefits	28,486,108	35,594,881
Other non-current liabilities	47,571,467	55,715,963
Total Non-Current Liabilities	**9,893,419,207**	**10,610,984,820**
Total Liabilities	**11,808,258,279**	**13,154,840,863**
Equity		
Share capital	4,750,000,000	4,750,000,000
Share premium	411,725,703	411,725,703
Statutory reserve	722,492,544	722,492,544
Other reserves	16,511,299	3,729,682
Retained earnings	8,118,388,376	7,882,323,858
Equity attributable to the shareholders of the Company	14,019,117,922	13,770,271,787
Non-controlling interest	49,482,783	59,640,001
Total Equity	**14,068,600,705**	**13,829,911,788**
Total Liabilities and Equity	**25,876,858,984**	**26,984,752,651**

Source: Financial information in the table above has been extracted from the Company's condensed consolidated interim financial statements as at and for the three and nine months ended 30 September 2023, Company information

Consolidated balance sheets data as at 31 March 2020, 31 March 2021 and 31 March 2022

	31 March 2020	31 March 2021	31 March 2022
		SAR	
Assets			
Current Assets			
Cash and cash equivalents	1,045,680,193	635,669,921	556,127,750
Accounts receivable	234,254,125	247,870,806	238,986,246
Amounts due from related parties	591,222,957	379,445,963	325,270,527
Assets held for sale	-	4,674,647	-
Prepayments and other assets	138,790,964	99,459,039	180,655,736
Accrued revenue	69,362,957	170,697,630	119,936,580
Development properties	-	-	292,853,450
Total Current Assets	**2,079,311,196**	**1,537,818,006**	**1,713,830,289**
Non-Current Assets			
Advances to a contractor	614,438,352	582,469,359	595,352,020
Accrued revenue – non-current portion	99,835,361	341,395,259	239,873,160
Other non-current assets	-	22,500,000	17,500,000
Investment in equity accounted investee and others[(a)]	157,543,303	5,975,840	70,381,798
Investment properties	11,356,912,845	11,967,476,773	12,671,172,262
Right-of-use assets	3,561,974,788	3,121,596,866	2,900,541,380
Property and equipment	91,474,811	75,546,196	72,511,679
Total Non-Current Assets	**15,882,179,460**	**16,116,960,293**	**16,567,332,299**
Total Assets	**17,961,490,656**	**17,654,778,299**	**18,281,162,588**
Liabilities and Equity			
Current Liabilities			
Loans and borrowings – current portion[(b)]	45,000,000	119,375,000	277,570,313
Lease liabilities – current portion	338,065,081	337,122,007	406,454,763
Accounts payable and other liabilities	381,514,197	405,102,129	515,760,837
Amounts due to related parties	3,899,682	162,319	-
Unearned revenue	177,225,232	240,501,793	269,230,403
Zakat liabilities	78,524,952	24,278,533	41,187,722
Total Current Liabilities	**1,024,229,144**	**1,126,541,781**	**1,510,204,038**
Non-Current Liabilities			
Loans and borrowings	6,970,743,077	6,861,285,252	7,513,603,269
Lease liabilities	3,899,162,750	3,523,411,045	3,397,752,809
Employee benefits	30,370,714	21,673,040	25,437,575
Other non-current liabilities	52,729,339	69,448,668	53,583,832
Total Non-Current Liabilities	**10,953,005,880**	**10,475,818,005**	**10,990,377,485**
Total Liabilities	**11,977,235,024**	**11,602,359,786**	**12,500,581,523**
Equity			
Share capital	4,750,000,000	4,750,000,000	4,750,000,000
Share premium	411,725,703	411,725,703	411,725,703
Statutory reserve	513,092,734	561,758,636	605,442,463
Other reserves	(18,103,542)	7,184,631	13,998,340
Retained earnings	326,282,581	320,429,968	1,084,412
Equity attributable to the shareholders of the Company	5,982,997,476	6,051,098,938	5,782,250,918
Non-controlling interest	1,258,156	1,319,575	(1,669,853)
Total Equity	**5,984,255,632**	**6,052,418,513**	**5,780,581,065**
Total Liabilities and Equity	**17,961,490,656**	**17,654,778,299**	**18,281,162,588**

Source: Financial information in the table above has been extracted from the Company's audited consolidated financial statements as at and for the year ended 31 March 2022 and 31 March 2021, Company information

(a) This line item includes Equity-accounted investment & Other investments. These two items were disclosed separately in the Company's 2021 Audited Financial Statements.

(b) This line item was disclosed as Loans and borrowings in the Company's 2021 Audited Financial Statements.

Key performance indications for the nine month periods ended 30 September 2022 and 2023

	For the Nine Months Ended 30 September	
	2022	2023
As % of revenue		
Gross profit	83.8%	82.6%
General and administrative expenses	10.8%	14.5%
Operating profit	57.0%	77.2%
Profit for the period	37.5%	59.6%
KPIs		
Period-end number of malls	21	21

	For the Nine Months Ended 30 September	
	2022	2023
Total available GLA (sqm.)	1,344,223	1,327,190
Period-end occupied GLA (sqm.)	1,148,936	1,070,940
Weighted average rental revenue per sqm (SAR per sqm)	1,790	1,888
Weighted average occupied GLA (sqm.)	1,104,143	1,103,439
Weighted average occupancy rate for the period	82.1%	83.1%
Average efficiency rate for the period*	90.6%	94.6%
Period-end occupancy rate	94.2%	90.3%
Funds from operations (SAR 000s)**	814,912.0	950,423.5
EBITDAR (SAR 000s)	1,131,055.9	1,244,061.7
EBITDA (SAR 000s)	931,927.0	1,044,932.9
Like-for-like revenue growth***	6.2%	4.8%
Net LTV****	34.2%	35.4%

Source: Financial information in the table above has been extracted from the Company's condensed consolidated interim financial statements as at and for the three and nine months ended 30 September 2023, Company information

* "Average efficiency rate" (accounted for by dividing net rental revenue by the gross rental revenue) measures the discounts granted to tenants.

** "Funds from operations" is calculated as the profit for the period/year of the Group, plus depreciation of investment properties, depreciation of property and equipment, and net fair value gain (loss) on investment properties.

*** "Like-for-like total revenue growth" is accounted for by comparing the revenue growth at stabilised malls (i.e. malls which had not opened during the relevant period) for each period.

**** "Net LTV" is calculated as net financial debt (excluding lease liability on right-of-use assets) divided by the fair value of investment properties for the period.

Key performance indications for the nine month periods ended 31 December 2021 and 2022

	For the Nine Months Ended 31 December	
	2021	2022
As % of revenue		
Gross profit	81.1%	83.6%
General and administrative expenses	11.4%	12.3%
Operating profit	55.2%	67.0%
Profit for the period	38.1%	49.6%
KPIs		
Period-end number of malls	21	21
Total available GLA (sqm.)	1,370,866	1,336,954
Period-end occupied GLA (sqm.)	1,144,304	1,142,026
Weighted average rental revenue per sqm (SAR per sqm)	1,650	1,888
Weighted average occupied GLA (sqm.)	1,119,275	1,072,740
Weighted average occupancy rate for the period	89.5%	88.3%
Average efficiency rate for the period*	88.4%	91.6%
Period-end occupancy rate	92.8%	94.2%
Funds from operations (SAR 000s)**	728,206.2	789,701.2
EBITDAR (SAR 000s)	998,246.7	1,081,465.9
EBITDA (SAR 000s)	790,784.1	882,337.2
Like-for-like revenue growth***	2.9%	5.5%
Net LTV****	30.1%	34.0%

Source: Financial information in the table above has been extracted from the Company's consolidated financial statements as at and for the nine months ended 31 December 2022, Company information

* "Average efficiency rate" (accounted for by dividing net rental revenue by the gross rental revenue) measures the discounts granted to tenants.

** "Funds from operations" is calculated as the profit for the period/year of the Group, plus depreciation of investment properties, depreciation of property and equipment, write off investment properties and loss on sale of land.

*** "Like-for-like total revenue growth" is accounted for by comparing the revenue growth at stabilised malls (i.e. malls which had not opened during the relevant period) for each period.

**** "Net LTV" is calculated as net financial debt (excluding lease liability on right-of-use assets) divided by the fair value of investment properties for the period.

Key performance indications for the years ended 31 March 2020, 2021 and 2022

	For the Years Ended 31 March		
	2020	2021	2022
As % of revenue			
Gross profit	65.5%	55.1%	56.6%
General and administrative expenses	8.3%	10.3%	12.2%
Operating profit	51.6%	44.0%	40.1%
Profit for the year	29.2%	26.2%	21.3%
KPIs			
Period-end number of malls	21	21	21
Total available GLA (sqm.)	1,214,213	1,208,358	1,335,029
Period-end occupied GLA (sqm.)	1,068,885	1,112,433	1,141,121

	For the Years Ended 31 March		
	2020	2021	2022
Weighted average rental revenue per sqm (SAR per sqm)*	1,873	1,622	1,670
Weighted average occupied GLA (sqm.)	1,070,757	1,059,258	1,104,951
Weighted average occupancy rate for the period	88.2%	87.7%	90.9%
Average efficiency rate for the period*	92.8%	84.7%	88.3%
Period-end occupancy rate	93.1%	92.9%	92.4%
Funds from operations (SAR 000s)**	959,804.6	825,190.0	796,614.3
EBITDAR (SAR 000s)	1,625,529.8	1,366,770.5	1,365,853.8
EBITDA (SAR 000s)	1,384,986.3	1,081,417.2	1,092,015.2
Like-for-like revenue growth***	(2.0)%	(21.3)%	5.2%
Net LTV****	27.0%	28.1%	31.0%

Source: Financial information in the table above has been extracted from the Company's audited consolidated financial statements as at and for the year ended 31 March 2022 and 31 March 2021, Company information

* Average efficiency rate (accounted for by dividing net rental revenue by the gross rental revenue) measures the discounts granted to tenants.

** "Funds from operations" is calculated as the profit for the period/year of the Group, plus depreciation of investment properties, depreciation of property and equipment, write off investment properties and loss on sale of land.

*** "Like-for-like total revenue growth" is accounted for by comparing the revenue growth at stabilised malls (i.e. malls which had not opened during the relevant period) for each period.

**** "Net LTV" is calculated as net financial debt (excluding lease liability on right-of-use assets) divided by the fair value of investment properties for the period.

The funds from operations by type for the nine month periods ended 30 September 2023 and 2022

	For the Nine Months Ended 30 September	
	2022	2023
	SAR in 000s	
Profit for the period	621,031.3	1,018,697.8
Depreciation on property and equipment	15,446.8	13,182.8
Net fair value gain / (loss) on investment properties	178,433.9	(81,457.1)
Funds from operations	**814,912.0**	**950,423.5**

Source: Financial information in the table above has been extracted from the Company's condensed consolidated interim financial statements as at and for the three and nine months ended 30 September 2023, Company information

The funds from operations by type for the nine month periods ended 31 December 2021 and 2022

	For the Nine Months Ended 31 December	
	2021	2022
	SAR in 000s	
Profit for the period	578,351.9	836,993.1
Depreciation on property and equipment	13,163.9	13,468.7
Net fair value (gain) / loss on investment properties	136,690.4	(60,760.6)
Funds from operations	**728,206.2**	**789,701.2**

Source: Financial information in the table above has been extracted from the Company's consolidated financial statements as at and for the nine months ended 31 December 2022, Company information

The funds from operations by type for the years ended 31 March 2020, 2021 and 2022

	For the Years Ended 31 March		
	2020	2021	2022
		SAR in 000s	
Profit for the year	642,601.4	486,720.4	433,848.8
Depreciation of investment properties	286,418.2	311,653.4	343,048.9
Depreciation on property and equipment	30,785.0	26,816.2	19,716.6
Funds from operations	**959,804.6**	**825,190.0**	**796,614.3**

Source: Financial information in the table above has been extracted from the Company's audited consolidated financial statements as at and for the year ended 31 March 2022 and 31 March 2021, Company information

Revenue by type for the nine month periods ended 30 September 2023 and 2022

	For the Nine Months Ended 30 September	
	2022	2023
	SAR in 000s	
Rental income	1,526,402.5	1,587,226.4
Service and management fee income	82,018.1	70,537.3
Commission income on provisions for utilities, net	3,113.4	3,104.2
Turnover rent	44,331.1	48,883.7
Total Revenue	**1,655,865.2**	**1,709,751.6**

Source: Financial information in the table above has been extracted from the Company's condensed consolidated interim financial statements as at and for the three and nine months ended 30 September 2023, Company information

Revenue by type for the nine month periods ended 31 December 2021 and 2022

	For the Nine Months Ended 31 December	
	2021	2022
	SAR in 000s	
Rental income	1,404,376.3	1,551,320.4
Service and management charges income	66,673.5	93,827.7
Commission income on provisions for utilities for heavy users, net	3,532.5	3,444.9
Turnover rent	43,735.4	38,941.3
Total Revenue	**1,518,317.6**	**1,687,534.3**

Source: Financial information in the table above has been extracted from the Company's consolidated financial statements as at and for the nine months ended 31 December 2022, Company information

Revenue by type for the years ended 31 March 2020, 2021 and 2022

	For the Years Ended 31 March		
	2020	2021	2022
		SAR in 000s	
Rental income	2,038,143.2	1,736,243.5	1,881,683.0
Service and management charges income	93,477.7	89,577.7	96,922.5
Commission income on provisions for utilities for heavy users, net	3,297.5	2,771.6	4,278.2
Turnover rent	62,396.8	27,766.1	54,602.0
Total Revenue	**2,197,315.2**	**1,856,358.8**	**2,037,485.6**

Source: Financial information in the table above has been extracted from the Company's audited consolidated financial statements as at and for the year ended 31 March 2022 and 31 March 2021, Company information

Cash flows by type for the nine month periods ended 30 September 2023 and 2022

	For the Nine Months Ended 30 September	
	2022	2023
	SAR in 000s	
Net cash from operating activities	949,203.1	1,061,445.3
Net cash used in investing activities	(518,477.0)	(218,446.4)
Net cash used in financing activities	(471,225.5)	(1,037,663.7)
Cash and cash equivalents at the beginning of period	662,128.4	610,445.8
Cash and cash equivalents at end of the period	621,629.0	415,781.0

Source: Financial information in the table above has been extracted from the Company's condensed consolidated interim financial statements as at and for the three and nine months ended 30 September 2023, Company information

Cash flows by type for the nine month periods ended 31 December 2021 and 2022

	For the Nine Months Ended 31 December	
	2021G[(a)]	2022G
	SAR in 000s	
Net cash from operating activities	1,005,477	871,508
Net cash used in investing activities	(701,381)	(336,600)
Net cash used in financing activities	(277,637)	(480,590)
Cash and cash equivalents at beginning of the year	635,670	556,128

	For the Nine Months Ended 31 December	
	2021G[(a)]	2022G
	SAR in 000s	
Cash and cash equivalents at end of the year	662,128	610,446

Source: Financial information in the table above has been extracted from the Company's consolidated financial statements as at and for the nine months ended 31 December 2022 and 31 December 2021, Company information

(a) The figures as at 31 December 2021: (i) are based on the Company's consolidated financial statements as at and for the nine months ended 31 December 2021; and (ii) are not directly comparable with the figures as at 31 December 2022 which are based on the audited consolidated financial statements as at and for the nine months ended 31 December 2022 and which takes into account the change in the Company's accounting policy for measurement of the Company's investment properties at fair value instead of the cost model.

Cash flows by type for the years ended 31 March 2020, 2021 and 2022

	For the Years Ended 31 March		
	2020	2021	2022
		SAR in 000s	
Net cash from operating activities	1,168,890.5	1,034,024.2	1,474,352.0
Net cash used in investing activities	(463,355.5)	(342,824.4)	(1,077,081.0)
Net cash used in financing activities	(117,525.8)	(1,101,210.0)	(476,813.2)
Cash and cash equivalents at beginning of the year	457,671.0	1,045,680.2	635,669.9
Cash and cash equivalents at end of the year	1,045,680.2	635,669.9	556,127.8

Source: Financial information in the table above has been extracted from the Company's audited consolidated financial statements as at and for the years ended 31 March 2022 and 31 March 2021, Company information

RISK FACTORS

The purchase of the Certificates may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and merits of an investment in the Certificates. Before making an investment decision, prospective purchasers of the Certificates should consider carefully, in the light of their own financial circumstances and investment objectives, all of the information in this Offering Circular.

Each of the Trustee and the Company believes that the factors described below represent the principal risks inherent in investing in the Certificates, but the inability of the Trustee to pay any amounts on or in connection with any Certificate may occur for other reasons and neither the Trustee nor the Company represents that the statements below regarding the risks of holding any Certificate are exhaustive. There may also be other considerations, including some which may not be presently known to the Trustee or the Company or which the Trustee or the Company currently deems immaterial, that may have a material adverse effect on the Company's business, results of operation, financial condition, and prospects, as well as impact any investment in the Certificates.

Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision. Words and expressions defined in "Terms and Conditions of the Certificates" shall have the same meanings in this section.

RISKS RELATING TO THE TRUSTEE

The Trustee has a limited operating history and no material assets and is dependent upon the performance by the Obligor of its obligations under the Transaction Documents to which it is a party

The Trustee was incorporated under the laws of the Cayman Islands on 20 December 2023 and has no operating history. The Trustee will not engage in any business activity other than the issuance of the Certificates, the acquisition of the Trust Assets as described herein, acting in its capacity as a trustee and other activities incidental or related to the foregoing as required under the Transaction Documents to which it is a party.

The Trustee's only material assets, which it will hold on trust for the Certificateholders, will be the Trust Assets, including its right to receive payments under the Transaction Documents.

The Trustee's ability to pay amounts due on the Certificates will depend on payment by the Obligor (in its various capacities) of all amounts due by it under the Transaction Documents. Therefore, the Trustee is subject to all of the risks to which the Obligor is subject to the extent that such risks could limit its ability to satisfy in full and on a timely basis its obligations under the Transaction Documents to which it is a party (see "*Risks relating to the Company's Operations*" and "*Risks relating to operating in Saudi Arabia*" below for a description of these risks). In the event of any shortfall in such amounts, the ability of the Trustee to meet its payment obligations under the Certificates may be adversely affected.

The Certificates may be an ownership interest for the purposes of the Volcker Rule

The Trustee may be a "covered fund" for the purposes of the Volcker Rule. Further, the Certificates may constitute an "ownership interest" for the purposes of the Volcker Rule. As a result, the Volcker Rule may, subject to certain exemptions, prohibit certain banking institutions from, directly or indirectly, acquiring or retaining the Certificates. This prohibition may adversely affect the liquidity and market price of the Certificates. In addition, any entity that is a "banking entity" under the Volcker Rule and is considering an investment in the Certificates should consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally.

RISKS RELATING TO THE COMPANY'S OPERATIONS

The Company is subject to inherent risks relating to the retail and real estate sectors, including, in particular, the impact of new and long-term retail trends, and the economic conditions and demographic patterns in Saudi Arabia

The Company's profitability depends primarily on the level of demand for commercial leasing space and lease rates, and the Company's revenues depend on rental income from tenants whose ability to pay rent, and in some cases the level of rent they pay, depend on the level of their sales to customers visiting the units they have leased from the Company. Accordingly, the Company's malls are subject to inherent risks relating to economic conditions and demographic patterns in Saudi Arabia and to the real estate and retail sectors.

In recent years, the real estate sector in Saudi Arabia has experienced fluctuations in both real estate prices and rental rates as a result of market factors, including the increase in supply of retail space. The Company's business is directly affected by such fluctuations, as decreases in revenues from rentals may result in losses to the Company which could lead to the reduction or suspension of any or all of its operations. As a result, unfavourable fluctuations in real estate rental rates, particularly for retail properties, may adversely and materially affect the Company's business, results of operations, financial condition and prospects.

Retail sales are subject to rapid and occasionally unpredictable changes in the behaviour of visitors to malls, which may be influenced by general economic conditions, including levels of income, inflation, higher levels of interest rates and resulting cost of credit, general confidence in the economy and changes in consumer preferences and demographics. In addition, operational challenges may also have an impact on the levels of sales, including the ability to utilise the retail space to conduct business. For example, the spread of COVID-19 in 2020 and 2021 forced temporary closures of the Company's malls, cinemas and/or hospitality venues periodically in early 2020 and 2021 and it, or any similar contagious disease outbreak that occurs in the future which escalates into a regional epidemic or global pandemic, may prevent or discourage people from visiting crowded sites such as shopping malls, cinemas and/or hospitality venues, including those operated by the Company. Finally, COVID-19 or any similar contagious disease outbreak, and any associated restrictions or lockdowns, may accelerate shifts in consumption patterns, away from malls and towards online platforms. Such a shift in consumer behaviour and a resulting preference towards online or on-demand platforms may have a lasting impact on consumer behaviour patterns, even after COVID-19 or any similar contagious disease outbreak is contained. See "*Risk Factors—Risks Relating to the Company's Business and Activities—The novel coronavirus (COVID-19) global pandemic has had, and any future pandemic may have, an adverse effect on the Company's business and results of operations.*"

In addition, fluctuations in economic factors beyond the Company's control, such as higher levels of interest rates and availability of credit for consumers, inflationary pressures, unemployment rates, salary levels and tax rates, cost of utilities, or partial or full removal of subsidies provided by the Saudi Arabian government, may affect visitor spending and demand for products and services sold by the Company's tenants. If the Company or its tenants misjudge or fail to respond to market changes, the Company's rental income and financial performance could be negatively affected.

Developments affecting the areas in which the Company's malls are situated may also affect footfall and visitor spending, including demographic changes as well as changes that affect easy access to malls by visitors. The vast majority of visitors depend on private cars or taxis to reach the Company's malls. Maintenance or infrastructure works carried out on the roads or surrounding areas leading to the Company's malls are beyond the Company's control, and may lead to a negative impact on the number of visitors to the malls. In addition, any changes in the demographic composition of visitors living near to or around specific malls, including changes in average income levels and brand preferences among visitors, may adversely affect footfall and visitor spending.

New and longer-term retail trends may also adversely impact the Company's business and results of operations. For instance, the adoption of e-commerce within Saudi Arabia is currently growing significantly and therefore, over time, visitor spending may become increasingly allocated to online and mobile applications as well as other alternative retail channels. A shift in spending towards e-commerce and other alternative retail channels may lead to a decline in visitor traffic in the Company's malls, which would result in, among other things, a decline in footfall and visitor spending at the Company's malls, and, in turn, a decline in demand by tenants for retail space at the malls.

In addition, shopping malls in Saudi Arabia are becoming increasingly popular family destinations. This reflects both the appeal of air-conditioned shopping malls, which offer a variety of shopping, eating and entertainment options, in a market with relatively limited competing entertainment options due to climate and cultural preferences within Saudi Arabia, among other factors. To the extent that new and competing forms of entertainment, including restaurants and hospitality, cinemas, amusement parks and bowling alleys, gain more prominence in Saudi Arabia and/or are developed near the Company's malls, the Company's malls may consequentially experience a gradual reduction in footfall.

Any decline in visitor traffic or spending as a result of any of the foregoing factors would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

The Company's revenues depend on Key Account Tenants

The Company's revenues depend on "**Key Account Tenants**", which the Company defines as any tenant that generates revenue for the Company of at least SAR 10 million over any one financial year. The Company's Key Account Tenants are considered strategic partners and are generally significant retail companies with large portfolios of well-known brands which lease multiple retail units across several of the Company's malls.

As of 30 September 2023, the Company had 24 Key Account Tenants, as compared to 19 Key Account Tenants as of 31 March 2022. Collectively, the Company's Key Account Tenants generated approximately 48.3% of the Company's total revenue for the nine month period ended 30 September 2023, approximately 50.2% of the Company's total revenue for the financial year ended 31 March 2022 and 50.8% for the year ended 31 March 2021. The Company's revenues from its top five Key Account Tenants represented approximately 33.3% of the Company's total revenue for the nine month period ended 30 September 2023, as compared to approximately 34.2% of the Company's total revenue for the nine month period ended 30 September 2022. The Company's revenues from its top five Key Account Tenants represented approximately 36.3%, 36.8% and 38.4% of the Company's total revenue for the financial years ended 31 March 2022, 31 March 2021 and 31 March 2020. The Company's revenues from its top 10 Key Account Tenants represented approximately 39.6% of the Company's total revenue for the nine month period ended 30 September 2023, as compared to approximately 41.0% of the Company's total revenue for the nine month period ended 30 September 2022. The Company's revenues from its top 10 Key Account Tenants represented approximately 43.4%, 44.2% and 45.6% of the Company's total revenue for the financial years ended 31 March 2022, 31 March 2021 and 31 March 2020, respectively. Reflecting the above, the Company expects to continue to remain dependent to a material extent on its Key Account Tenants and the renewal of their leases.

Because of the relative scale of these Key Account Tenants *vis-a-vis* other tenants and the high concentration of the Company's revenues among such Key Account Tenants, the loss of one or more Key Account Tenants or of any significant brands within a Key Account Tenants' portfolio could have a material adverse impact on the Company's operations. Such Key Account Tenants could choose to terminate, not renew or divert all, or a portion of, their business with the Company to one or more of the Company's competitors; demand pricing concessions for commercial space in the Company's malls; require the Company to provide additional services that would increase the Company's costs; or elect to renew leases for only certain brands within their portfolios. In addition, these Key Account Tenants may also experience financial difficulties or be subject to business restructurings or changes in strategy. Also, as a result of changes in the retail and real estate sectors or economic conditions in Saudi Arabia or globally, these Key Account Tenants may have greater leverage to negotiate lease terms more favourable to themselves (for instance, as a result of the COVID-19 pandemic and its negative effects on the retail sector, the Company agreed to renegotiate and, in some cases, provided pricing concessions to certain Key Account Tenants, particularly in the Company's Regional Malls and Community Malls, which have been harder hit by the COVID-19 pandemic). Any of these factors relating to the Key Account Tenants could negatively affect the ability or willingness of the Key Account Tenants to continue to lease space in the Company's malls.

In addition to the loss of revenue, the closure of the retail units of any Key Account Tenants, which are significant contributors to footfall in the Company's malls, could also have an adverse effect on retail sales of other retail units operating in the Company's malls (which may lead to the closure of such other retail units). The Company adds new brands to its tenant portfolio as the retail market evolves and to appeal to changing consumer preferences, however the loss of any Key Account Tenant would adversely and materially affect the Company's business, financial condition, results of operations and prospects.

The Company's ability to sustain its revenue depends in part on its ability to retain its existing tenants and/or to identify and sign up new tenants

The Company's ability to sustain its revenue depends in part on its ability to renew tenancy agreements with its existing tenants and/or to re-lease any vacant space to new tenants. For most of the Company's tenants, other than Anchor Stores, the Company's tenancy agreements have lease periods that are typically three to five years in duration (leases of Anchor Stores are typically for 10 to 15 years), without the unilateral right of renewal by either party. Usually the Company seeks to renegotiate with its tenants approximately six months prior to the expiry of the existing lease periods to agree a new tenancy agreement on new terms and for a new lease period. The Company renewed 1,529 leases during the nine month period ended 30 September 2022, representing 97% of leases due to expire in that period. Additionally, during the nine month period ended 30 September 2023, the Company renewed 1,768 leases, representing 95% of leases due to expire in that period.

There can be no assurance that the Company's existing tenants (including its Key Account Tenants and/or Anchor Stores) will continue to lease commercial space from the Company upon the expiry of their existing leases or that the appeal of the Company's malls to existing or new tenants will remain the same in the future. Where tenant leases are not renewed, the Company's tenants may also delay vacating their stores or handing over such stores to the Company or to new tenants upon expiry or termination of their leases. In addition, the Company may be unable to renew its leases with tenants or re-lease vacant space to new tenants on terms that are as (or more) favourable than the Company's existing lease terms.

If the Company is unable to renew or re-lease its commercial space to existing tenants and new tenants, respectively, on favourable terms (or at all), as a result of, among other things, a reduction in the appeal of the Company's malls, this would lead to a loss of revenue for the Company and would adversely and materially affect the Company's business, results of operation, financial condition and prospects.

The Company's business is impacted by the financial condition of the Company's tenants

The Company's revenue is primarily generated from leasing retail space to tenants across the Company's different malls. If the financial condition of tenants deteriorates, they may struggle to make rental payments to the Company when due, if at all. This may result in, among other things, the provision of (or requests by tenants for) rental discounts from the Company, and/or the non-payment by tenants of rent due to the Company, which would lead to a reduction in the Company's revenues. Further, the Company may be forced to replace tenants which cannot pay their rent, which could be costly and difficult, and could negatively affect footfall in the affected malls.

The financial condition of the Company's tenants may deteriorate in the future due to a number of factors. These include seasonality, increased competition from other retailers as well as from alternative retail options such as those accessible via the internet and other forms of pressure on their business models. For instance, the revenue generated by certain tenants, especially those in the fashion retail sector, is subject to seasonal variations. In general, footfall and sales are highest during public holidays and occasions (for example, prior to Eid Al-Fitr) and lowest for the six consecutive months following the Hajj period in July until December. Additional factors include the economic, political and related developments inside and outside the Middle East and North Africa region because of inter-relationships within the global financial markets. See "*Risk Factors—Risks Relating to the Company's Business and Activities—The Company's business is affected by the economic and political conditions globally and in Saudi Arabia*."

For example, the economic conditions in the retail market in Saudi Arabia were challenging during and as a result of the COVID-19 pandemic, which led to a reduction in revenue growth for many of the Company's tenants. Though the Company provided COVID-19 related rental discounts, such challenges negatively affected the ability of some tenants to maintain their operations, meet their financial obligations both to the Company and to their lenders and suppliers, or avoid bankruptcy and/or liquidation. See "*Risk Factors—Risks Relating to the Company's Business and Activities—There can be no assurance that rental income can be collected as and when it falls due, and delays in rent collection could have a negative impact on the Company's working capital*."

To the extent that negative changes in the financial condition of tenants have a negative impact on the overall performance of the Company's malls, these risks would adversely and materially affect the Company's business, results of operations, cash flow, financial condition and prospects.

The Company's business is affected by the economic and political conditions globally and in Saudi Arabia

The Company's business may be adversely affected by economic and political developments in or affecting Saudi Arabia, the Gulf Cooperation Council ("**GCC**") and the broader Middle East and North Africa region. While Saudi Arabia is currently seen as a relatively stable country, certain other jurisdictions in the Middle East are not and there is a risk that regional geopolitical instability could negatively impact Saudi Arabia.

Currently, several countries in the region are subject to armed conflicts and/or social and political unrest, including conflicts or disturbances in Israel, Lebanon, Gaza, Yemen, Syria, Libya and Iraq.

Most recently, on October 7, 2023, the political and military entity controlling Gaza, Hamas, launched an attack on a number of Israeli communities. Following the attack, Israel's security cabinet declared war against Hamas and launched an aerial bombardment of various targets within Gaza. The Israeli government subsequently called for the evacuation of over one million residents of the northern part of Gaza and has been undertaking ground operations in Gaza. It is possible that other regional organisations, including Hezbollah in Lebanon, and Palestinian military organizations in the West Bank, will join the hostilities as well, resulting in a widening of the conflict. The intensity and duration of Israel's current war against Hamas is difficult to predict as are such war's economic implications on countries in the Middle East, including Saudi Arabia. Also, since November 2023, al-Houthi rebels in Yemen, with whom Saudi Arabia has been in conflict to varying degrees since March 2016, have launched several attacks on commercial shipping vessels in the Red Sea. The United States and its allies, including the United Kingdom, have launched a series of missile strikes against al-Houthi rebels in response. Any continuation or increase in international or regional tensions in the region, including further attacks on or seizures of oil tankers in the Persian Gulf, regional escalation of the Israeli-Hamas war or continued attacks on commercial shipping in the Red Sea, could have a destabilising impact on the Middle East region, and Saudi Arabia, in particular, by affecting its ability to export oil and maintain its security more generally.

Furthermore, the macro-economic environment has been impacted by continued geopolitical tensions and uncertainties caused by events such as the Russian invasion of Ukraine, rising tensions between Russia, Sweden and Finland and NATO countries generally, increased military activity in the Baltic Sea, as well as the potential for the continuation of global trade wars between key economic powers. The ongoing conflict between Russia and Ukraine, coupled with legacy post-COVID-19 economic policies in Western economies and already existing disruption of supply chains, have triggered a global economic instability and have led to increased volatility in global financial markets, increase in commodity prices and the rapid rise of inflation. Such disruption has affected, and continues to affect, a broad range of entities across various jurisdictions and industries. The high inflationary environment has continued for an extended period, contributing to multiple interest rate rises by central banks globally and increasing costs of funding for consumers and businesses alike. Continued prolonged inflation is affecting the wider global economy as well as the economy of Saudi Arabia, causing consumer purchasing power to decrease, which may also reduce consumer demand for the goods and services offered by the Company's tenants. This, in turn, could have a negative impact on the business of the Company's tenants. To the extent that negative changes in the financial condition of tenants have a negative impact on the overall performance of the Company's malls, these risks would adversely and materially affect the Company's business, results of operations, cash flow, financial condition and prospects. See "*Risk Factors—Risks Relating to the Company's Business and Activities—The Company's business is impacted by the financial condition of the Company's tenants*" and "*Risk Factors—Risks Relating to the Company's Business and Activities—The Company's business could be negatively impacted by increasing inflation and rising interest rates*."

The foregoing and other geopolitical events (that may or may not directly involve Saudi Arabia) may have a material adverse effect on Saudi Arabia's attractiveness for foreign investment and capital, its ability to engage in international trade and, subsequently, its economy and financial condition, which, in turn, could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. It is not possible to predict the occurrence of events or circumstances, such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the Company would be able to sustain the operations of its business or its current profit levels if adverse political events or circumstances were to occur (particularly should those occur in Saudi Arabia itself). The Company monitors these developments and other economic and geopolitical risks around fluctuations in commodity prices, foreign exchange rates, inflation, interest rates and restrictions to imports, and other supply chain challenges in order to mitigate any impact that may emerge over time. Accordingly, the market value of any sukuk issued by the Company, including those offered pursuant to this Offering Circular, may fluctuate for and/or may be affected by reasons (unrelated to the financial performance of the Company) relating to the economic and political developments in Saudi Arabia and the Middle East and North Africa region. Investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved.

The Company's businesses could be negatively impacted by increasing inflation and rising interest rates

An increase in inflation globally, and in Saudi Arabia in particular, could have an adverse effect on the Company's business and results of operation. As at the date of this Offering Circular, many of the world's economies are experiencing high levels of inflation due to the impacts of several factors, including the legacy post-COVID-19 economic policies of governments across the world, global supply chain disruptions, the Russian invasion of Ukraine and the Israeli-Hamas conflict. These factors also continue to increase uncertainty in the outlook of near-term and long-term inflation outlook. Increases in inflation could increase the costs of land acquisition, construction, labour, services and other items required to grow and operate the Company's business, which will in turn affect its ability to maintain current levels of gross margin and operating expenses. Similarly, increases in inflation may result in higher shipping, construction, labour and other costs, supply shortages, and other similar effects on the Company's tenants thereby negatively affecting their business and financial performance. For instance, the Company's construction costs (excluding land costs) for its malls have historically ranged between SAR 2,800 and SAR 5,000 per square metre, depending on the type of mall. However, as a result of inflation, together with changes of the design features and quality of offerings in the respective malls, the company expects the constructions costs (excluding land costs) for malls in its pipeline to range from SAR 5,500 and SAR 7,500, or above.

High rates of inflation may cause consumer purchasing power to decrease, which may reduce consumer demand for the goods and services offered by the Company's tenants. Since the Company relies on rental and other payments by tenants for substantially all its revenues, and as negative changes in the financial condition of tenants have a negative impact on the overall performance of the Company's malls, the negative impacts of rising inflation on the financial condition of the Company's tenants could have a material adverse effect on the Company's business, results of operations, cash flow, financial condition and prospects. See "*Risk Factors—Risks Relating to the Company's Business and Activities—The Company's business is impacted by the financial condition of the Company's tenants" and "Risk Factors—Risks Relating to the Company's Business and Activities—The Company's business is affected by the economic and political conditions globally and in Saudi Arabia.*"

In addition, as central banks across many economies typically respond to high levels of inflation by increasing interest rates, increases in inflation may accompany higher interest rates which could adversely impact the Company's and its tenants', by among others limiting their ability to obtain new financing and increasing their finance costs as well as via sharp consumer price increases and a slowdown in economic growth, all of which could have materially adverse effect on the Company's results of operations, either directly or through similar negative effect on the financial performance of its tenants.

The Company's business is affected by consumer behaviour

The Company's business is, and will continue to be, affected by changes in consumer demands and behaviours. For instance, the Company's businesses may be impacted by lower consumer spending which may, in turn, be attributable to extraneous factors such as economic and geopolitical conditions that affect purchasing power and disposable income. See "*Risk Factors—Risks Relating to the Company's Business and Activities—The Company's business is impacted by the financial condition of the Company's tenants*", "*Risk Factors—Risks Relating to the Company's Business and Activities—The Company's business is affected by the economic and political conditions globally and in Saudi Arabia*" and "*Risk Factors—Risks Relating to the Company's Business and Activities—The Company's business could be negatively impacted by increasing inflation and rising interest rates*."

Alternatively, lower consumer spending may be attributable to either operational challenges relating to the operation of the Company's malls and any forced closures of the malls, cinemas or hospitality venues or to changes in consumer preferences, demographics. See "*Risk Factors—Risks Relating to the Company's Business and Activities—The recent novel coronavirus (COVID-19) global pandemic has had, and may continue to have, an adverse effect on the Company's business and results of operations*."

Any failure to anticipate, identify or react to these changes and/or offer high-quality appealing products could result in reduced demand from the end consumers. For instance, "digital disruptions" or innovations in platforms (including e-commerce) may cause changes in consumer demands and behaviours by offering real-time, personalised online engagement tools and shopping solutions which do not require physical presence at the shops, therefore driving negative impact on the footfall throughout the Company's malls. Whilst an increase in e-commerce may not of itself negatively impact the Company's revenues from its rental operations, it may affect the tenants in the Company's malls, particularly if the Company is unable to continue to successfully adjust its tenant mix to offer an attractive retail experience (including, for instance, destination attractions, food courts, cinemas and parking facilities with ease of access). See "*Risk Factors—Risks Relating to the Company's Business and Activities—The Company's revenues are dependent on Key Account Tenants*" and "*Risk Factors—Risks Relating to the Company's Business and Activities—The Company's ability to sustain its revenue depends in part on its ability to retain its existing tenants and/or to identify and sign up new tenants*."

In order to compete in such circumstances, the Company may be required to make further expenditure or investments (such as marketing, customer incentives or pricing changes) and/or expand into new platforms and digital solutions. See "*Risk Factors—Risks Relating to the Company's Business and Activities—The Company operates in a highly competitive environment, and the Company may not be able to compete effectively in the future*" and "*Description of the Company—Competitive Advantages, Strengths and Strategies of the Company—Corporate Strategy—Enhance visitor experience, drive footfall and strengthen brand awareness.*"

Any such change in consumer spending patterns and/or preferences could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The novel coronavirus (COVID-19) global pandemic has had, and any future pandemic may have, an adverse effect on the Company's business and results of operations

In late 2019, a new strain of **COVID-19** was detected in Wuhan, China. COVID-19 spread rapidly, infecting people globally and causing a substantial number of deaths around the world. In March 2020, the World Health Organisation declared **COVID-19** a global pandemic and governmental authorities around the world implemented measures to reduce the spread of COVID-19. In mid-March 2020, the Saudi Arabian government implemented restrictions to curtail the spread of COVID-19 including the closure of land, sea and air borders, social distancing requirements and country-wide temporary lockdowns and curfews. These measures were aligned with global measures adopted by other governments and resulted in temporary closures of numerous businesses. They also gave rise to a significant global economic downturn in 2020, although economies around the world (including in Saudi Arabia) generally improved in 2021 and 2022 as restrictions were progressively lifted and commodity prices recovered. As a result of those measures, the Company closed its malls (except for pharmacies and supermarkets) from mid-March 2020 until late April 2020 and then partially reopened its malls in late April 2020 until late June 2020. On 21 June 2020, the government fully lifted the lockdown restrictions and permitted the resumption of all commercial activity. Since then, the malls have operated according to normal opening schedules, with precautionary measures such as limiting visitor capacity, sanitising stations, and contactless payment. On 17 May 2021, the Saudi government officially opened its land, sea and air borders, allowing citizens who have received doses of the coronavirus vaccines to travel internationally. In March 2022, the government officially lifted most of the remaining COVID-19 restrictions following the successful roll-out of the national vaccination programme.

Although commercial activity in the Company's malls has recovered since mid-June 2020 when lockdown restrictions were lifted and the malls re-opened fully, there remains a risk of further spread of COVID-19 and additional lockdown measures. For example, in February 2021, the government imposed a 10-day suspension of social gatherings and closure of indoor entertainment, including cinemas and indoor dining, which suspension was then extended for another 20 days. Whilst the suspensions have since been lifted, there is a risk that further restrictions may be imposed in the future, particularly if new more virulent strains of COVID-19 develop, and these restrictions may require full or partial shutdowns of the Company's malls, which could materially adversely affect the Company's business, results of operations, access to sources of liquidity and financial condition. See "*Management's Discussion and Analysis—Principal Factors Affecting the Operations of the Company—COVID-19*" for details regarding the lockdown measures implemented in Saudi Arabia and the temporary closures of the Company's malls.

The closure of the Company's malls and other restrictions on the malls' operations mandated by the government led to decreased footfall, a loss of revenue and increased costs in order to comply with new health and safety measures. In response to the effects of COVID-19-related mall closures on the Company's tenants and their revenues, the Company offered all tenants a waiver on contractual base rent and service charges for six weeks, extended additional relief to tenants whose stores were subject to further mandatory closures and suspended all rental escalations on lease contracts for the calendar year of 2020.

The government released guidance in January 2021 requiring the waiver of due rents during the lockdown period for certain businesses affected by the COVID-19 pandemic. As a result, the Company implemented certain rent-relief measures with respect to its tenants and during the course of the year ended 31 March 2021, approved a total discount of SAR 579 million which will be amortised over the remaining period of the leases. The Company implemented additional rent-relief measures made available to its tenants and, as a result, the impact of rent-relief for the year ended 31 March 2022 amounted to SAR 174 million, compared to SAR 241 million for the year ended 31 March 2021. No rent-relief measures were made available to the Company's tenants during the nine month period ended 30 September 2023. To comply with the government's guidance or any similar guidance released in the future, the Company may need to continue to offer rent relief to certain tenants or to agree to rent discounts, which could in turn impact the Company's business, results of operations, financial condition and prospects.

As a result of COVID-19 pressures facing the Company's tenants, certain tenants terminated their lease contracts early, rental prices decreased and the time required for filling vacant units increased during the years ended 31 March 2020 and 31 March 2021. See "*Management's Discussion and Analysis—Principal Factors Affecting the Operations of the Company—COVID-19*" for details on the impact of COVID-19 on the Company's financial condition.

The extent of the impact of COVID-19 on the Company's future business and financial results will depend on the duration and spread of any outbreaks, including whether there are future waves of COVID-19, the extent of the spread of new strains of COVID-19 and any future mutations of COVID-19 (or even the threat or perception that this could occur) in Saudi Arabia or globally and the related impact on consumer confidence and spending.

Furthermore, COVID-19 has affected the global economy and the local economy in Saudi Arabia. The economic impact of the COVID-19 crisis has led to decreased consumer spending and an economic downturn in the retail market, which has had a direct impact on the Company. If retail customers have health concerns regarding visiting the Company's malls, or if future lockdowns are announced, the Company may face an extended decline in footfall and visitor spending at its malls and decreased demand for the products and services sold by the Company's tenants which may, in turn, lead to a decline in demand by tenants for retail space at the Company's malls.

There is also a risk that the COVID-19 pandemic, health concerns about visiting malls and the inability to visit malls due to mandated closures will accelerate changes in consumer shopping preferences away from malls and towards online platforms. Such shift in consumer behaviour preferences toward online or on-demand platforms is likely to endure in the longer term. Though the Company seeks to innovate in the digital space, through the rollout of various initiatives including the proposed launch of a new website, the development of a tenant portal and the availability of wi-fi / digital offerings at the Company's malls, there can be no assurance that the Company's efforts to adapt to changing consumer preferences will be successful. The Company's revenue may be negatively impacted by these or similar adverse changes resulting from the impact of COVID-19 or any other global or regional health pandemic.

To the extent the COVID-19 or any other global or regional health pandemic adversely affects the Company's business, financial condition and results of operations, it also has an the effect of heightening many of the other risks described in this "*Risk Factors*" section, including " *–The Company's business is impacted by the financial condition of the Company's tenants*", " *– The Company's revenues depend on Key Account Tenants*", " *– The Company is subject to inherent risks relating to the retail and real estate sectors, including, in particular, the impact of new and long-term retail trends, and the economic conditions and demographic patterns in Saudi Arabia*", " *– There can be no assurance that rental income can be collected as and when it falls due, and delays in rent collection could have a negative impact on the Company's working capital*", " *–The Company operates in a highly competitive environment, and the Company may not be able to compete effectively in the future"*, " *– The Company's business is impacted by increasing operating expenses; if it cannot compensate for such increases through rent escalation and service charges collected from tenants, its business could be materially adversely affected*", "*– The Company's success depends in part on its ability to maintain the reputation of the "Arabian Centres" and "Cenomi Centers" brand"* and " *– The Company's business is concentrated in Saudi Arabia and is therefore subject to the impact of political and economic risks in Saudi Arabia* ".

There can be no assurance that rental income can be collected as and when it falls due, and delays in rent collection could have a negative impact on the Company's working capital

The Company ordinarily collects rent in advance of the relevant rental period. Rent collected in advance is used by the Company to finance its short-term operational and working capital requirements. However, there can be no assurance that rental income can be collected as and when it falls due. For example, during the year ended 31 March 2021, the Company's collection of rental payments decreased significantly as a result of COVID-19 and 6.4% of rental payments were overdue or unpaid as of 31 March 2021, compared to 5.6% as of 31 March 2022.

Delayed rental payments could result in a material reduction in the Company's rental revenue and negatively affect the cash flow of the Company. In such circumstances, the Company may not be able to find an alternative source to finance its on-going business requirements for its daily operations, capital expenditure, paying financings and settling its other operating expenses, or may have to obtain additional financing from banks, resulting in higher financing costs and leverage. In addition, delays in collecting rent could increase the Company's accounts receivable and result in higher impairment charges, which in turn could negatively affect the Company's working capital, all of which would result in a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company faces regulatory risks, including in relation to the maintenance of permits, licences and approvals necessary for the Company's business

The Company is required to obtain and maintain the necessary regulatory permits, licences and approvals from relevant government authorities for its business operations and activities. These permits, licences and approvals include, but are not limited to, commercial registration certificates for the Company and its operating Subsidiaries issued by the Ministry of Commerce in Saudi Arabia, mall trading licences issued by various municipalities, Saudisation certificate and Amana (Building) Completion Certificates, in each case relating to the business operations of the Company and its operating Subsidiaries. The existing Zakat Certificates for the Company and its Subsidiaries are effective until 31 July 2023 and as at the date of this Offering Circular, the Company is in the process of renewing the relevant Zakat Certificates.

In order to undertake and complete a new property development, the Company must obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of the property development process. These include, but are not limited to, construction permits, Amana (Building) Completion Certificates and Trading Licences. Each approval depends on the satisfaction of applicable conditions. In particular, Amana (Building) Completion Certificates are required in respect of new property developments to indicate whether an asset has been built in accordance with the requirements set out in the relevant building permit. Assets constructed in violation of the conditions or parameters in a building permit may be subject to a range of penalties including fines or, in more extreme cases, closure or demolition. If the Company fails to obtain the required permits, licenses, certificates or approvals relevant to its business, it may incur fines or other penalties from the relevant administrative authorities which could cause harm to the Company's reputation and may adversely affect the Company's business, results of operations, financial condition and prospects.

As at 31 December 2023, the Company has been issued with Amana (Building) Completion Certificates in respect of 13 of its malls (out of a total of 22 malls as of that date), and is in the process of obtaining these certificates for its remaining malls. Amana (Building) Completion Certificates are issued to ensure that the building plans conform to what has been implemented on the ground. In the absence of such a certificate, there can be no guarantee that the Company complied with building permit requirements, which include Civil Defence requirements. There can be no assurance that the Company will not encounter problems in obtaining the remaining required Amana (Building) Completion Certificates. In addition, the operation of malls requires the issuance of certain trading licences from the relevant municipality. The conditions for licensing of malls as set by the Ministry of Municipal and Rural Affairs ("**MOMRA**") in Saudi Arabia (to which the various Amana and municipalities report) are that malls may not operate without obtaining the necessary trading licence from the relevant municipality. As at the date of this Offering Circular, the Company has obtained trading licences for each of its malls. However, certain of these trading licences do not explicitly state that they are licences to operate and manage a mall. To the extent that there is ambiguity in the form and/or terms of the licences obtained by the Company, there is a possibility that the Company may operate outside the scope of such licences which could result in fines or financial liabilities for the Company and cause harm to the Company's reputation.

Most of the Company's existing licences are subject to conditions under which they might be suspended or terminated if the Company fails to fulfil and abide by the underlying conditions. Moreover, when seeking to renew or amend the scope of a licence, there is no guarantee that the concerned authority will renew or amend the licence or that, if it does renew the licence, no conditions will be imposed which might adversely affect the Company's performance.

There can also be no assurance that the Company will not encounter problems in obtaining any other required government approvals or in fulfilling the conditions required for obtaining the approvals, or that it will be able to comply with new laws, regulations or policies that may come into effect from time to time with respect to the real estate industry in general or the particular processes with respect to the granting of approvals.

Any failure by the Company or any of its subsidiaries to comply with applicable laws and regulations, including those relating to licenses and permits or otherwise, whether intentional or unintentional, could lead to substantial sanctions, including criminal, civil or administrative penalties, revocation of its licenses/permits and/or increased regulatory scrutiny, and liability for damages as applicable. It could also trigger a default under one or more of the Company's financing agreements or invalidate or increase the cost of the insurance that the Company maintains for its businesses (insofar as it is covered for any consequential losses). Additionally, if the Company or any of its subsidiaries fails to obtain or renew a licence necessary for its operations, or if any of their licences expire or are suspended, renewed under unfavourable conditions to the Company, or if the Company is unable to obtain additional licences required in the future, the Company will be required to cease carrying on its business totally or partially. This would interrupt or delay the Company's operations and cause the Company to incur additional costs, and would adversely and materially affect the Company's business, financial condition, results of operations and prospects.

The Company operates in a highly competitive environment, and the Company may not be able to compete effectively in the future

The Company faces significant competition in various aspects of its business. The commercial retail leasing industry in Saudi Arabia is intensely competitive, and the Company expects such competition to continue to increase in the future. There is strong competition for prime properties that would be suitable for shopping centres from both existing mall operators and potential new entrants, especially from those offering new competing forms of entertainment (including cinemas). The Company's leading competitors in Saudi Arabia include Hamat Real Estate Company, Al Othaim Malls and Unified Real Estate Development. The Company also directly competes with other mall operators for tenants and to attract visitors to its malls.

Competition is largely based on the amenities offered by malls, brand name, reputation and leasing rates. Existing or future competitors may have greater brand recognition or financial or operational resources. Competitors may also adapt more quickly to evolving industry trends, changing market requirements or changing visitor tastes, including, for example, a shift towards lifestyle centres. They may also improve their competitive position by increasing the supply of commercial leasing space, as well as introducing new malls with greater amenities, which could reduce footfall or demand for the Company's malls or force the Company to develop or redevelop its malls with similar amenities. Current and potential new competitors may increase their advertising expenditures and promotional activities or seek to undercut the Company with respect to rental rates under their tenant leases. In addition, the Company's competitors could potentially introduce new and competing forms of entertainment into either their existing malls or create alternative concepts as a result of ongoing social reforms within Saudi Arabia, which could improve their competitive position *vis-a-vis* the Company. As a result, it may sometimes be difficult for the Company to successfully compete with its competitors. In addition, though the Company adapts quickly to changing market conditions, large reductions in rent adopted by the Company's competitors would adversely affect the Company's ability to compete.

Further, the Company may in the future need to change its strategy in order to compete more effectively. For example, the Company may consider acquisitions, mergers, divestitures or other strategic initiatives. If the Company is unable to adapt its strategy or if any new strategy of the Company is ineffective, or if the Company is unable to adapt to changes in the retail industry that were accelerated by COVID-19 (such as an increasing shift to digital platforms in retail), the Company may not be able to successfully compete. See "*Risk Factors—Risks Relating to the Company's Business and Activities—The novel coronavirus*

(COVID-19) global pandemic has had, and any future pandemic may have, an adverse effect on the Company's business and results of operations."

There can be no guarantee that the Company will be able to compete effectively with present and future competitors, and the changes in the competitive environment could cause its rental rates and margins to drop or cause the Company to lose its market share, and this, in turn, would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

The Company faces risks associated with the development of new malls and the renovation and redevelopment of its existing malls

The Company's business model depends on the sound design, development (or redevelopment) and maintenance of its malls. Although the Company takes measures to comply with international standards related to building code, engineering and construction materials, there is no guarantee against potential defects or deficiencies in the design or development of malls, such as defects in building materials, flaws and/or safety issues. Such defects or deficiencies may affect the operational performance of malls and could lead to repair works and additional costs for the Company. Any undetected material structural deficiencies in the Company's malls may lead to accidents and negative publicity for the Company, and would require repair work and significant additional costs for the Company. Such deficiencies may also lead to lawsuits being filed against the Company as well as increases in the Company's buildings insurance premiums. In addition, the Company may not be able to pre-lease or lease new commercial space in its newly developed malls to existing or new tenants. Any of these factors would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

The development of new malls and the redevelopment of existing malls are subject to inherent risks, including: (a) delays in construction and cost overruns whether due to variations to original design plans or for any other reason; (b) a shortage and/or increase in the cost of construction and building materials, equipment or labour as a result of rising commodity prices or inflation or otherwise; (c) unforeseen engineering problems, defective materials or defective building and construction methods; (d) default by or financial difficulties faced by contractors and other third party service and goods providers; (e) disputes between counterparties to a construction or a construction-related contract; (f) work stoppages, strikes and accidents; (g) delays in receiving any approvals from government agencies; and (h) insufficient funds to progress construction, which in turn could lead to delays in the completion of the relevant project.

Such delays in development and/or construction of some of the Company's malls have resulted in the past in the Company giving discounts to some of its Key Account Tenants and/or Anchor Stores and foregoing revenue that would have been earned had the malls opened on time. Further, the Company has in the past and may in the future decide to strategically postpone the opening of some of its malls following any delays, so that the opening takes place during busier periods. In addition, in expanding and developing malls, the Company may not correctly plan for, anticipate or develop sufficient supporting infrastructure or parking facilities, which may adversely affect the Company's ability to capitalise on the success of a given mall and its ability to recoup its investment in a timely manner. There can be no assurance that any or all of the Company's current or future development projects are completed within the anticipated timeframe and budget.

In addition, the Company's existing malls require ongoing renovation, expansion, improvement and/or redevelopment to maintain an attractive appeal to, and continued demand from, the Company's tenants and visitors. As the shopping malls market in Saudi Arabia evolves, tenants and/or visitors may develop different expectations, tastes and preferences. These may include, for example, the expectation of new amenities (including cinemas), as well as innovative mall design and a more diverse array of entertainment and dining options. The Company's existing malls, some of which were completed over 18 years prior to the date of this Offering Circular, may not be adaptable to meet such expectations, and any significant investment in renovation or improvement of the Company's older malls may not be successful given the nature of their design and construction. In addition, even where such renovations are implemented, the Company's existing malls may not be able to compete effectively with newer, more diversified malls provided by the Company's competitors due to the structural limitations in certain of the Company's malls preventing the Company from introducing new entertainment options (including cinemas) into such malls. Any such renovations in the Company's malls may also cause disruptions to the Company's existing retail units leased to its tenants and/or result in a temporary or partial loss of revenue by the Company while renovation works are carried out. If the Company is unable to renovate and improve its existing malls to satisfy changing tenant and visitor preferences, this would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

Any of the foregoing factors would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

The Company faces risks associated with its use of third party contractors

Across all of its malls, the Company employs third party contractors, including related parties, to carry out various repair and maintenance works, including internal decoration, landscaping, maintenance of air conditioning systems, energy services, electrical and mechanical engineering and lift installation. There can be no guarantee that the Company's third party contractors will always provide satisfactory services that meet the standards expected by the Company or that other professional advisors or service providers that are not within the control of either the Company and/or its Board of Directors will not fail to perform their duties under contract. Moreover, the Company is exposed to the risk of actions resulting from third party contractors' actions causing damage or injury to members of the public, tenants and/or employees of the Company, for which the Company may be held liable and subject to a claim for compensation. The Company's contractors may engage in risky undertakings, encounter financial or other difficulties, or prioritise other projects and divert resources away from the Company's malls. Any of the foregoing may adversely affect the Company's mall operations and management and additionally could cause injuries to visitors or tenants. In addition, the Company may not be able to engage third party contractors with the right experience in the places in which it operates, or, if the Company needs to replace a third party contractor for any reason, the Company may be unable to find another third party contractor able to perform the same duties to a satisfactory level or at all. Any of these factors would have a negative impact on the Company's reputation and adversely and materially affect the Company's business, results of operations, financial condition and prospects.

The Company has close ongoing business relationships with a variety of related parties

A central feature of the Company's business model is its close ongoing business relationships with a variety of related parties. In particular, the Company has entered into a large number of contracts with related parties for the design and construction of its malls, the leasing of commercial space to Internal Tenants (which are related parties of the Company (including Fawaz Abdulaziz Alhokair Co. (trading as Cenomi Retail) ("**Fawaz Abdulaziz Alhokair Co.**"))) and the provision of certain maintenance services for the operation of its malls. All contracts entered into between the Company and related parties following the adoption of its related party transaction policy (which is described further in "*Related Party Transactions– Related Party Transaction Policy*" below) are subject to the parameters of such policy and are entered into on an arm's length basis, as described in greater detail below in "*Risk Factors – Risks Relating to the Company's Operations – The Company faces risks associated with the terms of its related party transactions*." The Company's future success is dependent upon a number of these related party contracts, the expiry or termination of which would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

The Company leases commercial space to several Internal Tenants. The Company's Internal Tenants include Fawaz Abdulaziz Alhokair Co., Innovative Union Company (an operator of food and beverage outlets in Saudi Arabia), Kids Space Company (the operator of the KidZania centres in Saudi Arabia), Billy Games Company (the operator of the Billy Beez centres in Saudi Arabia), Next Generation Company (the Operator of MUVI cinemas and EVOX fitness centres in Saudi Arabia) and FAS Holding Company for Hotels. As at 30 September 2023, Fawaz Abdulaziz Alhokair Co. was the most significant Internal Tenant by revenue. Fawaz Abdulaziz Alhokair Co. is a publicly listed company (ticker symbol 4240 on the Saudi Stock Exchange) in which the Controlling Shareholders own (directly or indirectly) a controlling interest in its ordinary shares. As at 30 September 2023, Fawaz Abdulaziz Alhokair Co. had 502 retail units (not including food & beverage units) across the Company's 21 malls and the amounts due from Fawaz Abdulaziz Alhokair Co. in the nine month period ended 30 September 2023 amounted to approximately 10.3% of total revenue. In recent years, Fawaz Abdulaziz Alhokair Co. has typically pre-leased between 20% and 25% of the GLA of each new mall opened by the Company. Net amounts due from related parties represented 22.5% of the Company's total revenue for the nine month period ended 30 September 2023, as compared to 24.4% of the Company's total revenue for the nine month period ended 31 December 2022. The net amounts due from related parties for the years ended 31 March 2020, 2021 and 2022 represented 26.7%, 20.4% and 16.0% of the Company's total revenue for those periods, respectively. If the Company is unable to maintain the same level of pre-leasing by Internal Tenants, including by Fawaz

Abdulaziz Alhokair Co., on favourable terms (or at all) in the future, this would lead to a loss of revenue for the Company and would adversely and materially affect the Company's business, results of operation, financial condition and prospects.

The Company also has a close relationship with Lynx Contracting Company, a specialist mall design and construction company in Saudi Arabia owned (directly or indirectly) by the Controlling Shareholders. As at the date of this Offering Circular, the Company has in place six design and construction contracts with Lynx Contracting Company relating to six malls for future development. Lynx Contracting Company was also responsible for the design and construction of 19 of the Company's 22 existing malls, with the remaining three malls (Tala Mall in Riyadh, Salaam Mall in Jeddah and Jeddah Park in Jeddah) having been acquired separately by the Company. Such construction contracts are awarded by the Company to Lynx Contracting Company and no other proposals (from other parties) are sought, which exposes the Company to a significant dependency on Lynx Contracting Company to develop and construct its new malls, as well as the risk of paying above prevailing market rates for Lynx Contracting Company's services. The possible loss of Lynx Contracting Company as a supplier of the Company may present significant challenges to the Company, including the risk that the Company may not be able to find or appoint a suitable replacement supplier in a timely fashion, and/or work with an alternative supplier that has the same level of insight or awareness of the Cenomi Centers brand and design and construction preferences compared to Lynx Contracting Company. Any such loss would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

The Company faces risks associated with the terms of its related party transactions

Related party transactions are regulated by Saudi laws and regulations regarding entering into such transactions. The Company undertakes the most material related party transactions with Lynx Contracting Company and Fawaz Abdulaziz Alhokair Co. All of the Company's contracts with related parties are entered into on an arm's length basis in line with the Company's related party transactions policy. Such contracts represented approximately 32.9% of the Company's total weighted average occupied GLA as at 30 September 2023, (whereby amounts due from related parties represented 22.5% of the Company's total revenues, respectively). Moreover, such contracts represented approximately 34.9% of the Company's total weighted average occupied GLA as at 30 September 2022, (whereby amounts due from related parties represented 24.4% of the Company's total revenues, respectively). By comparison, such contracts represented approximately 35.1% of the Company's total weighted average occupied GLA (whereby amounts due from related parties represented 16.0% of the Company's total revenues), in each case as at 31 March 2022). These transactions are entered into based upon the principles set out in framework agreements with such parties and are governed by the Company's corporate governance policies, which are overseen by the Company's Board of Directors, which reviews such transactions regularly for ongoing compliance with the Company's policies and provides guidance on the remediation of any instances of non-compliance. To the extent that the Company enters into contracts with related parties which are not on arm's length terms and/or in the event such transactions confer undue benefits to related parties of the Company, this could negatively affect the Company's costs and revenues which would, in turn, adversely and materially affect the Company's business, results of operations, financial condition and prospects.

Furthermore, there can be no guarantee that the Company will be able to renew its contracts with related parties. Under Article 71 of the Companies Law, those related party agreements in which any Director is deemed to have an interest need to be retroactively disclosed to the General Assembly. If the Company's Board or General Assembly or any of the Company's subsidiaries do not agree on the approval of these contracts, the Director who is deemed to be interested in the transaction must resign, or take steps to ensure that he/she is no longer deemed to be interested (for example by terminating the relevant contract or disposing of the rights creating the interest). Due to the Company's significant reliance on such contracts, their termination would have a negative and material impact on the profitability of the Company and consequently on its business, results of operations, financial condition and prospects. For a summary of Company's transaction with related parties, see " *Description of the Company—Tenant Categories—Internal Tenants and External Tenants.* "

The Company faces risks associated with potential or actual conflicts of interest with the Controlling Shareholders or Directors

The Controlling Shareholders and Directors of the Company conduct businesses which could compete with the Company's business, directly or indirectly, which could lead to conflicts of interest for those Controlling Shareholders or Directors. Currently, the Board members Fawaz Abdulaziz Fahad Alhokair, Salman

Abdulaziz Fahad Alhokair, Abdulmajeed Abdullah Albasri and Kamel Badih Al Qalam are also on the board of related companies (which conduct competing or similar businesses to the Company's) such as Egyptian Centers For Real Estate Development, Arabian Falcon Company, Saudi FAS Holding Company, Lynx Contracting Company and Fawaz Abdulaziz Alhokair Co.

There is no contractual arrangement between the Controlling Shareholders and the Company to ensure that the Controlling Shareholders will not undertake any activity which may give rise to a conflict of interest or compete with the Company's business.

To the extent that a director fails to disclose a conflicting interest and votes on a proposal in his own interest, this could have a substantial negative impact on the Company's business, results of operations, financial condition and future prospects. In addition, some of the Controlling Shareholders and the Directors have the ability to access internal information of the Company, and they may use such information for their private interests or in a manner that is not in the Company's interests. In such a case, this could have a substantial negative impact on the Company's business, results of operations, financial condition and future prospects.

The Company's business is impacted by increasing operating expenses; if it cannot compensate for such increases through rent escalation and service charges collected from tenants, its business could be materially adversely affected

The Company usually enters into medium to long-term lease contracts with its tenants with typical lease terms ranging between three and five years for most categories of tenants, other than Anchor Stores, which typically have lease terms of approximately 10 to 15 years. These contracts usually include rent escalation provisions over the term of the lease and a right of the Company to pass on certain service charges to tenants. The Company determines rental rate increases in view of several considerations that include, but are not limited to, the Company's estimates of market rental prices, the inflation rate, the importance of the tenant's brand, the competitive position of the tenant in the market, and the negotiating positions of the Company and the tenant.

Furthermore, in a more challenging market environment, and particularly with highly-sought after tenants, the Company may not be able to include or apply these contractual rent escalation provisions at all and instead may need to offer discounts to its tenants to retain them in its malls. For instance, in response to the COVID-19 pandemic and its impact on the retail sector, the Company temporarily suspended enforcement of all rent escalation provisions for 2020 and 2021. However, from January 2022, the Company reactivated rent escalation provisions across applicable contracts.

There is no guarantee that the Company will be able to enforce rent escalation provisions or that the rent escalation rates or provisions enabling the Company to pass on certain service charges in the Company's lease contracts will be sufficient to compensate the Company for increases in operating costs (including increases in prices for energy, electricity, water and related services) or inflation rates, or that such increases will correspond to growth rates in rental values in the market. For instance, whilst the Company's revenues rose by 3.3%, or SAR 53.9 million from SAR 1,655.9 million in the nine month period ended 30 September 2022 to SAR 1,709.8 million in the corresponding period in 2023, the Company's general and administrative expenses increased by 38.4%, or SAR 68.5 million during the same period. If there are significant increases in operating expenses, the Company may be unable to maintain its malls to a high standard, which may decrease the appeal to visitors of the malls and negatively impact footfall and sales in the Company's malls. As a result, this would have a material adverse effect on the Company's operations, financial position, results of operations or prospects. Conversely, should the Company wish to maintain its malls to the same high standard, an increase in operating expenses may require the Company to divert some of its profits and excess cash flows, or raise additional financing, to fund the increased operating expenses.

The Company's operating expenditure could increase as a result of a number of factors, including but not limited to an increase in costs of outsourcing services to independent contractors, labour costs, fuel and utility costs, repair and maintenance costs, cleaning costs and insurance premiums. For example, the Company's cleaning costs increased during the year ended 31 March 2021 as a result of the measures taken to comply with COVID-19, namely sanitisation of the malls on a more frequent basis.

The price of fuel and oil has fluctuated significantly in recent years. Fuel and oil prices experienced a significant fall for much of 2020 due to the COVID-19 related slowdown in the global economy, which resulted in reduced demand for fuel and a drop in oil prices. This fall was followed by a steep increase in fuel and oil prices as a result of the re-opening of the economy, together with regional and global events such as the Russia and Ukraine geopolitical conflict that started in 2022. Most recently, in January 2024, oil prices have increased as result of the conflict in Israel and Gaza and the missile attacks by al-Houthi rebels on shipping transiting the Red Sea trade route. Periods of prolonged high fuel and oil prices could increase the Company's operating expenditure. Such conditions could have a material adverse effect on the Company's business, financial condition, results of operations or prospects. See "*Risk Factors—The Company's business is affected by the economic and political conditions globally and in Saudi Arabia*."

In addition, any further increase in Saudisation requirements of the Company's workforce may lead to an increase in the Company's operational expenditure, which the Company may not be able to pass to its tenants through higher rental prices or otherwise. See "*Risk Factors—Risks Relating to the Company's Business and Activities—There can be no guarantee that the Company will be able to fulfil current or enhanced Saudisation or other labour law requirements in the future and certain Saudi labour law requirements may adversely affect the financial position of the Company's tenants.*"

Any increases in the Company's operating costs, including but not limited to labour costs, fuel and utility costs, repair and maintenance costs, cleaning costs and insurance premiums, will also reduce its cash flow, profit margin and funds available for upkeep of its existing malls and future developments. Where the Company's agreed rent or service charges under lease contracts entered into with its tenants is insufficient to compensate it for increases in operating costs and the Company is unable to renegotiate with its tenants to increase their rent or service charge levels before the expiration of the term of these contracts, or the Company is not able to enforce the rent escalation or service charge provisions, the Company may not be able to compensate for increases in its operating costs which would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

The Company's success depends in part on its ability to maintain the reputation of the "Arabian Centres" and "Cenomi Centers" brand

The Company believes that its success depends in part on its ability to maintain the Arabian Centres' brand reputation for providing high quality malls for both its tenants and visitors. Following the Company's latest rebranding from "Arabian Centres" to "Cenomi Centers", there can be no guarantee that the Company can successfully build and maintain the same brand reputation and strength in this new brand name as was the case with the old brand.

Additionally, quality and health and safety issues (including in relation to COVID-19), actual or perceived, even when false or unfounded, or any accidents at the Company's malls, could lead to negative publicity for the Company. Such negative publicity could damage the reputation of the "Arabian Centres" and "Cenomi Centers" brand and/or may cause tenants and/or visitors to switch to competitors resulting in a loss of footfall and demand from tenants, in turn leading to a decline in the Company's market share and a decrease in GLA.

The Company's employees and/or tenants could behave in a manner which negatively impacts the Company's business, including through the misuse of information or systems or social media platforms, disclosure of confidential information, or by disseminating misleading information. Additionally, the Company may not always be able to prevent its employees from committing any gross misconduct or ensure compliance with the internal regulations and policies of the Company, which could result in losses, fines or financial liabilities for the Company, or cause harm to the Company's reputation. Any such misconduct could also result in tenants filing claims and/or terminating their contracts for breach thereof. In addition, adverse publicity relating to activities by the Company's Board, shareholders, management, tenants, related parties, suppliers, employees, contractors or agents, such as customer service mishaps or non-compliance with laws and regulations, could tarnish the reputation of the Company and reduce the value of the "Arabian Centres" and "Cenomi Centers" brand. With the increase in the use of social media, adverse publicity can be disseminated quickly and broadly, making it increasingly difficult for the Company to effectively respond. Damage to the reputation of the Company and its brand could reduce demand from potential tenants and footfall from visitors which would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

The competitive position of the Company depends on its ability to continue using certain trademarks on which it relies and to protect its rights related to such trademarks against any illegal use of such trademarks by third parties

The Company has registered all of the 40 trademarks in Saudi Arabia on which it relies. The competitive position of the Company depends on its ability to continue using such trademarks and to protect its rights related to such trademarks against any illegal use of such trademarks by third parties. To protect its trademarks, the Company relies on intellectual property law, which only offers limited protection. Despite the Company's precautions to protect its trademark, it may be possible for third parties to infringe on the Company's rights related to such trademarks.

The Company's ability to police the infringement of its trademark rights is also uncertain. Protecting its trademarks against unauthorised use is expensive, difficult and not always possible. If the Company is forced to enforce or defend its trademarks, it may face costly litigation and the diversion of technical and management personnel. Conversely, if there is a dispute involving the Company's alleged use of a third party's trademark and the outcome of the dispute is adverse to the Company, the Company may be required to enter into royalty or licensing agreements, which may not be available on terms acceptable to the Company, or at all, or may lose its right to use the disputed trademark going forward. Any of the above could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

The Company may face unexpected interruptions to the Company's business

The Company's success depends significantly on the continuous operation of its malls. The operation of the Company's malls is prone to a number of risks, including severe weather conditions, physical damage to buildings, power failures, breakdowns, the failure or substandard performance of equipment, the possibility of work stoppages, mandated closures by the government, criminal incidents, civil unrest, natural disasters (including those relating to climate change), fires and explosions, and other potential hazards associated with operating its malls. There is no guarantee that these risks, or any incidents resulting therefrom, will not occur in the future. For instance, on 15 May 2022, a fire incident occurred in a part of the Mall of Dhahran Extension, leading to its temporary closure. The Mall of Dhahran reopened on June 7, 2022, with restoration ongoing in certain affected areas as at the date of this Offering Circular. Given the high number of visitors who visit the Company's malls on a daily basis, the occurrence of a significant interruption or accident could have serious consequences to the Company's ability to maintain continuous business operations at the affected site. Similarly, the Company may face business interruptions related to health and safety regulations and processes in place from time to time. For example, the government required the Company to close its malls for over a month from March to April 2020 to contain the spread of COVID-19 and there is a risk that the Company may need to close its malls again in the future for a variety of reasons, including but not limited to pandemics, terrorism and natural disasters. In addition, although the Company's leisure and entertainment facilities also comply with currently applicable health and safety standards, there can be no assurance that the customers of these facilities will not engage in inappropriate behaviour, endangering their safety and the safety of others. The occurrence of any of these or similar incidents would cause a significant disruption to the Company's business. Negative publicity relating to the occurrence of any of these events could also have adverse impact on the Company's reputation which could in turn affect demand from tenants for its malls as well as the attraction to visitors.

If there were a significant interruption of operations and/or IT systems at one or more of its malls, the Company might not be able to meet its obligations, it may incur liabilities, and revenues and profitability would likely be negatively affected, which would adversely and materially affect the Company's business, results of operation, financial condition and prospects.

The Company's facilities and systems, or those of third-party service providers may be vulnerable to security breaches, errors or other similar events

The Company's facilities and systems, or those of third-party service providers, may also be vulnerable to security breaches, acts of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human errors or other similar events. Because such attacks are increasing in sophistication and change frequently in nature, the Company and its third-party service providers may be unable to anticipate these attacks or implement adequate preventative measures, and any compromise of the Company's systems or those of its third-party service providers may not be discovered and remediated promptly. A security breach, act of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human error made by the Company's employees may lead to a breach of visitors', employees' and tenants' data privacy and security. Any such breach may result in an unintended divulgence of such data to third parties against the will of all affected parties, which could undermine the privacy of such parties and result in reputational harm to the Company's tenants and/or the Company itself. Any such breach or other similar event may also lead to a change of current and potential visitor behaviour in a way that would impact the Company's ability to retain current and attract new tenants, which would materially and adversely affect the Company's business, financial position, results of operation and prospects. Additionally, the cost and operational consequences of implementing any required upgrades to the Company's IT systems, and data or system protection measures, could be significant.

The Company's revenues are concentrated amongst its largest malls

During the years ended 31 March 2020, 2021, 2022 and during the nine month period ended 30 September 2023, the Company generated 36.6%, 36.7%, 37.3% and 36.8% respectively, of net rental revenue from Mall of Arabia (Jeddah), Nakheel Mall (Riyadh) and Mall of Dhahran. During the years ended 31 March 2020, 2021, 2022 and during the nine month period ended 30 September 2023, the Company generated 52.0%, 50.0%, 50.3% and 48.9%, respectively, of its total net rental revenues from five of its malls, being: 1) Mall of Arabia (Jeddah), 2) Salaam Mall (Jeddah), 3) Mall of Dhahran, 4) Nakheel Mall (Riyadh) and 5) Mecca Mall. The financial performance of the Company therefore depends significantly on the financial performance of these malls. The occurrence of any adverse events in any of these malls, including (among other things) a reduction in footfall, occupancy rates and/or rental values, an increase in operating costs, or the occurrence of incidents beyond the control of the Company such as force majeure events, would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

The Company may be involved in disputes and legal proceedings that, if determined unfavourably, could have a material adverse effect on its business, results of operations, financial condition and prospects

The Company, its directors and/or its officers may become involved in lawsuits, regulatory actions and other dispute resolution proceedings with several parties including tenants, suppliers, employees, competitors, regulatory authorities, visitors or owners of lands leased to the Company for its operations. The Company may also be the claimant in such lawsuits or litigation and other dispute resolution proceedings.

Any unfavourable outcome in such litigation, regulatory or other dispute resolution proceedings could have a material adverse effect on the Company's business, financial condition, results of operations or prospects. In addition, regardless of the outcome of any litigation, regulatory proceedings or other dispute resolution proceedings, these proceedings could result in substantial costs and may require that the Company devote substantial resources to defend against these claims, which would have a material adverse effect on the Company's business, results of operations, financial condition and prospects. See "*Risk Factors— Real estate ownership in Saudi Arabia gives rise to a number of issues, in particular disputes over ownership and title given the absence of a centralised land registry*."

The Company operates malls under fixed-term Head Leases, and if these leases are not renewed, the operations of the mall concerned would cease

As at 31 December 2023, out of the Company's 22 existing malls, 11 (representing 52.9% of the total GLA of the Company's malls as at 31 December 2023) are built on land that the Company leases under fixed term Head Lease contracts which as at the date of this Offering Circular had an average term of approximately 21.7 Gregorian years, while Jeddah Park (held under an operational management agreement) represented 9.0% of total GLA. The Company's Head Leases predominantly involve land owned by private individuals and/or companies as lessors. The GLA weighted average lease tenor for the 10 existing malls subject to Head Lease contracts was 11.3 years as at 30 September 2023.

The Head Leases for each of Tala Mall and Nakheel Plaza (Qassim) are due for renewal during the course of 2029. As at 30 September 2023, the lease renewal date for the Company's remaining malls which are held on leased land ranges from 2032 to 2046, with the exception of Mall of Dhahran, where the lease is due for renewal in 2026. Save in one case, none of the Company's leases provide for an automatic right of renewal by the Company, and so the renewal of these leases would be subject to approval of the owner and mutual agreement of commercial terms. If any lessor refuses to renew the relevant Head Lease contract, or if the Head Lease is not renewed for any other reason, the Company will have to cease operations at the relevant mall, which would involve significant expenses and result in the loss of revenue from the relevant mall. For example, the Company's head lease agreements for Salma Mall and Khurais Mall expired in December 2021 and January 2022 respectively and were not renewed. Consequently, both Salma Mall and Khurais Mall were handed over back to the landlord upon expiry of their respective head lease agreements. Moreover, although the Company has in the past renegotiated its Head Leases on terms favourable to it, there is a risk that the Company may not be able to in the future renew or renegotiate all of its other Head Leases on favourable terms.

There can be no assurance that the Company, upon termination of a Head Lease, would be able to open a new mall in the same location or in another location, in particular because of competition for prime locations, and the high lease value of strategic lands in general and the high cost of developing a new mall. The rent paid by the Company could also increase upon renewal, as occurred for the renewal of the Aziz Mall Head Lease and the Nakheel Plaza (Qassim) Head Lease.

Most of the Head Leases do not provide the Company with a right of compensation upon termination. This means that the ownership of buildings and improvements constructed by the Company on the subject property would transfer to the lessor (as land owner) without any payment to the Company upon termination. As at 30 September 2023, the fair value of shopping malls operated by the Company on leasehold land was SAR 6,744.5 million. The fair value of the relevant leased land and properties are determined by independent external valuers with the appropriate qualifications and in accordance with the Royal Institution of Chartered Surveyors ("**RICS**") Global Standards 2020. At the expiry of the head lease, the lands and buildings will be transferred back to the head lessors.

The majority of the Head Leases also stipulate that rent is payable on an annual basis prior to the relevant rental period and that non-payment or late payment of rent entitles the lessor to terminate the Head Lease. The Company has been subject to delays in payment of rent amounts, whether in accordance with arranged flexible payment plans or otherwise, and as at 30 September 2023, the Company was in arrears in the payment of rents due under a number of its Head Leases for an amount of SAR 197.2 million. These delays in payment relate principally to Salaam Jeddah (SAR 45.2 million), Mall of Dhahran (SAR 24.6 million), Haifa Mall (SAR 18.0 million) and Jouri Mall (SAR 16.2 million). Under the terms of the applicable Head Leases, which generally provide that a delay in payment of more than 30 days constitutes a default, such delays could lead to defaults that could result in lessors taking steps to terminate certain Head Leases, in which case the ownership of buildings and improvements made by the Company on the subject property would transfer to the lessor without any compensation payable to the Company.

In addition to the above, the Company has entered into Head Lease contracts for four land sites for development in the future. In some cases, the Company is currently enjoying "rent-free" periods. As and when the rent-free periods end, the Company will be required to start making rental payments under these Head Leases regardless of whether or not the development of these sites has commenced. Any delays in the development of these sites would result in the Company paying rent without any corresponding revenues. Costs relating to Head Leases on land set for future development are currently being capitalised on that basis. To the extent there are delays in development of these sites, the Company may be required under the relevant Accounting Principles to stop capitalising these costs and instead book them as operating expenses, which would adversely affect the Company's profitability.

Any of the foregoing factors would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

The Company faces risks relating to environmental, health or occupational safety matters

Under various laws, ordinances and regulations in Saudi Arabia, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws can result in a party being obligated to pay for more than its share, or even all, of the liability involved. Such liability may also be imposed without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to raise financing using such property as collateral. In the case of any of the properties, any such presence could have an adverse effect on the Company's business. There can be no assurance that the costs of complying with environmental laws and regulations and defending personal injury and property damage claims based on the presence of hazardous or toxic substances will not have a material adverse effect on the Company's business.

The Company's insurance may be inadequate to cover all losses

The Company maintains insurance policies covering theft of cash amounts, fraudulent acts, and damaged or destroyed property. See " *Description of the Company— Insurance*". There is no guarantee that these insurance policies will be adequate at all times and in all circumstances, or that the limit of insurance coverage will be sufficient in all events to pay for the claims relating to the insured risks. The Company might not be able to successfully substantiate its claims according to the insurance policies in effect because of the exclusions or conditions of insurance coverage. This will cause the Company to be liable for paying for accident-related losses, which will also have a material adverse effect on the Company's business and operating and financial results.

Future events might occur for which the Company might not have adequate insurance coverage to cover all potential losses, or might not be insured against it at all, such as risks resulting from the COVID-19 or similar pandemics, acts of aggression, terrorism, political risks, war and sabotage. In addition, the Company's present insurance policies contain coverage exclusions or limitations. The current insurance policies might also be unavailable in the future. Accordingly, the losses and liabilities resulting from entirely uninsured or insufficiently insured risks, including in relation to COVID-19 or similar pandemics, could significantly increase the Company's costs, which would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

The Company relies on its senior management and key personnel

The Company's success depends upon the continued service and performance of its senior management and other key personnel, as well as its ability to identify, hire, develop, motivate and retain qualified personnel in the future. The Company relies on a number of key individuals in its senior management team who have valuable experience within the real estate industry and who have made substantial contributions to the development of the Company's operations and expansion. Competition for senior management and key employees in the real estate industry is intense and the Company cannot guarantee that it will be able to retain its personnel or attract new, suitably qualified personnel. In addition, the Company has in the past relied on the Controlling Shareholders, who have supported the Company and its management through their retail market insight and knowledge of the real estate sector. The Company may not be able to continue to benefit from the Controlling Shareholders' extensive experience and understanding of the Saudi market, which would materially and adversely affect the Company's business, results of operations, financial condition and prospects.

The Company may need to invest significant financial and human resources to attract and retain new senior management members and/or employees. The loss of the services of members of the Company's senior management or key employees could prevent or delay the implementation and completion of its strategic objectives, divert management's attention to seeking certain qualified replacements, result in disruptions in the continuity of key operational knowledge or information or otherwise adversely affect its ability to manage its business effectively. Each member of senior management, as well as key employees, may resign at any time. If the Company is unable to hire and retain key senior management and employees with high levels of skills in appropriate domains, this would materially and adversely affect the Company's business, results of operations, financial condition and prospects.

Real estate ownership in Saudi Arabia gives rise to a number of issues, in particular disputes over ownership and title given the absence of a centralised land registry

Real estate ownership in Saudi Arabia gives rise to a number of issues, in particular disputes over ownership and title given the historic absence of a centralised land registry. In 2022, Saudi's Public Investment Fund (PIF) announced the launch of the National Real Estate Registration Services Company ("**RER**"), with the aim to develop a digital platform to build a comprehensive real estate registration database covering all data of property units in Saudi. There can be no guarantees that the establishment and implementation of RER will be successful or that it will address all the issues identified herein. Despite the introduction of RER, indefeasibility of title either does not yet exist or is not sufficiently tested in Saudi Arabia, and therefore various types of historical evidence are, or have been, relied upon to identify and prove ownership of land, such as court judgments, sale agreements and historical deeds. Given that not all relevant historical evidence may be available in every case, there is often a residual risk of future ownership disputes. For example, if a historical seller had sold a property to another purchaser prior to selling it to the Company, even if such historical sale was not registered, the other purchaser may still have a claim against the Company over a given property.

Accordingly, clear title may not be established in respect of all of the owned properties in which the Company operates its malls. Furthermore, legal disputes might arise in connection with these properties, which disputes may call into question the Company's ability to own or occupy the properties and may in some cases cause the Company to lose title to a property it owned. Most recently, in November 2021 the Company's title deed for its freehold plot in Riyadh's Al Raed district was cancelled as a result of a dispute relating to the authenticity of the deed. Whilst the title deed was eventually reinstated by the Saudi Arabian Judicial Authority in February 2022 (following the finalisation of legal procedures required to verify its authenticity), such disputes and questions about title may materially impact the value of the underlying properties, may cause the Company to cease its operations on a particular property and would otherwise adversely affect the Company's business, financial condition, results of operations and prospects.

The Company may seek to acquire or combine with other businesses, including related parties; and may seek to raise additional capital or refinance its indebtedness to pursue these acquisitions, which could require significant management attention, disrupt the Company's business and have a material adverse effect on the Company's results of operations, financial condition and cash flows

As part of the Company's present strategy, it evaluates possible acquisition transactions, and at any given time may be engaged in discussions with respect to possible acquisitions that it believe fit within its business model and can help it to enhance its portfolio. The Company may not be able to find suitable acquisition candidates, and it may not be able to complete such acquisitions on favourable terms, if at all. Even if the Company finds suitable candidates, it may suspend, discontinue, postpone or cancel ongoing acquisition discussions and/or transactions. For instance, on 7 May 2023, the Company announced that it was engaged in discussions with Fawaz Adulaziz Alhokair Co. (a related party to the Company), in relation to a potential transaction to combine their businesses. However, as announced on 21 December 2023, the Company suspended the discussions and the potential business transaction until further notice due to, among other factors, market conditions. There can be no assurance that a suspended or discontinued acquisition or business combination with an acquisition candidate will not be revived or pursued in the future.

In addition, the pursuit of potential acquisitions or business combinations may divert the attention of management and cause the Company to incur additional expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated. If the Company does complete acquisitions, it may not be able to successfully integrate the acquired business, ultimately strengthen the Company's competitive position or achieve its other goals, including increases in revenue, and any acquisitions the Company completes could be viewed negatively by its customers, investors and industry analysts.

The Company may pay cash, incur debt or issue equity securities to pay for any future acquisition, each of which could have a material adverse effect on its financial condition or the value of its securities. Payment of cash would reduce cash available for operations and other uses. The incurrence of indebtedness to finance any acquisition could result in legal obligations and may also include covenants or other restrictions that could impede the Company's ability to manage its operations. In addition, the Company's future results of operations may be adversely affected by performance earn-outs or contingent bonuses associated with an acquisition. Furthermore, acquisitions may require large, one-time charges and can result in increased contingent liabilities, adverse tax consequences, additional stock-based compensation expenses and the recording and subsequent amortisation of amounts related to certain purchased intangible assets, any of which items could negatively affect its future results of operations. The Company may also incur goodwill impairment charges in the future if it does not realise the expected value of any such acquisitions.

Additionally, the Company may need to raise additional funds or refinance its indebtedness in order to grow its business or fund its strategy or acquisitions. Additional financing may not be available in sufficient amounts, if at all. If adequate funds are not available on a timely basis, if at all, or on acceptable terms, the Company's ability to expand, develop or enhance its business, enter new markets, or respond to competitive pressures via acquisitions or business combinations could be materially limited.

RISKS RELATING TO THE COMPANY'S INDEBTEDNESS

The Company is likely to require additional funding in the future, which may not always be available on commercially attractive terms

The Company needs to continue to make investments to support the growth of its business and may require additional funds to respond to business challenges, implement its growth strategy, increase market share in its current markets or expand into other markets, or broaden its product offering. The cash generated from operations and the Company's existing financial resources may not be sufficient to fund this growth strategy. Accordingly, the Company may seek to raise additional capital or incur additional indebtedness.

The Company and its subsidiaries may be able to incur substantial additional debt in the future. Although the Conditions of the Certificates contain restrictions on the incurrence of additional debt, those restrictions are subject to a number of significant qualifications and exceptions. Consequently, under certain circumstances, the amount of debt that could be incurred in compliance with these restrictions could be substantial. Under the Conditions of the Certificates in addition to specified permitted debt, the Company will be able to incur additional debt so long as, in the case of unsecured debt, it is in compliance with certain specified covenants (as outlined in Condition 5 (*Covenants*)). In addition, the Conditions of the Certificates will not prevent the Company from incurring obligations that do not constitute indebtedness or constitute indebtedness that is specifically permitted to be incurred thereunder. See "*Risk Factors—Risks Relating to the Company's Business and Activities—The Company's high leverage and debt service obligations could have a material adverse effect on its business and may make it difficult for it to service its debt, including the Certificates, and operate its business.*"

For various reasons, including any non-compliance with undertakings under existing or future funding arrangements, additional financing or the refinancing of existing funding arrangements may not be available when needed, or may not be available on terms favourable to the Company, if at all. The Company's total long-term loans (including current portion of long-term loans) amounted to SAR 8,870 million as at 30 September 2023, representing 67.4% of its total liabilities as at 30 September 2023, respectively. By comparison, Company's total long-term loans (including current portion of long-term loans) amounted to SAR 7,015.7 million, SAR 6,980.7 million and SAR 7,791.2 million as at 31 March 2020, 31 March 2021 and 31 March 2022, respectively, representing 58.6%, 60.2% and 62.3% of its total liabilities for the same periods, respectively. An increase in indebtedness may expose the Company to additional risks. See "*Risk Factors—Risks Relating to the Company's Business and Activities—The Company's high leverage and debt service obligations could have a material adverse effect on its business and may make it difficult for it to service its debt, including the Certificates, and operate its business.*" and "*Risk Factors—Risks Relating to the Company's Business and Activities—The Company's other debt obligations may contain restrictive covenants and change of control provisions, which may differ from the change of control provisions under the Conditions of the Certificates and/or have different effects.*"

For example, an increase in the Company's indebtedness may restrict its ability to make strategic acquisitions or cause it to make non-strategic divestitures to sell or dispose of assets, as well as limit its ability to obtain additional financing. In addition, as the Company has relatively high fixed costs, it may have greater difficulty servicing higher debt levels. In addition, documentation pertaining to indebtedness of the Company typically includes covenants that restrict the operations of the Company.

If the Company fails to obtain adequate debt on a timely basis or on terms satisfactory to the Company, or if the Company becomes unable to service its debt repayments as they fall due, this will adversely affect the Company's ability to sustain its operations or achieve its planned rate of growth, which would adversely and materially affect the Company's business, results of operations, financial position and prospects.

The Company's high leverage and debt service obligations could have a material adverse effect on its business and may make it difficult for it to service its debt, including the Certificates, and operate its business

As of 30 September 2023, on an adjusted basis after giving effect to events subsequent to 30 September 2023 and the transactions as set forth under "**Use of proceeds**", on a consolidated basis, the Company would have had financial debt (including lease liability on right-of-use assets) of SAR 11,607.3 million, total equity of SAR 13,829.9 million and a total capitalisation of SAR 25,437.2 million. For further information see "*Capitalisation*" In addition, the Company is able to incur additional indebtedness, subject to compliance with covenants and other conditions of its existing funding arrangements. Its level of indebtedness could have important consequences for investors in the Certificates. For example, it could:

- make it more difficult for the Company to satisfy its obligations with respect to its indebtedness;
- increase the Company's vulnerability to adverse economic and industry conditions;
- require the Company to dedicate a substantial portion of cash flow from operations to payments on its indebtedness, which could reduce the availability of cash flow to fund working capital needs, capital expenditures, future acquisitions and other general corporate needs;
- limit the Company's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates;
- place the Company at a disadvantage compared to its competitors with less debt; and
- limit the Company's ability to raise additional funds.

The Company's other debt obligations may contain restrictive covenants and change of control provisions, which may differ from the change of control provisions under the Conditions of the Certificates and/or have different effects

Any financing incurred by the Company in the future is likely to contain restrictive covenants, representations and change of control provisions. If it fails to comply with any of these covenants or representations or if a change of control occurs, and the Company is unable to obtain a waiver from the respective financiers, a default could result under the relevant debt instrument, which then could be declared to be immediately due and payable and/or would become immediately due and payable. Such other debt obligations may also define "change of control" differently from the Conditions of the Certificates.

Furthermore, the terms of any future debt of the Company or its Subsidiaries may provide that a change of control is a default or require repurchase upon a change of control. Moreover, the exercise by the Certificateholders of their right to require redemption of the Certificates upon a change of control or other default could cause a default under, or require a repurchase of, other debt, even if the change of control itself does not, due to the financial effect of the redemption or purchase on the Company. The realisation of any of these risks could have a material adverse effect on the Company's business, financial condition and results of operations and thus on the Trustee's ability to fulfil its obligations under the Certificates.

RISKS RELATING TO THE MARKET, INDUSTRY AND REGULATORY ENVIRONMENT

Visitor spending at the Company's malls may be negatively impacted by Value Added Tax in Saudi Arabia, which was increased from 5% to 15% in July 2020 and the imposition of additional increases in taxes could further adversely contribute to this impact

Visitor spending at the Company's malls may be negatively affected by the imposition of new taxes in Saudi Arabia. A value added tax ("**VAT**") system at a rate of 5% was introduced in Saudi Arabia in January 2018 and was increased to 15% in July 2020. The decision to introduce VAT was agreed upon at the 102nd meeting of GCC Finance Ministers in Riyadh and based on an agreement taken by the Supreme GCC Council earlier in 2016 to introduce VAT in all of the six GCC countries.

Tenants' strategies for dealing with the increase in VAT are varied, as certain tenants pass on the increase to consumers by increasing prices whereas other tenants partially absorb the increase in VAT. The increase in VAT in Saudi Arabia may, by increasing the prices for most goods, significantly affect visitor spending at the Company's malls, particularly in the short term to medium term following the increase of the tax. The uncertainty associated with VAT also creates challenges for tenants of the Company, which may cause them to delay expansion projects and the leasing of new stores within the Company's malls. Any further increases to VAT and other taxes in Saudi Arabia could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

If any further increase in the VAT rate in Saudi Arabia leads to a decline in visitor spending, this would adversely and materially affect the position of the Company's tenants, which would in turn adversely and materially affect the Company's business, results of operation, financial condition and prospects. Any one of those risks, or any of those risks combined, if materialised, could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

Government fees apply to Company's and its tenants' non-Saudi employees

As at 30 September 2023, 27.8% of employees of the Company were non-Saudi nationals. In 2016, the government of Saudi Arabia made comprehensive reforms in the labour market in the Kingdom, including imposing additional fees for each non-Saudi employee working for a Saudi organisation as at 1 January 2018, as well as increasing residency permit fees for the families of non-Saudi employees as at 1 July 2017. Higher residency permit fees for the families of non-Saudi employees may also result in increased costs of living to the detriment of non-Saudi employees.

In consequence of the above, non-Saudi employees may seek work in other countries with lower costs of living. In such a case, the Company may find it difficult to obtain, attract or retain employees with the requisite skillsets and competencies and may have to bear the cost of the increase in government fees for the residency permits of the families of non-Saudi employees, which may cause an increase in the Company's costs. Accordingly, this would have a material adverse effect on the Company's business, results of operations, financial condition and prospects. See "*Description of the Company—Employees*" for details regarding the Company's employees and Saudisation requirements. Additionally, the Company's tenants are subject to the same risk and may be exposed to increased costs in respect of government fees for each of their non-Saudi employees. An increase in costs for tenants could adversely affect their financial condition and in turn negatively affect their ability to meet their financial obligations to the Company, which would lead to a reduction in revenue for the Company. See "*Risk Factors—Risks Relating to the Company's Business and Activities—The Company's business is impacted by the financial condition of the Company's tenants.*"

There can be no guarantee that the Company will be able to fulfil current or enhanced Saudisation or other labour law requirements in the future and certain Saudi labour law requirements may adversely affect the financial position of the Company's tenants

Compliance with Saudisation requirements is a local regulatory requirement necessitating that all companies active in Saudi Arabia, including the Company, employ and maintain a certain ratio of Saudi personnel to non-Saudi personnel among their staff. The percentage of Saudi workers required varies on the basis of a Company's activities. The Company has been classified under the "Green" category, which means that the Company complies with the current Saudisation requirements, which allow compliant companies to secure work visas. As at 30 September 2023, 72.2% of employees of the Company were Saudi nationals. The Company has obtained the relevant certificate to this effect from the Ministry of Human Resources and Social Development.

In May 2017, Saudi Arabia's Minister for Labour issued an order to restrict employment in shopping malls to Saudi nationals. In early 2018 Saudi Arabia's Minister for Labour and Social Development issued a Ministerial resolution ordering the nationalisation of positions in 12 categories of retail sales activities, including watches, eyewear, electrical and electronic appliances, children's clothing, men's accessories, home kitchenware and confectioneries. This order has increased the operating costs of most of the Company's tenants, which may adversely affect the financial position of such tenants and their ability to discharge their obligations to pay rent to the Company. Any similar decisions implemented by the Saudi authorities in the future could adversely affect the Company's tenants which could have a negative effect on the Company's business, financial condition, results of operations or prospects.

There can be no guarantee that the Company will be able to fulfil current or enhanced Saudisation or other Labour Law requirements in the future and/or that the minimum wage required to be paid by the Company and its tenants will not increase. In case of non-compliance with the Saudisation requirements, the Company could face sanctions by governmental authorities, such as suspension of work visa requests and of transfers of sponsorship for non-Saudi employees, and it may be difficult for the Company to continue to recruit or maintain the employment of the required percentage of Saudisation. In addition, there can be no assurance that the Company will be able to provide the required workforce or recruit the required number of Saudi nationals and/or foreign workers without incurring additional costs, if at all, which would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

The Company's business is concentrated in Saudi Arabia and is therefore subject to the impact of political and economic risks in Saudi Arabia

The entirety of the Company's property portfolio is located in Saudi Arabia, and the Company's financial performance is therefore dependent on the prevailing economic and political conditions in Saudi Arabia and on global economic conditions that affect Saudi Arabia's economy.

The oil sector still constitutes a large share of the GDP of Saudi Arabia. As oil is Saudi Arabia's most important export, any change in oil prices affects various macroeconomic and other indicators, including, but not limited to, GDP, Government revenues, balance of payments and foreign trade. International oil prices have fluctuated significantly over the past two decades and may remain volatile in the future. For example, in 2020, oil prices fell significantly driven by the reduced demand as a result of COVID-19 and a slow recovery throughout the remainder of the year. More recently, the Russia and Ukraine geopolitical conflict in 2022 and concerns regarding oil supply has led to increases in oil prices. Most recently, in January 2024, oil prices increased as result of the conflict in Israel and Gaza and the missile attacks by al-Houthi rebels on shipping transiting the Red Sea trade route. As a result of this, the monthly average price for the OPEC Reference Basket (a weighted average of prices per barrel for petroleum blends produced by OPEC countries) continued rising to the peak of U.S.$117.72 in June 2022 and oil prices continue to fluctuate. In December 2022, the monthly average price for the OPEC Reference Basket was U.S.$79.68, subsequently rising to U.S.$94.60 in September 2023. Moreover, economic growth in Saudi Arabia was materially adversely affected in 2020 and 2021 by the impact of the COVID-19 pandemic and the measures imposed to contain it. Saudi Arabia is also facing the challenge of relatively high levels of population growth, whereby a large portion of population is of young age and the rates of unemployment among younger population are comparatively higher than in other economies. All such conditions could have an adverse effect on the Saudi Arabian economy, which in turn would have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

In addition, many countries in the Middle East suffer from political or security instability at the present time, including military action against the Al-Houthi rebels in Yemen and the Israel-Hamas war. Prolonged periods of regional instability in the Middle East could have an impact on the Company's tenants due to the possibility of potential escalations of conflicts, reductions in tourism in Saudi Arabia and consequential effects on the footfall in the Company's malls. See "*Risk Factors—Risks Relating to the Company's Business and Activities—The Company's business is affected by the economic and political conditions globally and in Saudi Arabia.*" There can be no assurance that these and any further conflicts will not have a negative impact on the economy, foreign direct investment or financial markets in Saudi Arabia in general, and on the Company's business, results of operation, financial condition and prospects.

Any unexpected major changes in the political, economic or legal environment in Saudi Arabia and/or other countries in the Middle East, which include without limitation normal market fluctuations, recession, insolvency, weakness in employment levels, technological shifts and other such developments, will adversely and materially affect the Company's business, results of operations, financial condition and prospects.

Changes in laws and government policies in Saudi Arabia, and/or changes in their application to the Company, may have a material adverse impact on the Company's business

The Company is subject to a range of laws and regulations in Saudi Arabia, which in many cases are applied by governmental authorities in accordance with government policy or directives. Demand for commercial space in the Company's malls and its business may be materially and adversely affected by changes in laws, regulations, government policy and administrative directives, or the interpretation thereof, in Saudi Arabia, including in particular those with application to the real estate industry in Saudi Arabia.

A number of the laws and regulations applicable to the Company and its operations are relatively new, and the interpretation and enforcement of these laws and regulations involve significant uncertainties and different degrees of inconsistency, and their implementation, interpretation and enforcement may involve uncertainty including, for example, the introduction of a requirement in January 2019 to register residential and commercial leases through an online portal to ensure that such leases become enforceable before Saudi Courts which remains largely untested. See "*Risk Factors—Risks Relating to the Company's Business and Activities—Real estate ownership in Saudi Arabia gives rise to a number of issues, in particular disputes over ownership and title given the absence of a centralised land registry*." There can be no assurance of favourable or unfavourable future changes in laws and regulations and/or governmental policy in Saudi

Arabia with respect to the real estate industry, including the promulgation of new laws (which may, for example, provide restrictions on retail trading hours), changes in existing laws or their interpretation or enforcement. As a result, there is uncertainty as to the legal protection available to the Company and its shareholders, which could materially and adversely affect the Company's business, results of operations, financial condition and prospects.

RISKS RELATING TO THE WAKALA ASSETS

Ownership of the Wakala Assets

In order to comply with the requirements of *Shari'a*, an ownership interest in: (a) the Wakala Assets comprising the Initial Wakala Portfolio will pass to the Trustee under the Purchase Agreement; and (b) if applicable, any Additional Wakala Assets or (as applicable) new Wakala Assets which become part of the Wakala Portfolio from time to time, will pass to the Trustee under the relevant Supplemental Purchase Agreement or the Sale Agreement, as the case may be. The Trustee will declare a trust in respect of its ownership interest in such Wakala Assets and the other Trust Assets in favour of the Certificateholders pursuant to the Declaration of Trust. Accordingly, Certificateholders will, through the ownership interest obtained by Trustee pursuant to the terms of the Purchase Agreement, have an undivided ownership interest in the Trust Assets (see "*Risks relating to the Wakala Assets — Transfer of the Wakala Assets*").

Limited investigation and enquiry will be made and limited due diligence will be conducted in respect of any Wakala Assets. The Wakala Assets will be selected by the Obligor, and the Certificateholders, the Trustee, the Delegate or the Joint Lead Managers will have no ability to influence such selection. Only limited representations will be obtained from the Obligor in respect of the Wakala Assets. In particular, the precise terms of the Wakala Assets will not be known (including whether there are any restrictions on transfer or any further obligations required to be performed by the Obligor to give effect to the transfer of the Wakala Assets) and no investigation has been or will be made by the Trustee, the Joint Lead Managers or the Delegate as to whether the Obligor has or will continue to have actual or constructive possession, custody or control of any of the Wakala Assets at any time. No steps are intended to be taken to perfect the transfer of the ownership interest (including registration) in the Wakala Assets with any relevant regulatory authority in Saudi Arabia or otherwise give notice to any third party in respect thereof. The Trustee and the Obligor have agreed that this will not affect their respective rights and obligations under the Purchase Agreement and the other Transaction Documents including without limitation the right of ownership from a *Shari'a* perspective of the Trustee to the Wakala Assets.

Third parties and lessees may have rights of set off or counterclaim against the Obligor in respect of the Wakala Assets. Investors may lose all or a substantial portion of their investment in the Certificates if the Obligor fails to perform its obligations under the Transaction Documents to which it is a party.

Transfer of the Wakala Assets

Pursuant to the Purchase Agreement (or, as applicable, any Supplemental Purchase Agreement), the Obligor (in its capacity as Seller) may sell and the Trustee (in its capacity as Purchaser) may purchase the Wakala Assets comprising the Initial Wakala Portfolio (or, as applicable, the Additional Wakala Assets (as defined in the Purchase Agreement) or new Wakala Assets) in return for the payment by the Trustee of the Purchase Price (as defined in the Purchase Agreement or, as applicable, the relevant Supplemental Purchase Agreement or any Sale Agreement).

Under Saudi Arabian law, a right in rem in any property (such as a transfer in the ownership interest in respect of the Wakala Assets as described above) is only created once certain approvals have been received and certain registration formalities have been complied with. It should be noted, however, that there is no intention for the Trustee or the Obligor to take any steps to perfect the transfer of the ownership interest (including registration) in the Wakala Assets with any relevant regulatory authority in Saudi Arabia or otherwise give notice to any third party in respect thereof. The Trustee and the Obligor have agreed that this will not affect their respective rights and obligations under the Purchase Agreement and the other Transaction Documents including without limitation the right of ownership from a *Shari'a* perspective of the Trustee to the Wakala Assets. If a legal action is brought seeking to question the validity or enforceability of the sale and purchase for lack of registration or perfection in respect of the transfer of the legal ownership interest, there can be no assurance that a Saudi court or judicial committee would recognise the validity of the sale and purchase of the Wakala Assets either as between the parties or as against the rights of third parties.

Upon any Dissolution Event, the Certificateholders will not have any rights of enforcement as against the particular Wakala Assets comprised within the Wakala Portfolio. Their rights are limited to in circumstances where the Delegate, having become bound so to direct the Trustee to proceed against the Obligor, (i) fails to do so within a reasonable period of becoming so bound and such failure is continuing or (ii) is unable by reason of an order of a court having competent jurisdiction to do so and such inability is continuing, to itself direct the Trustee to enforce the Obligor's obligation to purchase the Wakala Assets pursuant to the terms of the Purchase Undertaking. Accordingly, any such restriction on the ability of the Obligor to perfect the sale of the Wakala Assets to the Trustee is likely to be of limited consequence to the rights of the Certificateholders.

Notwithstanding the above, if the Obligor or a liquidator of the Obligor disclaims or repudiates any of its obligations under the Transaction Documents to which the Obligor is a party (including without limitation in respect of its obligations relating to the sale of the Wakala Assets and/or purchase of the Wakala Assets), this will constitute a Dissolution Event under the Conditions which will enable the Trustee to exercise its rights under the Purchase Undertaking in accordance with Condition 14 (*Dissolution Events*). In such case, the Obligor will be obliged under the terms of the Purchase Undertaking to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets from, and pay the Exercise Price to, the Trustee and the Certificates shall become immediately due and payable at their Dissolution Distribution Amount.

Limitations relating to the indemnity provisions in the Purchase Undertaking and the Declaration of Trust

The Obligor has undertaken in the Purchase Undertaking and the Declaration of Trust that: (i) if, at the time of delivery of an exercise notice in accordance with the provisions of the Purchase Undertaking, the Obligor remains in actual or constructive possession, custody or control of all or any part of the Wakala Assets; and (ii) if, following delivery of an exercise notice in accordance with the provisions of the Purchase Undertaking, the Obligor fails to pay the relevant Exercise Price for any reason, thereby resulting in the Obligor's failure to comply with its obligations in accordance with the provisions of Purchase Undertaking, the Obligor shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates in respect of which the exercise notice is delivered and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price.

Subject to the satisfaction of the conditions set out in the above paragraph, if the Obligor fails to pay the relevant Exercise Price in accordance with the Purchase Undertaking, the Delegate (on behalf of the Certificateholders) may, subject to the matters set out in Condition 15 (*Enforcement and Exercise of Rights*) and the terms of the Declaration of Trust, seek to enforce, *inter alia*, the provisions of the Purchase Undertaking and the Declaration of Trust against the Obligor by commencing arbitral or legal proceedings. See further "*Risks Relating to Enforcement— Courts and judicial committees in Saudi Arabia may not give effect to penalties and certain types of indemnities*" in respect of risks relating to the enforcement of indemnities in Saudi Arabia.

However, investors should note that, in the event that the Obligor does not remain in actual or constructive possession, custody or control of all or any part of the relevant Wakala Assets comprising the Wakala Portfolio at the time of delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking (for any reason whatsoever, including because the legal nature of such interest as the Obligor may have in the Wakala Assets does not amount to possession, custody or control in the view of a court or arbitral tribunal), the condition in (i) as described above will not be satisfied and, therefore, no amounts will be payable by the Obligor under the separate indemnity provisions. For the avoidance of doubt, no investigation has been or will be made by the Trustee, the Joint Lead Managers or the Delegate as to whether the Obligor has or will continue to remain in actual or constructive possession, custody or control of all or any part of the Wakala Assets comprising the Wakala Portfolio.

Accordingly, in such event, the Delegate (on behalf of the Certificateholders) may be required to establish that there has been a breach of contract by the Obligor in order to prove for damages. Such breach of contract may be due to: (a) a breach by the Obligor of the requirement to purchase the Trustee's interests, rights, title, benefits and entitlements in, to and under the Wakala Assets on the relevant Dissolution Date pursuant to the provisions of the Purchase Undertaking; and/or (b) a breach by the Obligor (acting in its capacity as Servicing Agent pursuant to the provisions of the Servicing Agency Agreement) of its undertaking to maintain actual or constructive possession, custody or control of all of the Wakala Assets (provided that: (x) it is legally possible for the Servicing Agent to so maintain, and (y) such maintenance shall not result in a breach of the terms of the relevant real estate lease) in accordance with the provisions of the Servicing Agency Agreement.

As a result, the Delegate (on behalf of the Certificateholders) may not be able to recover, or may face significant challenges in recovering, an amount equal to the relevant Exercise Price and, in turn, the amount payable to the Certificateholders upon redemption.

RISKS RELATING TO ENFORCEMENT

There are uncertainties around the choice of English law as the governing law of certain Transaction Documents and around enforcing arbitral awards and foreign judgments in Saudi Arabia

The Certificates and the Transaction Documents (other than the Purchase Agreement, any Supplemental Purchase Agreement and any Sale Agreement) are expressed to be governed by English law and provide for the resolution of disputes through arbitration in London under the Rules of the LCIA. The Obligor is a Saudi Arabian company and is incorporated in and has its operations and the majority of its assets located in Saudi Arabia. Despite this, the courts and judicial committees of Saudi Arabia may not recognise the choice of English law or submission to foreign arbitration and may decide to apply Saudi Arabian law and/or require the arbitration to be in Saudi Arabia. Saudi courts will also not honour any provision of foreign law that is contrary to *Shari'a* principles, public policy, order or morals in Saudi Arabia, or to any mandatory law of, or applicable in, Saudi Arabia. Accordingly, in any proceedings relating to the Certificates in Saudi Arabia, *Shari'a*, as interpreted in Saudi Arabia, may be applied by the relevant court or judicial committee. The courts and judicial committees of Saudi Arabia have the discretion to deny the enforcement of any contractual or other obligations, if, in their opinion, the enforcement thereof would be contrary to the principles of *Shari'a* or public policy.

A law of the judiciary was issued pursuant to the Royal Decree No. M/78 dated 19 Ramadan 1428H (corresponding to 2 September 2007), which transferred the jurisdiction over commercial disputes from the Board of Grievances (the "**Board of Grievances**") to the Commercial Courts in Saudi Arabia. The Board of Grievances also previously had exclusive jurisdiction to consider the enforcement of arbitral awards; however, with the enactment of the Enforcement Law pursuant to the Royal Decree No. M/53 dated 13 Shaaban 1433H (corresponding to 3 July 2012) (the "**Enforcement Law**"), this jurisdiction was transferred to newly-created enforcement courts (the "**Enforcement Courts**") staffed by specialised "enforcement judges". The Enforcement Courts may, at their discretion, enforce all, or any part of, a foreign arbitral award or a foreign judgment, subject to certain conditions, which include: (i) the award or judgment does not conflict with public policy in Saudi Arabia (which is defined under the implementing regulations of the Enforcement Law to mean *Shari'a*); (ii) reciprocity between Saudi Arabia and the country in which the award was made; (iii) the courts of Saudi Arabia not having jurisdiction over the dispute and the arbitral award or judgment having been issued in accordance with the jurisdictional rules of the country in which such award or judgment was made; (iv) the respective parties to the dispute having been present, duly represented and able to defend themselves; (v) the arbitral award or the judgment being final in accordance with the rules of the issuing tribunal or court; and (vi) the arbitral award or the judgment not conflicting with any ruling or order issued by a court of competent jurisdiction on the same matter in Saudi Arabia. Reciprocity may be demonstrated by way of the existence of a treaty or protocol between Saudi Arabia and the relevant jurisdiction (in this regard, it is noted that Saudi Arabia has acceded to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 and is also a signatory to the Arab League Treaty for the Reciprocal Enforcement of Judgments dated 16 April 1983 and the Agreement on Enforcement of Judgments, Delegations and Judicial Summonses in the States of the Cooperation Council for the Arab Gulf States dated 6 December 1995) or (subject to the discretion of the Enforcement Court) by virtue of a plaintiff providing evidence that the relevant foreign court has recognised and enforced a Saudi Arabian judgment on a previous occasion or providing any other evidence establishing the existence of the reciprocity requirements to the satisfaction of the Enforcement Court.

No assurance can be given that investors would be able to meet the requirements of reciprocity of enforcement or that the court would agree to enforce the judgment or the award even if all requirements are met. In addition, even if such requirements were met, Certificateholders should also be aware that if any terms of the Certificates or the Transaction Documents (including any provisions relating to the payment of profit) were found to be inconsistent with *Shari'a*, they would not be enforced by the Enforcement Courts (see further "*Risks Relating to Enforcement—The legal system in Saudi Arabia continues to develop and this, as well as certain aspects of the laws of Saudi Arabia, may create an uncertain environment for* *investment and business activity*"). Whether the courts in Saudi Arabia will enforce a foreign arbitral award in accordance with the terms of the New York Convention, or otherwise, is yet to have a clear established practice, however, there are a few precedents where the enforcement courts have enforced arbitral awards in accordance with the terms of the New York Convention. Pursuant to the Saudi Arabian Arbitration Regulation (the "**Arbitration Regulation**"), which entered into force on 18/8/1433H (corresponding to 8 July 2012), a Saudi Arabian court must decline to hear a dispute if the parties have entered into a prior agreement to submit disputes to arbitration and the defendant raises the issue before entering a defence on the merits. If parties to court proceedings agree in the course of the proceedings to submit the dispute to arbitration, the Arbitration Regulation makes it mandatory for the courts to discontinue the action. Judicial precedents in Saudi Arabia have no binding effect on subsequent decisions. In addition, court decisions in Saudi Arabia are not generally or consistently indexed and collected in a single publication or place or made publicly available. These factors create greater judicial uncertainty.

There are concerns as to the effectiveness under Saudi law of any transfer of an interest in an asset in Saudi Arabia, or on the return of investment of any activity in Saudi Arabia unless a corporate presence is formed in Saudi Arabia and the relevant licensing requirements have been met

The Foreign Investment Law issued under Royal Decree No. M/1 dated 5/1/1421H (corresponding to 10 April 2000) and the Anti-Cover Up Regulations ("**ACUR**") issued in the Official Gazette on 9/1/1442H (corresponding to 28 August 2020), amongst other things, prohibit non-Saudi Arabian persons from, directly or indirectly, temporarily or permanently, doing any businesses or making any investments in Saudi Arabia unless the relevant licensing requirements have been met. The Trustee being allowed by the Company to, for example, acquire ownership in certain real estate interests as contemplated in the Purchase Agreement, without the Trustee being properly authorised by the relevant Saudi authorities, for the purpose of, *inter alia*, generating cashflow to the Trustee from such real estate assets could be viewed as contravening this prohibition referred to above under the Foreign Investment Law and the ACUR.

Article 10-1 of the ACUR further provides that any proceeds arising in connection with business activities which are in violation of the law shall be confiscated by the state (without prejudice to the rights of any person acting in good faith). The confiscation could apply to all cashflows (including, revenues and profits) which are determined by the court to have been generated from the real estate interests, which, in the view of the court, are unlawfully owned by the Trustee. However, the investment capital should not be subject to any such confiscation. Given that the updated version of the ACUR was recently issued, its provisions remain largely untested.

On the basis of the foregoing, prospective investors should note that there is uncertainty as to the effectiveness under Saudi law of any transfer of an interest in an asset in Saudi Arabia pursuant to the Transaction Documents, or on the return of investment of any activity in Saudi Arabia, absent compliance with the matters specified above. As a result, it is unclear as to how a Saudi court or judicial committee may view the transactions contemplated by the Transaction Documents and it is possible that such Saudi court or judicial committee may proceed in one of the following ways:

(a) a Saudi Arabian court or judicial committee may consider the Transaction Documents as a whole and give effect to the commercial intention of the parties to treat the arrangements set out therein as a financing transaction without requiring compliance with the Foreign Investment Law (and as not being in breach of the ACUR), and subject to the other risks described in this "*Risks Relating to Enforcement*" section may enforce the payment obligations set out in the relevant Transaction Documents; or

(b) a Saudi Arabian court or judicial committee may characterise the transactions contemplated by the Transaction Documents as an unlawful investment which is void as a result of non-compliance with any of the matters specified above. If that is the case, a Saudi Arabian court or judicial committee is likely to require that ACC ceases to make payments in the nature of revenues and profits to the Trustee under the Servicing Agency Agreement (including payments of Wakala Portfolio Revenues) and, consequently, adversely affecting the Trustee's ability to pay amounts due on the Certificates and resulting in the occurrence of a Dissolution Event.

Courts and judicial committees in Saudi Arabia may not give effect to the ACC Events

Prospective Certificateholders should note that the courts and judicial committees of Saudi Arabia may not give effect to any of the ACC Events (as set out in the Conditions) other than those ACC Events relating to the non-payment of amounts due under the Transaction Documents.

Courts and judicial committees in Saudi Arabia may not give effect to penalties and certain types of indemnities

Prospective Certificateholders should note that should any provision of the Transaction Documents be construed by a court or judicial committee in Saudi Arabia to be an agreement to pay a penalty rather than a genuine estimate of loss incurred, such provision may not be enforced in Saudi Arabia. Further, any indemnity provided by ACC pursuant to the Transaction Documents or in relation to the Certificates may not be enforceable under the laws and regulations of Saudi Arabia in certain circumstances.

ACC has undertaken in the Purchase Undertaking and the Declaration of Trust that: (i) if, at the time of delivery of an exercise notice in accordance with the provisions of the Purchase Undertaking, ACC remains in actual or constructive possession, custody or control of all or any part of the Wakala Assets; and (ii) if, following delivery of an exercise notice in accordance with the provisions of the Purchase Undertaking, ACC fails to pay the relevant Exercise Price for any reason, ACC shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates in respect of which the exercise notice is delivered and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price.

However, prospective Certificateholders should note that any indemnity provided by ACC pursuant to the Transaction Documents may not be enforceable under Saudi Arabian law to the extent that it: (i) purports to be effective notwithstanding any judgment or order of a court to the contrary; (ii) is contrary to any applicable law, *Shari'a* law or public policy relating thereto; or (iii) is in respect of an underlying obligation which is illegal or unenforceable. Accordingly, to the extent that the payment of such Exercise Price (or, as the case may be, the Change of Control Exercise Price, the Tangibility Event Exercise Price or the Asset Disposition Exercise Price) is illegal or unenforceable, the indemnity given by ACC in respect thereof may also be unenforceable. If, in such circumstances, the Trustee (or the Delegate on its behalf) does not have an enforceable indemnity claim, this will result in a shortfall in the amount required by the Trustee to redeem in full the outstanding Certificates.

Compliance with bankruptcy law in Saudi Arabia may affect the ability of ACC to perform its obligations under the Transaction Documents to which it is a party

In the event of the insolvency of ACC, the Bankruptcy Law issued pursuant to Royal Decree No. M/50 dated 28/05/1439H (corresponding to 13 February 2018), which came into force on 18 August 2018 (the "**Bankruptcy Law**") and its implementing regulations issued pursuant to the Council of Ministers Resolution No. 622 dated 24/12/1439H (corresponding to 4 September 2018), published in the official gazette on 30/12/1439H (corresponding to 10 September 2018) (the "**Bankruptcy Law Implementing Regulations**") may adversely affect ACC's ability to perform its obligations under the Transaction Documents to which it is a party and, in turn, affect the Trustee's ability to perform its obligations in respect of the Certificates. There is little precedent to predict how claims by or on behalf of the Certificateholders and/or the Delegate would be resolved in the event of such bankruptcy and, accordingly, it is uncertain exactly how and to what extent the Transaction Documents would be enforced by a Saudi Arabian adjudicatory body if such Saudi Arabian adjudicatory body were to void or otherwise cause such document, or any part thereof, to be void or ineffective and, therefore, there can be no assurance that Certificateholders will receive repayment of their claims in full or at all in these circumstances.

The Bankruptcy Law provides various procedures with respect to protective settlement, financial restructuring, liquidation, and administrative liquidation and provides, among other things, that contract termination provisions triggered as a result of certain bankruptcy procedures are generally void with exceptions stipulated in relation to government contracts and financing contracts. Further exceptions in relation to finance transactions are to be determined by the Saudi Central Bank and the Capital Market Authority after liaising and agreeing with the Saudi Arabian Ministry of Commerce. The Bankruptcy Law also provides that a court (in respect of a protective settlement) may terminate a contract based on a request by the debtor (subject to certain exceptions and procedures) if such termination: (i) is in the interest of the majority of the relevant creditors; (ii) would not materially harm the counterparty; and (iii) will protect the business of the debtor.

A court may, after accepting a request to open any of the procedures set out in the Bankruptcy Law, take certain precautionary measures, at its own discretion or upon a request by an interested party, such as seizing the assets of the debtor whether such assets are held by the debtor or by third parties. Further, no enforcement of security (which includes actions against a guarantor of a debtor's debt) may take place during the continuation of a moratorium in respect of a procedure commenced under the Bankruptcy Law, without court permission.

The Bankruptcy Law and its implementing regulations are recent and hence their application, and how the Saudi Arabian courts and judicial committees will apply them, is yet to be seen in full effect in practice.

Courts and judicial committees in Saudi Arabia may not give effect to unilateral promises

Under Islamic law (*Shari'a*) there are different opinions amongst scholars with respect to the enforceability of a unilateral promise which can be divided into three distinct positions: (i) a unilateral promise will be enforceable in all circumstances; (ii) a unilateral promise will not be enforceable in any circumstances; and (iii) a unilateral promise will be enforceable where a breach would cause harm to the promisee. While the recently issued Civil Transactions Law (issued pursuant to Royal Decree No. M/91 dated 29/11/1444H (corresponding to 18 June 2023)) (the "**CTL**"), which came into force on 15 December 2023, provides that unilateral promises are to be enforceable in accordance with the terms of the relevant contract, it is yet to be seen how the courts and judicial committees in Saudi Arabia would apply the relevant provisions of the CTL in respect of such unilateral promises. In addition, the absence of both a doctrine of binding precedent in Saudi Arabia and a public centralised index of previous judgments of courts and judicial committees allow judges notable interpretative discretion and thus render it difficult to predict which of the above positions would be followed by a court or judicial committee in Saudi Arabia. As a result, such a unilateral promise may not create an obligation which would be enforceable before the courts and judicial committees of Saudi Arabia. The Purchase Undertaking is a unilateral promise from ACC to the Trustee and the Delegate. Accordingly, prospective Certificateholders should be aware that its terms may not be enforceable before the courts and judicial committees of Saudi Arabia and, as a consequence, Certificateholders may not receive the relevant amounts due to them under the Certificates.

A court may not grant an order for specific performance

In the event that ACC fails to perform its obligations under any Transaction Document to which it is a party, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific performance of the obligations of ACC (in its various capacities).

There is no assurance that a court will provide an order for specific performance, as this is generally a matter for the discretion of the relevant court and there can be no assurance that any order for specific performance granted by an English court will be recognised or enforced by the courts in Saudi Arabia. Specific performance, injunctive relief and declaratory judgments and remedies are rarely available as judicial and other adjudicative remedies in Saudi Arabia. The amount of damages which a court may award in respect of a breach will depend upon a number of possible factors, including an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of such breach. No assurance is provided on the level of damages which a court may award in the event of a failure by ACC to perform its obligations set out in the Transaction Documents to which it is a party. Under the terms of a contract, a breaching party will only be liable to compensate for damages which were foreseeable at the time of executing the contract, to the extent the breaching party has not committed any fraud or gross misconduct. Speculative or punitive damages are generally not awarded by the courts and judicial committees of Saudi Arabia. However, damages for loss of profits, consequential damages or indirect damages may be awarded by the courts and judicial committees of Saudi Arabia, provided that such damages are a natural result of the act causing such damage.

The terms of the Declaration of Trust may not be enforceable in Saudi Arabia

The laws of Saudi Arabia do not recognise the concept of a trust or beneficial interests. Accordingly, there is no certainty that the terms of the Declaration of Trust would be enforced by the courts of Saudi Arabia and, as such, there can be no assurance that the obligations of the Trustee and/or the Delegate under the Declaration of Trust to act on behalf of the Certificateholders in accordance with their instructions (given in accordance with the Conditions) are enforceable as a matter of contract under the laws of Saudi Arabia or that the courts of Saudi Arabia would recognise any claim of the Delegate on behalf of Certificateholders under the Transaction Documents pursuant to the Declaration of Trust.

The legal system in Saudi Arabia continues to develop and this, as well as certain aspects of the laws of Saudi Arabia, may create an uncertain environment for investment and business activity

The courts and adjudicatory bodies in Saudi Arabia have wide discretion as to how laws, regulations and principles of *Shari'a* are applied to a particular set of circumstances. There is no doctrine of binding precedent in the courts of Saudi Arabia, decisions of various courts and judicial committees of Saudi Arabia and Royal Decrees, ministerial decisions and resolutions, departmental circulars and other pronouncements of official bodies of Saudi Arabia which have the force of law are not generally or consistently indexed and collected in a central place or made publicly available. Accordingly, it is uncertain exactly how and to what extent any Certificate, the Conditions and/or the Transaction Documents would be enforced by a Saudi Arabian court or any other Saudi Arabian adjudicatory body, should circumstances dictate that they have jurisdiction. Further, in some circumstances, it may not be possible to obtain the legal remedies provided under the laws and regulations of Saudi Arabia in a timely manner. As a result of these and other factors, the outcome of any legal disputes in Saudi Arabia may be uncertain.

The CTL has recently come into force and sets out the rules and requirements governing civil and commercial transactions in Saudi Arabia. The CTL also includes forty-one rules of jurisprudence which apply to cases not covered by the rest of the articles of the CTL and only to the extent they do not contradict with the other provisions of the CTL. Article 1 of the CTL further provides that to the extent none of the articles under the CTL (including the rules of jurisprudence set out therein) apply to a particular scenario, the most relevant principle of *Shari'a* shall apply to such scenario.

The CTL came into force on 15 December 2023 and supersedes all laws and regulations which contradict its provisions. The provisions of the CTL apply retrospectively to all matters preceding the date on which the CTL came into effect, except for the following scenarios:

(a) where a party has placed reliance on a statutory provision or judicial principal that contradicts the provisions of the CTL and such reliance was placed prior to the CTL coming into effect; and

(b) where a statutory provision provides for a statute of limitation within which legal proceedings need to be commenced, which period has commenced prior to the CTL coming into effect.

The CTL is a positive development in the legal framework of Saudi Arabia and should provide more certainty in respect of commercial transactions in Saudi Arabia. However, it is yet to be seen how the courts and judicial committees of Saudi Arabia apply the provisions of CTL vis-à-vis any conflicting position under *Shari'a*.

Under *Shari'a* as applied in Saudi Arabia, a loan that generates a benefit to the lender is considered "*riba*". The CTL provides that provisions in a loan agreement which relate to an increase in the repayment amount of the loan by the borrower (e.g. interest payments) shall be considered null and void, however, the CTL provides that a borrower shall, unless agreed otherwise, bear expenses relating to the loan. While it is unclear what amounts would constitute 'expenses' in respect of a loan, these are generally understood to include any administrative expenses necessary for the provision of the loan. It follows that provisions for the payment of interest or a sum in the nature of interest (whether described as "commission", "profit" or another synonym), including any form of benefits, is not enforceable. Prospective Certificateholders should note that the provisions of the Transaction Documents relating to the payment of distribution or profit (whether described as "distribution", "profit" or another synonym) and possibly any arrangement, agency, administration or upfront fees, may not be enforceable under the laws of Saudi Arabia and therefore prospective Certificateholders may not be able to enforce their right to receive such amounts under the Transaction Documents.

A court or judicial committee in Saudi Arabia is likely to refuse to give a judgment in respect of principal amounts to the payee of such amounts in an amount greater than the principal sums found by such court or judicial committee to be due and payable less the amount of sums in the nature of interest (however described) already paid by the payer to the payee. Any amounts previously paid to the Certificateholders on the Certificates and/or pursuant to the Transaction Documents in respect of sums in the nature of a distribution or profit may therefore reduce the amount receivable by the Certificateholders in relation to payments of principal.

Re-characterisation of the Transaction Documents

In the event that the commercial courts, the Banking Disputes Committee under the administrative supervision of the Saudi Central Bank or the Committee for the Resolution of Securities Disputes takes jurisdiction of any dispute relating to the Transaction Documents, the Transaction Documents when construed in their totality or individually may cause such court or judicial committee (as the case may be) to reach the conclusion that, since the transaction in question was structured to raise financing in the capital market, it may be re-characterised as a conventional bond transaction. In such circumstances, the enforceability of the Transaction Documents would be uncertain. However, this should not affect the right of the Certificateholders to receive a refund of the principal amount provided by them under a contract that is found to be invalid or unenforceable as a result of such re-characterisation.

No assurances can be given as to change of law after the date of this Offering Circular

The structure of the Certificates is based on English law, Cayman Islands law, the laws of Saudi Arabia and administrative practices in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible change to, or interpretation of, English, Cayman Islands or Saudi law or administrative practices in such jurisdiction after the date of this Offering Circular, nor can any assurance be given as to whether any such change could adversely affect the ability of the Trustee to make payments under the Certificates or of ACC to comply with its obligations under the Transaction Documents to which it is a party.

RISKS RELATING TO THE CERTIFICATES

The Certificates are limited recourse obligations and investors may not be able to seek full recourse for failure to make payments due on the Certificates

The Certificates are not debt obligations of the Trustee. Instead, the Certificates represent undivided ownership interests solely in the Trust Assets. Recourse to the Trustee in respect of the Certificates is limited to the Trust Assets and the proceeds of the Trust Assets are the sole source of payments on such Certificates. Upon the occurrence of a Dissolution Event, the sole right of each of the Trustee and the Delegate will be against the Obligor to perform its obligations under the Transaction Documents to which it is a party.

Certificateholders will have no recourse to any assets of the Trustee (other than the Trust Assets), the Delegate, any Agent or (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party) the Obligor in respect of any shortfall in the expected amounts due under the Trust Assets. The Obligor is obliged to make certain payments under the Transaction Documents to which it is a party directly to the Trustee. The Trustee and the Delegate (or subject to Condition 15.2, the Certificateholders) will have recourse against the Obligor to recover such payments due to the Trustee pursuant to the Transaction Documents.

After enforcing or realising the rights in respect of the Trust Assets and distributing the net proceeds of such Trust Assets in accordance with Condition 6.2, the Declaration of Trust and the Agency Agreement, the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (to the extent that the Trust Assets have been exhausted) to recover any further sums in respect of the Certificates and the right to receive any such unpaid sums from the Trustee shall be extinguished.

Furthermore, under no circumstances shall any Certificateholder, the Trustee or the Delegate have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Transaction Documents.

The Certificates may be subject to early redemption and Optional Dissolution Distribution Amount may not be sufficient when it is payable

The Certificates may be redeemed before the Scheduled Dissolution Date: (i) at the option of the Obligor in whole but not in part in the event of certain changes affecting taxes of the Cayman Islands or Saudi Arabia; (ii) following the occurrence of a Dissolution Event or a Total Loss Event (unless the Wakala

Assets have been replaced with Replacement Wakala Assets in accordance with the terms of the Servicing Agency Agreement); (iii) following the occurrence of a Change of Control; (iv) following the occurrence of an Asset Disposition Event, (v) at the option of the Obligor in whole but not in part; (vi) at the option of the Obligor in whole but not in part in the event that at least 75 per cent. of the aggregate face amount of Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to Condition 13; (vii) following the occurrence of a Tangibility Event; or (viii) following the occurrence of a Permitted Security Enforcement Event (in the case of (i), (ii) and (vi), at the Dissolution Distribution Amount, in the case of (iii), at the Change of Control Dissolution Distribution Amount, in the case of (iv), at the relevant Asset Disposition Dissolution Distribution Amount, in the case of (v) at the Optional Dissolution Distribution Amount, in the case of (vii), at the Tangibility Event Dissolution Distribution Amount and in the case of (viii) at the Permitted Security Dissolution Distribution Amount), in each case subject to and as further described in Condition 10. The Trustee will pay the Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount, the Tangibility Event Dissolution Distribution Amount or the Permitted Security Dissolution Distribution Amount solely from the proceeds received in respect of the Trust Assets.

If the Certificates are redeemed as described above, an investor may not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the Certificates being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

In addition, the Optional Dissolution Distribution Amount payable in the case of a redemption pursuant to Condition 10.4 may not be sufficient to cover the difference between the yield which the Certificateholders would expect to receive if they held such Certificates to the Scheduled Dissolution Date and any alternative investment which the Certificateholders may make at the time of redemption with the proceeds of such redemption.

If default is made in payment of the Dissolution Distribution Amount or, as the case may be, Optional Dissolution Distribution Amount, Change of Control Dissolution Distribution Amount, Asset Disposition Dissolution Distribution Amount, Tangibility Event Dissolution Distribution Amount or Permitted Security Dissolution Distribution Amount on any Dissolution Date (other than a Total Loss Dissolution Date), Periodic Distribution Amounts will continue to accrue in respect of the Certificates in the manner provided in Condition 8 to the Relevant Date. However, in the case of a Total Loss Event, Periodic Distribution Amounts will cease to accrue on the date on which a Total Loss Event occurs.

The Certificates may be delisted following the occurrence of a Tangibility Event

If a Tangibility Event occurs, the Obligor (in its capacity as Servicing Agent) will be required to notify the Trustee and the Delegate of the same and the Trustee will be required to promptly notify the Certificateholders that: (i) a Tangibility Event has occurred, together with an explanation of the reasons for, and evidence of, such occurrence; (ii) as determined in consultation with a *Shari'a* adviser, the Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis); (iii) on the date falling 15 days following the Tangibility Event Put Right Date, the Certificates will be delisted from any stock exchange (if any) on which the Certificates have been admitted to listing or if such date is not a business day, the next following business day ("**business day**" being, for this purpose, a day on which the stock exchange on which the Certificates are admitted to listing is open for business); and (iv) the Tangibility Event Put Right Period, during which period any Certificateholder shall have the right to require the redemption of all or any of its Certificates.

The occurrence of such an event may have a significant adverse impact on the liquidity and market value of the Certificates.

There can be no assurance that a secondary market for the Certificates will develop

There is no assurance that a market for the Certificates will develop or, if it does develop, that it will provide the Certificateholders with liquidity of investment or that it will continue for the life of the Certificates. In addition, liquidity may be limited if large allocations of the Certificates are made. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates readily or at prices that will enable the Certificateholder to realise a desired yield.

Certificates which have a denomination that is not an integral multiple of U.S.$200,000 may be illiquid and difficult to trade

The minimum denomination of the Certificates is U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. Therefore, it is possible that the Certificates may be traded in amounts in excess of U.S.$200,000 that are not integral multiples of U.S.$200,000. In such a case, a Certificateholder who, as a result of trading such amounts, holds a face amount of less than U.S.$200,000, may not receive an Individual Certificate in respect of such holding (should Individual Certificates be printed) and would need to purchase a face amount of Certificates such that its holding amounts to at least U.S.$200,000 in order to be eligible to receive an Individual Certificate. Certificateholders should be aware that Certificates which have a denomination that is not an integral multiple of U.S.$200,000 may be illiquid and difficult to trade.

Investors in the Certificates must rely on Euroclear and Clearstream, Luxembourg procedures

The Certificates will be represented by the Global Certificate. Except in the limited circumstances described in each Global Certificate, investors will not be entitled to receive Certificates in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in the Global Certificate held through it. While the Certificates are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants and the Trustee will discharge its payment obligations under the Certificates by making payments through the relevant clearing systems. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant clearing system and its participants in relation to payments under the Certificates. The Trustee shall have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate. Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Certificates so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

The Certificates may be adversely affected by movements in market interest rates

As the profit rate for the Certificates is fixed, investment in the Certificates involves the risk that if market interest rates subsequently increase above the rate paid on the Certificates, this may adversely affect the value of the Certificates.

Admission to listing on the Exchange cannot be assured

Application has been made to the Authority for the listing of and permission to deal in the Certificates on the Official List of the Exchange. However, prospective investors should note that there can be no assurance that the Certificates will be listed on the Official List of the Exchange, that such permission to deal in the Certificates will be granted or that such listing or permission will be maintained. The Certificates may also be delisted from the Official List of the Exchange following the occurrence of a Tangibility Event. The absence of such admission to listing and permission to deal may have an adverse effect on a Certificateholder's ability to hold, or resell, the Certificates. Settlement of the Certificates is not conditional on such listing or permission.

Investments in emerging markets are subject to greater risk than investments in more developed markets

Investors in emerging markets should be aware that these markets are subject to greater risks than more developed markets, including, but not limited to, in some cases significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

The Certificateholders may be subject to exchange rate risks and exchange controls

The Trustee will pay amounts due on the Certificates in U.S. dollars and the Obligor will make payments pursuant to the Transaction Documents to which it is a party in U.S. dollars. If the Certificateholders measure their investment returns by reference to a currency other than U.S. dollars (the "**Investor's Currency**"), an investment in the Certificates will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the U.S. dollar, as applicable, relative to the Investor's

Currency because of economic, political and other factors over which the Trustee and the Obligor have no control. Any depreciation of the U.S. dollar against the Investor's Currency could cause a decrease in the effective yield of the Certificates and could result in a loss to the Certificateholders when the return on the Certificates is translated into the Investor's Currency. Investment in the Certificates may also have important tax consequences as a result of any foreign currency exchange gains or losses. In addition, Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less amounts under the Certificates than expected, or no such amounts.

The Conditions, the Declaration of Trust and the other Transaction Documents contain provisions which may permit their modification without the consent of all Certificateholders and in certain limited circumstances without the consent of any Certificateholders

The Conditions and the Declaration of Trust contain provisions for calling meetings of Certificateholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Certificateholders including Certificateholders who did not attend and vote at the relevant meeting and Certificateholders who voted in a manner contrary to the majority.

The Conditions and the Declaration of Trust also provide that the Delegate may (but shall not be obliged to), without the consent or sanction of the Certificateholders: (i) agree to any modification to the Conditions, any provisions of the Transaction Documents or to the Trustee's memorandum and articles of association which, in the sole opinion of the Delegate, is of a formal, minor or technical nature or is made to correct a manifest error; (ii) agree to any modification (other than in respect of a Reserved Matter) of the Conditions, any provisions of the Transaction Documents or the Trustee's memorandum and articles of association, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Declaration of Trust or the other Transaction Documents; or (iii) determine that any Dissolution Event shall not be treated as such, **provided that**, in the case of (ii) and (iii) above, such modification, waiver, authorisation or determination is not, in the sole opinion of the Delegate, materially prejudicial to the interests of Certificateholders and that such waiver, authorisation or determination is not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least one-quarter of the outstanding aggregate face amount of the Certificates.

There can be no assurance that the Certificates will be *Shari'a* compliant

Each of the Executive Shariah Committee of HSBC Saudi Arabia and the Internal Shariah Supervision Committee of Emirates NBD Islamic have reviewed the Transaction Documents and confirmed that the Certificates are, in their view, compliant with the principles of *Shari'a* as applicable to, and interpreted by, them. However, there can be no assurance that the Transaction Documents or the issue and trading of the Certificates will be deemed to be *Shari'a* compliant by any other *Shari'a* committees or *Shari'a* scholars. Different *Shari'a* advisers as well as judicial committees and courts in the Kingdom may form different opinions on identical issues and different *Shari'a* standards may be applied by different *Shari'a* boards and therefore potential investors should not rely on the pronouncements of such *Shari'a* committee in deciding whether to make an investment in the Certificates. None of the Trustee, the Obligor, the Joint Lead Managers, the Delegate, the Agents or any of their respective affiliates makes any representation as to the *Shari'a* compliance of the Transaction Documents or the Certificates and/or any trading thereof. Potential investors should obtain their own independent *Shari'a* advice as to whether the Transaction Documents and the Certificates will meet their individual standards of compliance and the issue and trading of the Certificates with *Shari'a* principles, including the tradability of the Certificates on any secondary market. Questions as to the *Shari'a* compliance of the Transaction Documents or the *Shari'a* permissibility of the issue and the trading of the Certificates may limit the liquidity and adversely affect the market value of the Certificates. Potential investors should also note that the above pronouncements would not bind a judicial committee or court in the Kingdom, and any judicial committee or court will have the discretion to make its own determination about whether the Transaction Documents and the Certificates comply with *Shari'a* principles. In addition, none of the Trustee, the Obligor, the Joint Lead Managers, the Delegate, the Agents or any of their respective affiliates will have any responsibility for monitoring or ensuring compliance with any *Shari'a* principles of debt trading nor shall it be liable to any Certificateholder or any other person in respect thereof.

In addition, prospective investors are reminded that, pursuant to the terms of the Transaction Documents (other than the Purchase Agreement, any Supplemental Purchase Agreement and any Sale Agreement), the enforcement of any obligations of any of the parties would be, if in dispute, the subject of arbitration in

London under the Rules of the LCIA. In such circumstances, the arbitrator will apply the relevant law of the relevant Transaction Document in determining the obligation of the parties.

Shari'a requirements in relation to interest awarded by a court or arbitrator

In accordance with applicable *Shari'a* principles, each of the Trustee and the Delegate will waive all and any entitlement it may have to interest awarded in its favour by any court or arbitral tribunal in connection with any dispute under any of the Transaction Documents. Should there be any delay in the enforcement of a judgment given against the Obligor, judgment interest may accrue in respect of that delay and, as a result of the waiver referred to above, Certificateholders will not be entitled to receive any part of such interest.

Credit ratings may not reflect all risks

The Certificates are expected to be assigned a rating of Ba3 by Moody's and BB+ by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. The ratings of the Certificates may not reflect the potential impact of all the risks related to the structure, market, additional factors discussed herein and other factors that may affect the value of the Certificates. In addition, real or anticipated changes in the ratings of the Certificates or the Obligor could negatively affect the market value of the Certificates.

Credit rating agencies other than Moody's or Fitch could seek to rate the Certificates without having been requested to do so by the Obligor. If such unsolicited ratings are lower than the comparable ratings assigned to the Certificates by Moody's or Fitch, those unsolicited ratings could have an adverse effect on the value of the Certificates.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency being included in such list as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA list. Limited information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Certificates changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Certificates may have a different regulatory treatment, which may impact the value of the Certificates and their liquidity in the secondary market.

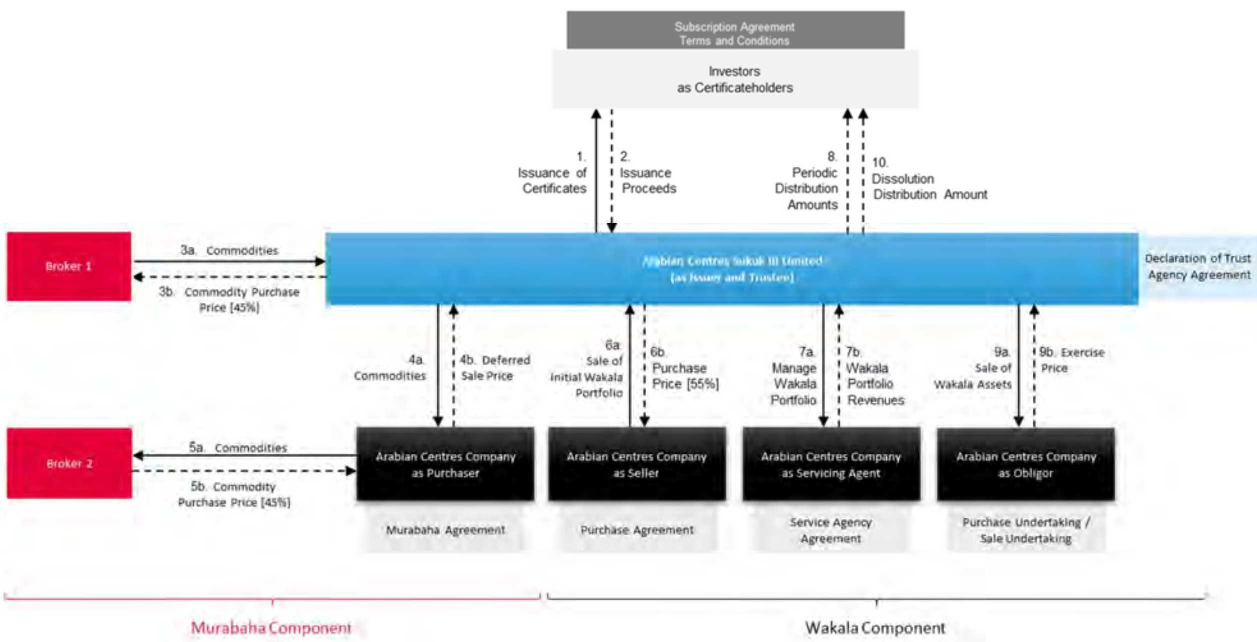
Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Prospective investors should consult their legal advisers to determine whether and to what extent: (i) the Certificates are legal investments for such prospective investors; (ii) the Certificates can be used as collateral for various types of financing; and (iii) other restrictions apply to their purchase or pledge of any Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk based capital or similar rules.

STRUCTURE DIAGRAM AND CASHFLOWS

Set out below is a simplified structure diagram and description of the principal cash flows relating to the Certificates. This does not purport to be complete and is qualified in its entirety by reference to, and must be read in conjunction with, the more detailed information appearing elsewhere in this Offering Circular. Potential investors are referred to the Conditions and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this Offering Circular for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below. Potential investors should read this entire Offering Circular carefully, especially the risks of investing in the Certificates discussed under "Risk Factors".

Structure Diagram



Payments by the Certificateholders and the Trustee

On the issue date of the Certificates (the "**Issue Date**"), the Certificateholders will pay the issue proceeds in respect of the Certificates (the "**Issue Proceeds**") to the Trustee and the Trustee will use the Issue Proceeds as follows:

(a) an amount being no less than 55 per cent. of the Issue Proceeds (the "**Purchase Price**") shall be used by the Trustee to purchase, and accept the transfer and assignment from the Obligor of, certain identified income generating freehold real estate assets located in the Kingdom of Saudi Arabia (excluding Makkah and Madinah) (each a "**Real Estate Asset**") that are Eligible Wakala Assets (the "**Initial Wakala Assets**") together with all of the Obligor's rights, title, interests, benefits and entitlement in, to and under the Initial Wakala Assets pursuant to a purchase agreement dated the Issue Date between the Trustee (in its capacity as purchaser, the "**Purchaser**") and the Obligor (in its capacity as seller, the "**Seller**") (the "**Purchase Agreement**"); and

(b) an amount being no greater than 45 per cent. of the Issue Proceeds (the "**Murabaha Capital**"), shall be used by the Trustee to purchase certain *Shari'a*-compliant commodities, excluding gold and silver (the "**Commodities**") through the Commodity Agent and the Trustee (in its capacity as seller, the "**Seller**") will sell such Commodities to ACC (in its capacity as buyer, the "**Buyer**") on a deferred payment basis for a sale price specified in an offer notice (the "**Deferred Sale Price**") pursuant to a murabaha contract (the "**Murabaha Contract**") under the terms of the Murabaha Agreement.

Each Initial Wakala Asset and any additional or substituted Real Estate Asset that is an Eligible Wakala Asset in accordance with the Transaction Documents is a "**Wakala Asset**". The Wakala Assets and all other rights arising under or with respect to the Wakala Assets (including the right to receive payment of principal, profit, rental, insurance proceeds, indemnity payments and any other amounts due in connection with the Wakala Assets) and each outstanding Deferred Sale Price are, collectively, the "**Wakala Portfolio**".

The Trustee will appoint the Obligor as the servicing agent (the "**Servicing Agent**") to manage the Wakala Portfolio pursuant to the Servicing Agency Agreement (as defined in the Conditions).

Periodic Distribution Payments

The Servicing Agent will be obliged under the Servicing Agency Agreement to maintain two ledger accounts, a collection account (the "**Wakala Collection Account**") and a reserve account (the "**Wakala Reserve Account**"). All *Shari'a* compliant revenues in respect of any Wakala Asset and all Instalment Murabaha Profit Amounts payable in respect of each outstanding Deferred Sale Price (the "**Wakala Portfolio Revenues**") will be credited to the Wakala Collection Account. Any amounts standing to the credit of the Wakala Collection Account, following application of amounts in accordance with the order of priority set out below, will be credited to the Wakala Reserve Account. The Servicing Agent may deduct amounts standing to the credit of the Wakala Reserve Account at any time prior to the scheduled redemption date of the Certificates and use such amounts for its own account, **provided that** it shall immediately re-credit all such amounts (for on-payment into the Transaction Account) if so required to fund a shortfall or upon the occurrence of a Dissolution Event, a Total Loss Event, a Tangibility Event or a Permitted Security Enforcement Event (as applicable).

Prior to each Periodic Distribution Date, the amounts standing to the credit of the Wakala Collection Account derived from the Wakala Assets and/or any Murabaha Contract will be applied by the Servicing Agent in the following order of priority: (i) first, in payment of any amounts advanced by way of a Liquidity Facility (as defined below); (ii) second, in payment of any Servicing Agency Liabilities Amounts then due and that remain unpaid; (iii) third, in payment of an amount equal to the lesser of (a) the aggregate of the Periodic Distribution Amounts payable under the Certificates on the immediately following Periodic Distribution Date and the aggregate of any amounts payable pursuant to Condition 6.2(a) and Condition 6.2(b) (the "**Required Amount**"), to be paid to an account in the name of the Trustee maintained in London (the "**Transaction Account**") and (b) the balance of the Wakala Collection Account; and (iv) fourth, any amounts still standing to the credit of the Wakala Collection Account immediately following payment of all of the above amounts, shall be debited from the Wakala Collection Account and credited to the Wakala Reserve Account, in each case in accordance with the Servicing Agency Agreement. If, having applied the amount as described in (iii) above, there is any shortfall (the "**Shortfall**") between the amounts standing to the credit of the Wakala Collection Account and the Required Amount:

(a) firstly, the Servicing Agent hall apply any amounts standing to the credit of the Wakala Reserve Account (after the re-crediting of previously deducted amounts) to cover such Shortfall by paying an amount equal to the same into the Transaction Account; or

(b) secondly, if after payment to the Transaction Account of amounts standing to the credit of the Wakala Reserve Account in accordance with paragraph (a) above there remains a shortfall, the Servicing Agent may (but shall not be obliged to) provide (or procure from a third party) *Shari'a* compliant funding (a "**Liquidity Facility**") to the Trustee in the amount required to ensure that the Trustee receives no later than the Payment Business Day immediately preceding such Periodic Distribution Date, the full amount of the Required Amount and on terms that such funding is payable from future excess Wakala Portfolio Revenues or on a Dissolution Date.

Dissolution Payments

Provided that no Total Loss Event has occurred and is continuing (or if a Total Loss Event has occurred, the Wakala Assets have been replaced in accordance with the Servicing Agency Agreement), on the Scheduled Dissolution Date:

(a) the Trustee will have the right under a purchase undertaking granted by the Obligor in favour of the Trustee and the Delegate (the "**Purchase Undertaking**") to require the Obligor to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets at an exercise price (the "**Exercise Price**"); and

(b) the aggregate amounts of each Deferred Sale Price then outstanding, if any, shall become immediately due and payable by the Buyer under the Murabaha Agreement.

The Exercise Price payable by the Obligor to the Trustee, together with the aggregate amounts of each Deferred Sale Price then outstanding, if any, are intended to fund the Dissolution Distribution Amount payable by the Trustee under the Certificates.

Such amounts will be used to fund the relevant Dissolution Distribution Amount payable by the Trustee under the Certificates.

The Certificates may be redeemed prior to the Scheduled Dissolution Date of the Certificates for the following reasons: (i) at the option of the Obligor in whole but not in part in the event of certain changes affecting taxes of the Cayman Islands or Saudi Arabia; (ii) following the occurrence of a Dissolution Event; (iii) following the occurrence of a Change of Control; (iv) following the occurrence of an Asset Disposition Event, (v) at the option of the Obligor in whole but not in part; (vi) at the option of the Obligor in whole but not in part in the event that at least 75 per cent. of the aggregate face amount of Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to Condition 13; (vii) following the occurrence of a Tangibility Event; (viii) following the occurrence of a Permitted Security Enforcement Event; or (ix) following the occurrence of a Total Loss Event (unless the Wakala Assets have been replaced with Replacement Wakala Assets in accordance with the terms of the Servicing Agency Agreement).

In the case of (ii), (iii), (iv), (vii) and (viii) above, the Dissolution Distribution Amount or, as the case may be, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount, the Tangibility Event Dissolution Distribution Amount or the Permitted Security Dissolution Distribution Amount, payable by the Trustee on the relevant date for the redemption of the Certificates will be funded in a similar manner as for the payment of the Dissolution Distribution Amount on the Scheduled Dissolution Date. In the case of (ix) above, the redemption proceeds payable by the Trustee on the relevant date for the redemption of the Certificates following a Total Loss Event will be funded using: (a) any proceeds of Insurances and/or (if applicable) the Total Loss Shortfall Amount (each as defined in the Servicing Agency Agreement) payable in respect of the Total Loss Event; and (b) the aggregate amounts of each Deferred Sale Price then outstanding.

In the case of (i), (v) and (vi) above, the Obligor will have the right under a sale undertaking granted by the Trustee in favour of the Obligor (the "**Sale Undertaking**") to require the Trustee to sell to the Obligor all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets at the Exercise Price payable by the Obligor. Such Exercise Price, together with the aggregate amounts of each Deferred Sale Price then outstanding, if any, are intended to fund the Dissolution Distribution Amount, payable by the Trustee on the relevant date for the redemption of the Certificates in full. In the case of (v) above, the Exercise price payable upon early redemption shall be inclusive of the Make Whole Amount or any other redemption price payable in accordance with the Conditions.

OVERVIEW OF THE ISSUANCE

The following overview should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Offering Circular. This overview does not contain all of the information that an investor should consider before investing in the Certificates. Each investor should read the entire Offering Circular carefully, especially the risks of investing in the Certificates discussed under "Risk Factors".

Words and expressions defined in "Terms and Conditions of the Certificates" and "Summary of the Principal Transaction Documents" shall have the same meanings in this section.

Description of Certificates	U.S.$500,000,000 Trust Certificates due 2029 (the "**Certificates**").
Denomination of Certificates	The Certificates will be issued in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Trustee	Arabian Centres Sukuk III Limited, an exempted company incorporated with limited liability on 20 December 2023 under the Companies Act (As Revised) of the Cayman Islands with registered number 405682 and its registered office at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands.
Ownership of the Trustee	The authorised share capital of the Trustee is U.S.$50,000 consisting of 50,000 ordinary shares of U.S.$1.00 each, of which 250 of the Trustee's shares have been fully-paid and issued. The Trustee's entire share capital is held on trust for charitable purposes by MaplesFS Limited as share trustee under the terms of a share declaration of trust dated 19 February 2024 (the "**Share Declaration of Trust**").
Administration of the Trustee	The affairs of the Trustee are managed by MaplesFS Limited (the "**Trustee Administrator**"), who provide, *inter alia*, certain management functions and provide certain clerical, administrative and other services for and on behalf of the Trustee pursuant to a corporate services agreement dated 19 February 2024 between the Trustee Administrator and the Trustee (the "**Corporate Services Agreement**").
Obligor	Arabian Centres Company. See "*Description of the Company*" for further details.
Servicing Agent	The Obligor (in its capacity as Servicing Agent) for and on behalf of the Trustee will be responsible for, *inter alia*, insuring the Wakala Assets, paying Proprietorship Taxes and performing all Major Maintenance and Structural Repairs.
Joint Global Coordinators	Goldman Sachs International and HSBC Bank plc.
Joint Lead Managers and Joint Bookrunners	anb capital, Dubai Islamic Bank P.J.S.C., Emirates NBD Bank P.J.S.C., GFH Financial Group B.S.C., Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Kamco Investment Company K.S.C.P., Mashreqbank psc (acting through its Islamic Banking Division), Sharjah Islamic Bank P.J.S.C. and Warba Bank K.S.C.P. (together, the "**Joint Lead Managers**").
Delegate	BNY Mellon Corporate Trustee Services Limited.

	Pursuant to the Declaration of Trust, the Trustee shall delegate to the Delegate certain of the present and future powers (including the power to sub-delegate), rights, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Declaration of Trust) and discretions vested in the Trustee by certain provisions of the Declaration of Trust. In particular, the Delegate shall be entitled to (and, in certain circumstances, shall, subject to being indemnified and/or secured and/or pre-funded to its satisfaction, be bound to) take enforcement action in the name of the Trustee against the Obligor following a Dissolution Event.
Principal Paying Agent	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Dublin Branch.
Summary of the transaction structure and Transaction Documents...	An overview of the structure of the transaction and the principal cashflows is set out under "*Structure Diagram and Cashflows*" and a description of the principal terms of certain of the Transaction Documents is set out under "*Summary of the Principal Transaction Documents*".
Issue Date	6 March 2024.
Issue Price	100 per cent. of the aggregate face amount of the Certificates (the "**Issue Price**").
Periodic Distribution Dates	Payable semi-annually, on 6 March and 6 September in each year, commencing on 6 September 2024.
Periodic Distribution Amounts	A profit distribution shall be payable in arrear in respect of the Certificates on each Periodic Distribution Date, in respect of the Return Accumulation Period ending immediately before such date, calculated in accordance with Condition 8.
Return Accumulation Period	The period beginning on (and including) the Issue Date and ending on (but excluding) the first Periodic Distribution Date and each successive period beginning on (and including) a Periodic Distribution Date and ending on (but excluding) the next succeeding Periodic Distribution Date.
Scheduled Dissolution Date	Unless the Certificates are previously redeemed or purchased and cancelled in full, the Certificates shall be redeemed by the Trustee at the Dissolution Distribution Amount on the Scheduled Dissolution Date (being 6 March 2029) and the Trust will be dissolved by the Trustee.
Dissolution Date................................	The Dissolution Date shall be, as the case may be: (i) the Scheduled Dissolution Date; (ii) the Dissolution Event Redemption Date; (iii) the Early Tax Dissolution Date; (iv) the Change of Control Put Right Date; (v) the Asset Disposition Put Right Date; (vi) the Optional Dissolution Date; (vii) the Optional Dissolution (Clean-up Call) Date; (viii) the Total Loss Dissolution Date; (ix) the Tangibility Event Put Right Date; or (x) the Permitted Security Enforcement Date.
Status of the Certificates..................	Each Certificate will represent an undivided ownership interest of the Certificateholders in the Trust Assets and will be limited recourse obligations of the Trustee. Each Certificate will constitute unsecured obligations of the Trustee and will at all

times rank *pari passu*, without any preference or priority, with all other Certificates.

Trust Assets.. Pursuant to the Declaration of Trust, the Trustee will declare that it will hold the Trust Assets, consisting of:

(a) the cash proceeds of the issue of Certificates, pending application thereof in accordance with the terms of the Transaction Documents;

(b) all of the Trustee's rights, title, interests, benefits and entitlements in, to and under, the Wakala Assets;

(c) all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under, the Transaction Documents (including, without limitation, the right to receive each Deferred Sale Price under the Murabaha Agreement) (excluding: (i) any representations given by the Obligor to the Trustee pursuant to any of the Transaction Documents and/or any rights which have been expressly waived by the Trustee in any of the Transaction Documents; and (ii) the covenants given to the Trustee pursuant to clause 15 of the Declaration of Trust); and

(d) all moneys standing to the credit of the Transaction Account from time to time,

and all proceeds of the foregoing, upon trust absolutely for the Certificateholders *pro rata* according to the face amount of the Certificates held by each Certificateholder in accordance with the Declaration of Trust and the Conditions.

Limited Recourse............................... No payment of any amount whatsoever shall be made in respect of the Certificates except to the extent that funds for that purpose are available from the Trust Assets.

Save as provided in Condition 4.2, the Certificates do not represent an interest in or obligation of any of the Trustee, the Obligor, the Delegate or any of the Agents. Certificateholders will have no recourse to any assets of the Trustee (other than the Trust Assets), the Delegate, any Agent or (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party) the Obligor in respect of any shortfall in the expected amounts due under the Trust Assets. See Condition 4 for further details.

Trustee Covenants............................. The Trustee has agreed to certain restrictive covenants as set out in Condition 7.

Obligor Covenants............................. The Obligor has agreed to certain restrictive covenants as set out in Condition 5.

Dissolution Events .... The Dissolution Events are described in Condition 14. Following the occurrence of a Dissolution Event which is continuing, the Certificates may be redeemed in full at an amount equal to the Dissolution Distribution Amount in the manner described in Condition 14.

Early Dissolution for Tax Reasons... Subject to Condition 10.2, where: (i) the Trustee has or will become obliged to pay additional amounts in respect of the Certificates as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or any political subdivision or any authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the Issue Date; or (ii) the Trustee has received notice from the Obligor that the Obligor has or will become obliged to pay additional amounts under the Transaction Documents to which it is a party as a result of any change in, or amendment to, the laws or regulations of Saudi Arabia or any political subdivision or any authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the Issue Date, and such obligation cannot be avoided by the Trustee or the Obligor, as applicable, taking reasonable measures available to it, the Trustee will, following receipt of an Exercise Notice delivered by the Obligor pursuant to the terms of the Sale Undertaking, redeem the Certificates (in whole but not in part) at an amount equal to the Dissolution Distribution Amount on the Early Tax Dissolution Date.

Change of Control Put Right........... Subject to Condition 10.3, each Certificateholder will have the right to require the redemption of its Certificates at the Change of Control Dissolution Distribution Amount if a Change of Control occurs. Any such redemption will take place on the Change of Control Put Right Date.

Asset Disposition Put Right .... Subject to Condition 10.8, each Certificateholder will have the right to require the redemption of its Certificates at the relevant Asset Disposition Dissolution Distribution Amount if an Asset Disposition Event occurs. Any such redemption will take place on the Asset Disposition Put Right Date.

Optional Dissolution Event.............. Subject to Condition 10.4, the Certificates shall be redeemed by the Trustee, in whole, but not in part, prior to the Scheduled Dissolution Date, following receipt by the Trustee of an Exercise Notice delivered by the Obligor pursuant to the terms of the Sale Undertaking at the Optional Dissolution Distribution Amount, which shall be equal to: (i) if the redemption occurs prior to 6 March 2026, the sum of the outstanding face amount of the Certificates, any accrued but unpaid Periodic Distribution Amounts to (but excluding) the relevant Optional Dissolution Date and the Make Whole Amount payable in accordance with the Conditions; and (ii) if the redemption occurs on or after 6 March 2026, the redemption prices set out in the definition of "Optional Dissolution Distribution Amount" in Condition 1 plus any accrued but unpaid Periodic Distribution Amounts to (but excluding) the relevant Optional Dissolution Date.

Total Loss Event............................... The Servicing Agent has undertaken to the Trustee that, in relation to the Wakala Assets, the Servicing Agent will (on behalf of the Trustee), amongst other things: (i) ensure that the Wakala Assets are properly insured to the extent consistent with general industry practice by prudent owners of similar assets and, accordingly, shall effect such insurances in respect of the Wakala Assets (the "**Insurances**"), through brokers and with such reputable insurance companies in good financial standing, including against a Total Loss Event; (ii) promptly make a claim in respect of each loss relating to the Wakala Assets in accordance with the terms of the Insurances and diligently pursue such claim; and (iii) ensure that, in the event of a Total Loss Event occurring, unless the Wakala Assets have been replaced pursuant to Service Agency Agreement, all the proceeds of the Insurances against a Total Loss Event are in an amount equal to the Full Reinstatement Value and are paid in U.S. dollars directly into the Transaction Account by no later than the 60th day after the occurrence of the Total Loss Event and that the relevant insurer(s) will be directed accordingly.

If, by no later than the 59th day after the occurrence of a Total Loss Event, the Servicing Agent receives notice from the Obligor of the availability of replacement Eligible Wakala Assets to which the Obligor has full legal title free and clear of any Adverse Claim and the aggregate Value of which is not less than the aggregate Value of the Wakala Assets that are the subject of the relevant Total Loss Event (the "**Replacement Wakala Assets**"), the Servicing Agent shall notify the Trustee of the same. Immediately following such notification, the Trustee may purchase, and accept the transfer and assignment of, the Replacement Wakala Assets together with all of the Obligor's rights, title, interests, benefits and entitlements in, to and under such Replacement Wakala Assets from the Obligor at a purchase price to be paid by the Servicing Agent on behalf of the Trustee using the proceeds of the Insurances in respect of the relevant Wakala Assets that are the subject of the Total Loss Event (or the assignment of the rights to such proceeds) to or to the order of the Obligor.

If within 60 days of the Issue Date and for any reason, the Servicing Agent is not in compliance with its insurance obligations referred to above, it shall immediately deliver written notice to the Trustee and the Delegate of such non-compliance and the details thereof.

If, following the occurrence of a Total Loss Event at any time during the Wakala Ownership Period: (i) the notice referred to above has not been delivered by the Servicing Agent to the Trustee and the Delegate prior to the occurrence of such Total Loss Event; (ii) the Wakala Assets have not been replaced in accordance with the Servicing Agency Agreement; and (iii) the amount (if any) credited to the Transaction Account is less than the Full Reinstatement Value (the difference between the Full Reinstatement Value and the amount credited to the Transaction Account being the "**Total Loss Shortfall Amount**"), then the Servicing Agent undertakes, unless it is able to prove beyond any doubt that the Total Loss Shortfall Amount is not attributable to its negligence or failure to comply with the terms of the Servicing Agency Agreement, to pay the Total Loss Shortfall Amount directly to the Transaction Account by no later than close of business in London on the 61st day after the Total Loss Event occurred.

Following the occurrence of a Total Loss Event, the Trustee shall promptly give notice to the Certificateholders specifying that: (i) a Total Loss Event has occurred; and (ii) from the date of such notice, and until any further notice from the Trustee in consultation with the *Shari'a* Adviser stating otherwise, the Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading.

Tangibility Event Put Right............. Subject to Condition 10.9, each Certificateholder will have the right to require the redemption of its Certificates at the Tangibility Event Dissolution Distribution Amount if a Tangibility Event occurs. Any such redemption will take place on the Tangibility Event Put Right Date.

Permitted Security Enforcement Event.. Subject to Condition 10.10, following the occurrence of a Permitted Security Enforcement Event, if on the 30th day after the date on which such Permitted Security Enforcement Event occurred the relevant Wakala Assets in respect of which such Permitted Security Enforcement Event has occurred continue to form part of the Wakala Portfolio, the Trustee will, upon giving notice to the Certificateholders in accordance with Condition 18, redeem Certificates in an aggregate face amount equal to the Permitted Security Enforcement Event Proportion on the Permitted Security Enforcement Date at the Permitted Security Dissolution Distribution Amount.

Dissolution at the option of the Obligor (Clean-up Call)................... Subject to Condition 10.7, in the event that at least 75 per cent. of the aggregate face amount of the Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to Condition 13, the Trustee (acting on the instructions of the Obligor) may redeem all (but not some only) of the remaining outstanding Certificates on the Optional Dissolution (Clean-up Call) Date at the Dissolution Distribution Amount.

Purchase and Cancellation of Certificates.. Pursuant to Condition 13, the Obligor and/or any Subsidiary of the Obligor may at any time purchase Certificates at any price in the open market or otherwise. Certificates purchased by or on behalf of the Obligor or any Subsidiary of the Obligor may, in the Obligor's sole discretion, be surrendered for cancellation in accordance with the terms of the Declaration of Trust and the Agency Agreement. Any Certificates so surrendered for cancellation may not be reissued or resold.

Form and Delivery of the Certificates.. The Certificates will be issued in registered form. Certificates will be sold in offshore transactions within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and will be represented on issue by ownership interests in a global certificate (the "**Global Certificate**") which will be registered in the name of a nominee for, and will be deposited with a common depositary for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by each relevant clearing system and its participants. Individual certificates in definitive form evidencing holding of Certificates will be issued in exchange for interests in the Global Certificate only in limited circumstances. See further "*Global Certificate*".

Certificateholders must hold their interest in the Global Certificate in book-entry form through Euroclear and/or Clearstream, Luxembourg. Transfers within and between each of Euroclear or Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system.

Clearing Systems	Euroclear and Clearstream Luxembourg.
Withholding Tax...............................	Subject to Condition 11, all payments in respect of the Certificates shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future Taxes imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands or Saudi Arabia, or in each case any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such Taxes is required by law. In such event, the Trustee will pay additional amounts as shall be necessary in order that the net amounts received by the Certificateholders after such withholding or deduction shall equal the respective amounts due and payable to them which would have otherwise been receivable in the absence of such withholding or deduction, except in certain circumstances set out in Condition 11. The Transaction Documents provide that payments thereunder by the Obligor shall be made without withholding or deduction for, or on account of, any present or future Taxes, unless the withholding or deduction of the Taxes is required by law. In such event the Transaction Documents provide for the payment by the Obligor of all additional amounts as will result in the receipt by the Trustee of such net amount as would have been received by it if no withholding or deduction had been made.
Certificateholder Meetings	A summary of the provisions for convening meetings of Certificateholders to consider matters relating to their interests as such is set out in Condition 19.
Transaction Documents	The "**Transaction Documents**" are the Declaration of Trust, any Supplemental Declaration of Trust, the Agency Agreement, the Purchase Agreement, any Supplemental Purchase Agreement, the Servicing Agency Agreement, the Purchase Undertaking, the Sale Undertaking, any Sale Agreement and the Murabaha Agreement (including any documents, purchase orders and letters of offer and acceptance delivered or entered into as contemplated by the Murabaha Agreement), each as may be amended, restated and/or supplemented from time to time.
Governing Law	The Certificates and any non-contractual obligations arising out of or in connection with the Certificates will be governed by, and construed in accordance with, English law. The Transaction Documents (other than the Purchase Agreement, any Supplemental Purchase Agreement and any Sale Agreement) and any non-contractual obligations arising out of or in connection with any such Transaction Documents, will be governed by, and construed in accordance with, English law. In respect of any dispute under any such agreement or deed to which it is a party, the parties have agreed to arbitration in London under the LCIA Rules. The Purchase Agreement, any Supplemental Purchase Agreement and any Sale Agreement will be governed by, and construed in accordance with, the laws and regulations of Saudi Arabia, and will be subject to the exclusive jurisdiction of the competent courts and judicial committees of Saudi Arabia.

	The Corporate Services Agreement and the Share Declaration of Trust are governed by the laws of the Cayman Islands and are subject to the non-exclusive jurisdiction of the courts of the Cayman Islands.
Listing...	Application has been made to the Authority for the listing of and permission to deal in the Certificates on the Official List of the Exchange. There is no assurance that the Certificates will be listed on the Official List of the Exchange, that such permission to deal in the Certificates will be granted or that such listing or permission will be maintained. The Certificates may also be delisted from the Official List of the Exchange following the occurrence of a Tangibility Event. Settlement of the Certificates is not conditional on such listing or permission.
Ratings...	Upon issue, the Certificates are expected to be assigned a rating of Ba3 by Moody's and BB+ by Fitch. A securities rating is not a recommendation to buy, sell or hold the Certificates and may be subject to suspension, reduction or withdrawal at any time by the assigning rating organisation.
Selling Restrictions...........................	There are restrictions on the distribution of this Offering Circular and the offer, sale and transfer of the Certificates in the United States, the UK, the EEA, the Cayman Islands, the UAE (excluding the DIFC), the DIFC, the Kingdom of Bahrain, Saudi Arabia, the State of Qatar (including the Qatar Financial Centre), Japan, Hong Kong, Malaysia and Singapore. See "*Subscription and Sale*" for further details.
Use of Proceeds.................................	The net proceeds of the issue of the Certificates will be applied by the Trustee in the following proportion: (i) not less than 55 per cent. to the Obligor as the Purchase Price for the purchase the Wakala Assets comprising the Initial Wakala Portfolio; and (ii) the remaining portion, being not more than 45 per cent., for the purchase by the Trustee, and subsequent sale to the Obligor, of commodities pursuant to the Murabaha Agreement. The Obligor shall use amounts so received as described in "*Use of Proceeds*".
Risk Factors......................................	There are certain factors that may affect the Trustee's ability to fulfil its obligations under the Certificates. See "*Risk Factors*".

TERMS AND CONDITIONS OF THE CERTIFICATES

The following is the text of the Terms and Conditions of the Certificates which (subject to modification and except for the text in italics) will be endorsed on each Certificate in definitive form (if issued) and incorporated by reference into the Global Certificate (as defined below) in respect of the Certificates.

Each of the U.S.$500,000,000 Trust Certificates due 2029 (the "**Certificates**") is issued by Arabian Centres Sukuk III Limited (in its capacities as issuer and trustee for and on behalf of the Certificateholders (as defined below), the "**Trustee**") and represents an undivided ownership interest in the Trust Assets (as defined below) held on trust (the "**Trust**") for the holders of such Certificates pursuant to the declaration of trust (the "**Declaration of Trust**") dated 6 March 2024 (the "**Issue Date**") made between the Trustee, Arabian Centres Company (the "**Obligor**") and BNY Mellon Corporate Trustee Services Limited (the "**Delegate**").

Payments relating to the Certificates will be made pursuant to an agency agreement dated the Issue Date (the "**Agency Agreement**") made between the Trustee, the Obligor, the Delegate and The Bank of New York Mellon, London Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**" and, together with any further or other paying agents appointed from time to time in respect of the Certificates, the "**Paying Agents**") and The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the "**Registrar**") and as transfer agent (the "**Transfer Agent**"). The Paying Agents, the Registrar and the Transfer Agent are together referred to in these Conditions as the "**Agents**". References to the Agents or any of them shall include their successors.

The Certificateholders are entitled to the benefit of, are bound by, and are deemed to have notice of the Transaction Documents (as defined below) (copies of which are available for inspection during normal business hours at the specified offices of the Paying Agents).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents. In the event of any inconsistency between these Conditions and any such document, these Conditions will prevail.

Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct the Trustee, on behalf of the Certificateholders: (a) to apply the sums paid by it in respect of the Certificates in the following proportion: (i) not less than 55 per cent. to the Obligor as the Purchase Price for the purchase of the Initial Wakala Assets (each as defined below); and (ii) the remaining portion, being not more than 45 per cent., for the purchase and subsequent sale of commodities to the Obligor pursuant to the Murabaha Agreement; and (b) to enter into each Transaction Document to which it is a party, subject to the provisions of the Declaration of Trust and these Conditions.

1. DEFINITIONS AND INTERPRETATION

Words and expressions defined in the Declaration of Trust and the Agency Agreement shall have the same meanings where used in these Conditions unless the context otherwise requires. In addition, in these Conditions the following expressions have the following meanings:

"**ACC Event**" has the meaning given to it in Condition 14;

"**Adverse Claim**" has the meaning given to it in the Purchase Agreement;

"**Asset Disposition Dissolution Distribution Amount**" means the Asset Disposition Public Debt Event Distribution Amount, the Asset Disposition Excess Proceeds Event Distribution Amount or the Asset Disposition Optional Event Distribution Amount (as applicable);

"**Asset Disposition Event**" means an Asset Disposition Public Debt Event, an Asset Disposition Excess Proceeds Event or an Asset Disposition Optional Event;

"**Asset Disposition Excess Proceeds Event**" has the meaning given to it in Condition 5;

"**Asset Disposition Excess Proceeds Event Distribution Amount**" has the meaning given to it in Condition 10.8(a)(ii);

"**Asset Disposition Exercise Price**" has the meaning given to it in the Purchase Undertaking;

"**Asset Disposition Notice**" has the meaning given to it in Condition 10.8;

"**Asset Disposition Offer**" has the meaning given to it in Condition 5;

"**Asset Disposition Optional Event**" means an election by the Obligor to redeem Certificates pursuant to Condition 5.4(b)(ii) and Condition 10.8;

"**Asset Disposition Optional Event Distribution Amount**" has the meaning given to it in Condition 10.8(a)(iii);

"**Asset Disposition Public Debt Event**" has the meaning given to it in Condition 5;

"**Asset Disposition Public Debt Event Distribution Amount**" has the meaning given to it in Condition 10.8(a)(i);

"**Asset Disposition Put Notice**" has the meaning given to it in Condition 10.8;

"**Asset Disposition Put Right Date**" shall be the next Periodic Distribution Date which is at least five Business Days after the expiry of the Asset Disposition Put Period;

"**Asset Disposition Put Period**" shall be the period of 30 days commencing on the date that an Asset Disposition Notice is given;

"**Authorised Denomination(s)**" has the meaning given to it in Condition 2.1;

"**Authorised Signatory**" means, in relation to the Trustee or the Obligor, any person who is duly authorised and in respect of whom a certificate has been provided to the Delegate signed by a director, manager or another duly authorised person of the Trustee or the Obligor, as the case may be, setting out the name and signature of such person and confirming such person's authority to act;

"**Business Day**" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York City, Saudi Arabia and London;

"**Certificateholders**" has the meaning given to it in Condition 2;

"**Change of Control**" has the meaning given to it in Condition 5;

"**Change of Control Dissolution Distribution Amount**" means, in relation to each Certificate, the sum of:

(a) the outstanding face amount of such Certificate;

(b) any accrued but unpaid Periodic Distribution Amounts relating to such Certificates to (but excluding) the relevant Change of Control Put Right Date; and

(c) an amount equal to one per cent. of the outstanding face amount of such Certificate;

"**Change of Control Exercise Price**" has the meaning given to it in the Purchase Undertaking or the Sale Undertaking (as applicable);

"**Change of Control Notice**" has the meaning given to it in Condition 10.3;

"**Change of Control Put Notice**" has the meaning given to it in Condition 10.3;

"**Change of Control Put Right Date**" shall be: (i) a date falling not less than 60 days following the expiry of the Change of Control Put Period; and (ii) subject to (i), the next Periodic Distribution Date;

"**Change of Control Put Period**" shall be the period of 30 days commencing on the date that a Change of Control Notice is given;

"**Code**" has the meaning given to it in Condition 9.2;

"**Conditions**" means these terms and conditions of the Certificates;

"**Deferred Sale Price**" has the meaning given to it in the Murabaha Agreement;

"**Dissolution Date**" means, as the case may be:

(a) the Scheduled Dissolution Date;

(b) the Asset Disposition Put Right Date;

(c) the Change of Control Put Right Date;

(d) the Dissolution Event Redemption Date;

(e) the Early Tax Dissolution Date;

(f) the Optional Dissolution Date;

(g) the Optional Dissolution (Clean-up Call) Date;

(h) the Total Loss Dissolution Date;

(i) the Tangibility Event Put Right Date; or

(j) the Permitted Security Enforcement Date;

"**Dissolution Distribution Amount**" means, in relation to each Certificate, the sum of:

(a) the outstanding face amount of such Certificate;

(b) any accrued but unpaid Periodic Distribution Amounts relating to such Certificates to (but excluding) the relevant Dissolution Date; and

(c) any other amounts payable following a Total Loss Event pursuant to the Servicing Agency Agreement;

"**Dissolution Event**" has the meaning given to it in Condition 14;

"**Dissolution Event Redemption Date**" has the meaning given to it in Condition 14;

"**Dissolution Notice**" has the meaning given to it in Condition 14;

"**Early Tax Dissolution Date**" has the meaning given to it in Condition 10.2;

"**Eligible Wakala Asset**" has the meaning given to it in the Purchase Agreement;

"**Exercise Notice**" has the meaning given to it in the Purchase Undertaking or the Sale Undertaking, as the case may be;

"**Exercise Price**" has the meaning given to it in the Purchase Undertaking or the Sale Undertaking, as the case may be;

"**Extraordinary Resolution**" has the meaning given to it in Schedule 4 of the Declaration of Trust;

"**Full Reinstatement Value**" means an amount equal to:

(a) the aggregate of:

  (i) the aggregate face amount of the Certificates then outstanding; plus

  (ii) an amount equal to all accrued but unpaid Periodic Distribution Amounts (if any) relating to the Certificates; plus

(iii) an amount equal to the Periodic Distribution Amounts, which would have accrued (had a Total Loss Event not occurred) during the period beginning on (and including) the date on which the Total Loss Event occurred and ending on and including the 61st day after the occurrence of the Total Loss Event; plus

(iv) (to the extent not previously satisfied in accordance with the Service Agency Agreement) an amount equal to the sum of any outstanding: (i) amounts payable by the Trustee in respect of any Liquidity Facility; and (ii) any Servicing Agency Liabilities Amounts; plus

(v) without double counting, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents (including but not limited to amounts due but unpaid pursuant to Condition 6.2(a) and Condition 6.2(b)),

(b) less the aggregate amounts of each Deferred Sale Price then outstanding, if any;

"**IFRS**" means has the meaning given to it in Condition 5;

"**Indebtedness**" has the meaning given to it in Condition 5;

"**Initial Wakala Assets**" has the meaning given to it in the Purchase Agreement;

"**Liability**" means any actual loss (excluding opportunity loss), actual damage, actual cost (excluding opportunity cost and cost of funding), charge, claim, demand, expense, fee, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal or other fees and expenses on a full indemnity basis and references to "**Liabilities**" shall mean all of these;

"**Liquidity Facility**" has the meaning given to it in the Service Agency Agreement;

"**Make Whole Amount**" means, with respect to any Certificate on the Optional Dissolution Date, the greater of: (a) an amount equal to one per cent. of the outstanding face amount of such Certificate; and (b) the excess of: (1) the present value at the Optional Dissolution Date of: (i) the redemption price of such Certificate at 6 March 2026 as set out in limb (b) in the definition of "Optional Dissolution Distribution Amount" (excluding accrued but unpaid Periodic Distribution Amounts), *plus* (ii) all required remaining Periodic Distribution Amounts due on such Certificate through to (and including) 6 March 2026 (excluding accrued but unpaid Periodic Distribution Amounts), computed using a discount rate equal to the Treasury Rate on the Optional Dissolution Date plus 50 basis points; *over* (2) the face amount of the Certificate on the Optional Dissolution Date, as calculated by the Obligor or other party appointed by it for this purpose;

"**Murabaha Agreement**" means the murabaha agreement dated the Issue Date and entered into between the Trustee, the Obligor and the Delegate;

"**Non-Compliance Notice**" means the notice delivered by the Servicing Agent pursuant to clause 3.1(q) of the Servicing Agency Agreement informing the Trustee and the Delegate that it is not in compliance with clause 3.1(p)(i)(A) of the Servicing Agency Agreement;

"**Optional Dissolution Date**" has the meaning given to it in Condition 10.4;

"**Optional Dissolution (Clean-up Call) Date**" has the meaning given to it in Condition 10.7;

"**Optional Dissolution Distribution Amount**" means, in relation to each Certificate:

(a) if the Optional Dissolution Date occurs prior to 6 March 2026, the sum of:

(i) the outstanding face amount of such Certificate;

(ii) any accrued but unpaid Periodic Distribution Amounts relating to such Certificates to (but excluding) the relevant Optional Dissolution Date; and

(iii) the Make Whole Amount; and

(b) if the Optional Dissolution Date occurs on or after 6 March 2026 and during the 12-month period beginning on 6 March of the years indicated below, the following redemption price (expressed as a percentage of the outstanding face amount of the Certificate) plus any accrued but unpaid Periodic Distribution Amounts relating to such Certificate to (but excluding) the relevant Optional Dissolution Date:

Year	**Redemption Price**
2026	104.750 per cent.
2027	102.375 per cent.
2028 and thereafter	100.000 per cent.

"**Payment Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets in London and New York City settle payments and are open for general business and, in the case of presentation of a Certificate, in the place in which the Certificate is presented;

"**Periodic Distribution Amount**" has the meaning given to it in Condition 8.1;

"**Periodic Distribution Date**" means 6 March and 6 September in each year, commencing on 6 September 2024, and subject to Condition 8.3, ending on the Scheduled Dissolution Date;

"**Permitted Security Dissolution Distribution Amount**" means, in relation to each Certificate, the sum of:

(a) the outstanding face amount of such Certificate;

(b) any accrued but unpaid Periodic Distribution Amounts relating to such Certificates to (but excluding) the relevant Permitted Security Enforcement Date; and

(c) an amount equal to one per cent. of the outstanding face amount of such Certificate;

"**Permitted Security Enforcement Date**" has the meaning given to it in Condition 10.10;

"**Permitted Security Enforcement Event**" has the meaning given to it in the Servicing Agency Agreement;

"**Permitted Security Enforcement Event Proportion**" has the meaning given to it in the Purchase Undertaking;

"**Permitted Security Interest**" means, in relation to an Eligible Wakala Asset or a Wakala Asset, a mortgage security interest granted over that Eligible Wakala Asset or Wakala Asset, as the case may be, by the Obligor, prior to the date on which such Eligible Wakala Asset or Wakala Asset, as the case may be, formed or is to form part of the Wakala Portfolio, in favour of one or more beneficiaries as security solely for amounts payable under a *Shari'a* compliant financing facility;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Purchase Agreement**" means the purchase agreement dated the Issue Date entered into between the Trustee and the Obligor;

"**Purchase Price**" has the meaning given to it in the Purchase Agreement;

"**Purchase Undertaking**" means the purchase undertaking dated the Issue Date executed by the Obligor in favour of the Trustee and the Delegate;

"**Record Date**" means, in the case of the payment of a Periodic Distribution Amount or the Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution

Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount, the Tangibility Event Dissolution Distribution Amount or the Permitted Security Dissolution Distribution Amount, the date falling on the 15th day before the relevant Periodic Distribution Date or the relevant Dissolution Date (as the case may be);

"**Register**" has the meaning given to it in Condition 2.1;

"**Relevant Date**" has the meaning given to it in Condition 11;

"**Required Amount**" has the meaning given to it in the Service Agency Agreement;

"**Return Accumulation Period**" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Periodic Distribution Date and each successive period beginning on (and including) a Periodic Distribution Date and ending on (but excluding) the next succeeding Periodic Distribution Date;

"**Sale Agreement**" means any sale agreement entered into in connection with the Purchase Undertaking or the Sale Undertaking, as the case may be;

"**Sale Undertaking**" means the sale undertaking dated the Issue Date executed by the Trustee in favour of the Obligor;

"**Scheduled Dissolution Date**" means 6 March 2029;

"**Security Interest**" means any mortgage, charge, pledge, lien or other form of encumbrance or security interest, including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**Service Agency Agreement**" means the service agency agreement dated the Issue Date and entered into between the Trustee and the Servicing Agent;

"**Servicing Agency Liability Amounts**" has the meaning given to it in the Service Agency Agreement;

"**Servicing Agent**" means Arabian Centres Company in its capacity as servicing agent under the Service Agency Agreement;

"***Shari'a* Adviser**" has the meaning given to it in the Service Agency Agreement;

"**Signing Date**" means 4 March 2024;

"**Significant Subsidiary**" has the meaning given to it in Condition 5;

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

(b) whose financial statements are, in accordance with applicable law and applicable accounting principles, consolidated with those of the first Person;

"**Substitution Request**" has the meaning given to it in the Service Agency Agreement;

"**Sukuk Obligation**" means any undertaking or other obligation to pay any money given in connection with any issue of trust certificates or other securities intended to be issued in compliance with the principles of *Shari'a*, whether or not in return for consideration of any kind;

"**Supplemental Declaration of Trust**" has the meaning given to it in the Declaration of Trust;

"**Supplemental Purchase Agreement**" has the meaning given to it in the Purchase Agreement;

"**Tangibility Event**" means if at any time following the Issue Date the Tangibility Ratio, other than as a result of the occurrence of a Total Loss Event, falls below 33 per cent.;

"**Tangibility Event Dissolution Distribution Amount**" means, in relation to each Certificate, the sum of:

(a) the outstanding face amount of such Certificate;

(b) any accrued but unpaid Periodic Distribution Amounts relating to such Certificates to (but excluding) the relevant Tangibility Event Put Right Date; and

(c) an amount equal to one per cent. of the outstanding face amount of such Certificate;

"**Tangibility Event Exercise Price**" has the meaning given to it in the Purchase Undertaking or the Sale Undertaking (as applicable);

"**Tangibility Event Trustee Notice**" has the meaning given to it in the Service Agency Agreement;

"**Tangibility Event Put Notice**" has the meaning given to it in Condition 10.9;

"**Tangibility Event Put Right Date**" shall be the 75th day following the issuance of the Tangibility Event Notice;

"**Tangibility Event Put Period**" shall be the period of 30 days commencing on the date that a Tangibility Event Notice is given;

"**Tangibility Event Notice**" has the meaning given to it in Condition 10.9;

"**Tangibility Ratio**" means the ratio of: (i) the aggregate Value of the Wakala Assets to; (ii) the aggregate Value of the Wakala Assets and the aggregate amounts of each Deferred Sale Price then outstanding, in each case applicable at the relevant time, expressed as a percentage;

"**Tax Event**" has the meaning given to it in Condition 10.2;

"**Taxes**" has the meaning given to it in Condition 5;

"**Total Loss Dissolution Date**" has the meaning given to it in Condition 10.5;

"**Total Loss Event**" means:

(a) the total loss or destruction of, or damage to the whole of the Wakala Assets or any event or occurrence which renders the whole of such asset permanently unfit for any economic use and the repair or remedial work in respect thereof is wholly uneconomical;

(b) the occurrence of any expropriation, nationalisation, requisition, confiscation, attachment, sequestration, enforcement or execution of any legal process in respect of the whole of the Wakala Assets (including, without limitation, the enforcement of any Permitted Security Interest over, or in respect of, any Wakala Asset by any party and as a result of which there are no Wakala Assets forming part of the Wakala Portfolio);

"**Total Loss Event Notice**" has the meaning given to it in Condition 10.5;

"**Total Loss Shortfall Amount**" has the meaning given to it in the Service Agency Agreement;

"**Transaction Account**" means the non-interest bearing account in London in the Trustee's name maintained with the Principal Paying Agent, into which the Obligor (in all its relevant capacities under the Transaction Documents to which it is a party) will deposit certain amounts due to the Trustee under the Transaction Documents;

"**Transaction Documents**" means the Declaration of Trust, any Supplemental Declaration of Trust, the Agency Agreement, the Purchase Agreement, any Supplemental Purchase Agreement, the Service Agency Agreement, the Purchase Undertaking, the Sale Undertaking, any Sale Agreement and the Murabaha Agreement (including any documents, purchase orders and letters of offer and acceptance delivered or entered into as contemplated by the Murabaha Agreement) each as may be amended, restated and/or supplemented from time to time;

"**Treasury Rate**" means, as at the Optional Dissolution Date, the yield to maturity of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the Optional Dissolution Date (or, if such statistical release is no longer published, any publicly available source of similar market data)) most nearly equal to the remaining maturity of the Certificates; **provided that** if the period from the Optional Dissolution Date to the Scheduled Dissolution Date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used;

"**Trust Assets**" has the meaning given to it in Condition 6.1;

"**Value**" means:

(a) in respect of any Wakala Asset, the value of that Wakala Asset in U.S. dollars (following conversion, if necessary, of any relevant amount(s) at the applicable exchange rate) determined by the Obligor on the day on which it first became part of the Wakala Portfolio as set out in the relevant Purchase Agreement, the relevant Supplemental Purchase Agreement, the relevant Sale Agreement or any purchase agreement entered into pursuant to the Service Agency Agreement; and

(b) in respect of any Eligible Wakala Asset, the value of that Wakala Asset in U.S. dollars (following conversion, if necessary, of any relevant amount(s) at the applicable exchange rate) determined by the Obligor on the basis of a market or book valuation.

"**Wakala Assets**" has the meaning given to it in the Purchase Agreement;

"**Wakala Collection Account**" has the meaning given to it in the Service Agency Agreement;

"**Wakala Portfolio**" has the meaning given to it in the Servicing Agency Agreement;

"**Wakala Portfolio Revenues**" has the meaning given to it in the Service Agency Agreement; and

"**U.S.$**" and "**U.S. dollars**" each means the lawful currency for the time being of the United States of America.

All references in these Conditions to indebtedness (howsoever described) shall be deemed to include any financing arrangement issued (or intended to be issued) in compliance with the principles of *Shari'a*.

2. FORM, DENOMINATION AND TITLE

2.1 Form and Denomination

The Certificates are issued in registered form in face amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (the "**Authorised Denominations**"). A certificate will be issued to each Certificateholder in respect of its registered holding of Certificates. Each relevant certificate will be numbered serially with an identifying number which will be recorded on such certificate and in the a register of Certificateholders (the "**Register**"), which the Trustee will cause to be kept by the Registrar outside the United Kingdom in accordance with the provisions of the Agency Agreement.

In these Conditions, "**Certificateholder**" or "**holder**" means the person in whose name a Certificate is registered.

*Upon issue, the Certificates will be represented by ownership interests in a global certificate (the "**Global Certificate**") which will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and*

Clearstream, Luxembourg (as applicable), and their respective participants. These Conditions are modified by certain provisions contained in the Global Certificate. Except in certain limited circumstances, owners of interests in the Global Certificate will not be entitled to receive definitive Certificates representing their holdings of Certificates. See "Book-Entry, Delivery and Form" in the Offering Circular.

2.2 **Title**

Title to the Certificates passes only by registration in the Register. The registered holder of any Certificate will (except as otherwise required by law) be treated as the absolute owner of the Certificates for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate) and no Person will be liable for so treating the holder of any Certificate. The registered holder of a Certificate will be recognised by the Trustee as entitled to his Certificate free from any equity, set-off or counterclaim on the part of the Trustee against the original or any intermediate holder of such Certificate.

3. **TRANSFERS OF CERTIFICATES**

3.1 **Transfers**

(a) Subject to Conditions 3.4 and 3.5 and the provisions of the Agency Agreement, a Certificate may be transferred in an Authorised Denomination only by depositing the certificate by which it is represented, with the form of transfer on the back duly completed and signed, at the specified office of the Transfer Agent.

(b) In the case of an exercise of a Certificateholder's right in respect of, or a partial redemption of, a holding of Certificates represented by a single certificate, a new certificate shall be issued to the holder to reflect the exercise of such right or in respect of the balance of the holding for which no payment was made. New certificates shall only be issued against surrender of the existing certificates to the Registrar or the Transfer Agent.

Transfer of interests in the Certificates represented by the Global Certificate will be effected in accordance with the rules of the relevant clearing system through which the interest is held.

3.2 **Delivery of New Certificates**

Each new certificate to be issued upon any transfer of Certificates will, within five business days of receipt by the relevant Transfer Agent of the duly completed Change of Control Put Notice, Asset Disposition Put Notice, Tangibility Event Put Notice or form of transfer endorsed on the Certificate (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), be delivered at the specified office of the relevant Transfer Agent or be mailed by uninsured mail at the risk of the holder entitled to the certificate to the address specified in the Change of Control Put Notice, Asset Disposition Put Notice, Tangibility Event Put Notice or form of transfer. For the purposes of this Condition, "**business day**" shall mean a day on which banks are open for business in the city in which the specified office of the Transfer Agent with whom a certificate is deposited in connection with a transfer is located. Where some but not all of the Certificates in respect of which a certificate is issued are to be transferred, a new certificate in respect of the Certificates not so transferred will, within five business days of receipt by the relevant Transfer Agent of the original certificate, be delivered at the specified office of the relevant Transfer Agent or be mailed by uninsured mail at the risk of the holder of the Certificates not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

3.3 **Formalities Free of Charge**

Registration of any transfer of Certificates will be effected without charge by or on behalf of the Trustee by the Registrar or the Transfer Agent but upon payment (or the giving of such indemnity as the Transfer Agent or the Registrar may reasonably require) by the transferee in respect of any stamp duty, tax or other governmental charges which may be imposed in relation to such transfer.

3.4 **Closed Periods**

No Certificateholder may require the transfer of a Certificate to be registered during the period of 15 days ending on (and including) the due date for any payment of the Dissolution Distribution Amount, Optional Dissolution Distribution Amount, Change of Control Dissolution Distribution Amount, Asset Disposition Dissolution Distribution Amount, Tangibility Event Dissolution Distribution Amount, Permitted Security Dissolution Distribution Amount or any Periodic Distribution Amount or any other date on which any payment of the face amount or payment of any profit in respect of that Certificate falls due.

3.5 **Regulations**

All transfers of Certificates and entries on the Register will be made subject to the detailed regulations concerning the transfer of Certificates scheduled to the Declaration of Trust. The regulations may be changed by the Trustee from time to time with the prior written approval of the Delegate (acting in accordance with the Declaration of Trust and these Conditions) and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Certificateholder who requests a copy of such regulations.

A Certificateholder shall be entitled to receive, in accordance with Condition 3.2, only one certificate in respect of his entire holding of Certificates. In the case of a transfer of a portion of the face amount of a Certificate, a new certificate in respect of the balance of the Certificates not transferred will be issued to the transferor in accordance with Condition 3.2.

4. **STATUS AND LIMITED RECOURSE**

4.1 **Status**

Each Certificate represents an undivided ownership interest in the Trust Assets. The Certificates constitute direct, unsubordinated, unsecured and limited recourse obligations of the Trustee and will at all times rank *pari passu*, without any preference or priority, with all other Certificates.

The payment obligations of the Obligor (acting in any capacity) under the Transaction Documents will (save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions included in Condition 5.3) *be direct, unconditional, unsubordinated and unsecured obligations of the Obligor, which at all times rank pari passu with all its other unsubordinated and unsecured obligations, present and future.*

4.2 **Limited Recourse and Agreement of Certificateholders**

The proceeds of the Trust Assets are the sole source of payments on the Certificates. Save as provided in this Condition 4.2, the Certificates do not represent an interest in or obligation of any of the Trustee, the Obligor, the Delegate or any of the Agents.

The net proceeds of realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments due in respect of the Certificates.

By subscribing for or acquiring the Certificates, each Certificateholder is deemed to have acknowledged and agreed that, notwithstanding anything to the contrary contained in these Conditions or any Transaction Document, in relation to the Certificates:

(a) no payment of any amount whatsoever shall be made by the Trustee (acting in any capacity) or any its shareholders, directors, officers, employees, agents or corporate services providers on its behalf except to the extent funds are available therefor from the Trust Assets. The Certificateholders further acknowledge and agree that no recourse shall be had for the payment of any amount due and payable hereunder or under any Transaction Document, whether for the payment of any fee or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee (acting in any capacity) to the extent the relevant Trust Assets have been exhausted, following which all obligations of the Trustee (acting in any capacity) shall be extinguished;

(b) the Trustee may not sell, transfer, assign or otherwise dispose of the Trust Assets to a third party, and may only realise its rights, title, interests, benefits and entitlements, present and future, in, to and under the Trust Assets in the manner expressly provided in the Transaction Documents;

(c) if the proceeds of the Trust Assets are insufficient to make any payment due in respect of the Certificates, it will have no recourse to any assets of the Trustee (acting in any capacity) (and/or its shareholders, directors, officers, employees, agents or corporate services providers in each of their respective capacities as such) (other than the Trust Assets) in respect of any shortfall or otherwise;

(d) it will not petition for, institute, or join with any other person in instituting proceedings for, the reorganisation, arrangement, liquidation, bankruptcy, winding-up or receivership or other proceedings under any bankruptcy or similar law against the Trustee (acting in any capacity) (and/or its directors);

(e) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee (acting in any capacity) arising under or in connection with any Transaction Document by virtue of any customary law, statute or otherwise shall be had against any shareholder, director, officer, employee, agent or corporate services provider of the Trustee in their capacity as such. The obligations of the Trustee (acting in any capacity) under the Transaction Documents are corporate or limited liability obligations of the Trustee and any and all personal liability of any director or officer of the Trustee (in their capacity as such) for any breaches by the Trustee (acting in any capacity) of any such duty, obligation or undertaking is hereby expressly waived and excluded to the extent permitted by law, save in the case of their wilful default or actual fraud; and

(f) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of any sums due under the Transaction Documents with respect to any liability owed by it to the Trustee (acting in any capacity) or claim any lien or other rights over any property held by it on behalf of the Trustee (acting in any capacity).

The Obligor is obliged to make certain payments under the Transaction Documents to which it is a party directly to or to the order of the Trustee (for and on behalf of the Certificateholders) or the Delegate (acting in the name and on behalf of the Trustee). Such payment obligations form part of the Trust Assets and the Trustee and the Delegate will thereby have recourse against the Obligor to recover such payments notwithstanding any other provisions of this Condition 4.2.

5. COVENANTS

5.1 Limitation on Indebtedness

(a) The Obligor will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); **provided, however, that** the Obligor and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof),

(i) the Fixed Charge Coverage Ratio for the Obligor and its Restricted Subsidiaries would have been at least 2.0 to 1.0; and

(ii) if the Indebtedness to be Incurred is Secured Indebtedness, the Consolidated Secured Net Leverage Ratio for the Obligor and its Restricted Subsidiaries would have been equal to or less than 3.0 to 1.0 (it being understood that Indebtedness incurred under Condition 5.1(b)(i) will be included in the Consolidated Secured Net Leverage Ratio).

(b) Condition 5.1(a) will not prohibit the Incurrence of the following Indebtedness ("**Permitted Debt**"):

(i) Indebtedness Incurred pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (A) U.S.$1,400.0 million, *plus* (B) the greater of (1) U.S.$70.0 million and (2) 17.5% of Consolidated EBITDA, *plus* (C) in the case of any refinancing of any Indebtedness permitted under this Condition 5.1(b)(i) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(ii)

(A) Guarantees by the Obligor or any Restricted Subsidiary of Indebtedness of the Obligor or any Restricted Subsidiary, so long as the Incurrence of such Indebtedness is permitted under the terms of these Conditions and the Declaration of Trust; **provided that**, if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity), then the guarantee must be subordinated to or *pari passu* with the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity) to the same extent as the Indebtedness being guaranteed; or

(B) without limiting Condition 5.3, Indebtedness arising by reason of any Lien granted by or applicable to any Person securing Indebtedness of the Obligor or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of these Conditions and the Declaration of Trust;

(iii) Indebtedness of the Obligor owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Obligor or any Restricted Subsidiary; **provided, however, that**:

(A) in the case of Indebtedness owing to and held by any Restricted Subsidiary (except in respect of intercompany current liabilities incurred in the ordinary course of business in connection with cash management positions of the Obligor and its Restricted Subsidiaries), such Indebtedness shall be unsecured and expressly subordinated in right of payment to the prior payment in full in cash of the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity); and

(B) (1) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Obligor or a Restricted Subsidiary; and (2) any sale or other transfer of any such Indebtedness to a Person other than the Obligor or a Restricted Subsidiary, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this Condition 5.1(b)(iii) by the Obligor or such Restricted Subsidiary, as the case may be;

(iv) (A) Indebtedness represented by the Certificates and the Transaction Documents outstanding on the Issue Date, (B) any Indebtedness (other than Indebtedness Incurred under the Financing Facilities and Indebtedness described in Condition 5.1(b)(i)) outstanding on the Issue Date, (C) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this Condition 5.1(b)(iv) or Condition 5.1(b)(xi) of this paragraph or Incurred pursuant to Condition 5.1(a);

(v) Indebtedness of any Person (A) outstanding on the date on which such Person becomes a Restricted Subsidiary or any Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Obligor or any Restricted Subsidiary or (B) Incurred to provide all or a portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which any Person became a Restricted Subsidiary or was otherwise acquired by the Obligor or a Restricted Subsidiary; **provided, however, with** respect to this Condition 5.1(b)(v), that at the time of such acquisition or other transaction (1) the Obligor would have been able to Incur U.S.$1.00 of additional Indebtedness pursuant to Condition 5.1(a)(i) after giving *pro forma* effect to the relevant acquisition and the Incurrence of such Indebtedness pursuant to this Condition 5.1(b)(v) or (2) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such acquisition or other transaction;

(vi) Indebtedness under Currency Agreements, Profit Rate Agreements and Commodity Hedging Agreements entered into for *bona fide* hedging purposes of the Obligor or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or an Officer of the Obligor);

(vii) Indebtedness consisting of (A) Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Similar Business or (B) Indebtedness otherwise incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this Condition 5.1(b)(vii) and then outstanding, will not exceed at any time outstanding the greater of (1) U.S.$30.0 million and (2) 7.5% of Consolidated EBITDA;

(viii) Indebtedness in respect of:

(A) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, value added tax ("**VAT**") or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Obligor or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement;

(B) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement; **provided, however, that** upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing;

(C) the financing of insurance premiums in the ordinary course of business; and

(D) any customary treasury and/or cash management services, including treasury, depository, overdraft, credit card processing, credit or debit card, purchase card, electronic funds transfer, the collection of checks and direct debits, cash pooling and other cash management arrangements, in each case, in the ordinary course of business.

(ix) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); **provided that**, in the case of a disposition, the maximum liability of the Obligor and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Obligor and its Restricted Subsidiaries in connection with such disposition;

(x)

(A) Indebtedness arising from the honouring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; **provided, however, that** such Indebtedness is extinguished within 30 Business Days of Incurrence;

(B) customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business;

(C) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business of the Obligor and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Obligor and its Restricted Subsidiaries; and

(D) Indebtedness incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case incurred or undertaken in the ordinary course of business;

(xi) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this Condition 5.1(b)(xi) and then outstanding, will not exceed the greater of (A) U.S.$50.0 million and (B) 12.5% of Consolidated EBITDA;

(xii) Indebtedness Incurred pursuant to factoring, securitization, receivables financings or similar arrangements that (A) is not recourse to the Obligor or any Restricted Subsidiary or (B) in the case of factoring or similar arrangements, are in the ordinary course of business; and

(xiii) Indebtedness under daylight borrowing facilities incurred in connection with Refinancing Transactions or any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness is Incurred.

(c) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this Condition 5.1:

(i) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this Condition, the Obligor, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this Condition 5.1;

(ii) all Indebtedness outstanding on the Issue Date under the Financing Facilities shall be deemed initially Incurred under Condition 5.1(b)(i) and not Condition 5.1(a) or Condition 5.1(b)(iv)(B), and may not be reclassified;

(iii) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(iv) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to Condition 5.1(b)(i), 5.1(b)(vii), 5.1(b)(xi) or 5.1(b)(xii) or Condition 5.1(a) and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(v) the principal amount of any Disqualified Stock of the Obligor or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(vi) Indebtedness permitted by this Condition 5.1 need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this Condition 5.1 permitting such Indebtedness;

(vii) for the purposes of determining "**Consolidated EBITDA**," (A) pro forma effect shall be given to Consolidated EBITDA on the same basis as for calculating the Consolidated Net Leverage Ratio for the Obligor and its Restricted Subsidiaries and (B) in relation to Condition 5.1(b)(i)(2), Consolidated EBITDA shall be measured on the most recent date on which new commitments are obtained (in the case of revolving facilities) or the date on which new Indebtedness is Incurred (in the case of term facilities) and for the period of the most recent four consecutive fiscal quarters ending prior to such date for which such internal consolidated financial statements of the Obligor are available; and

(viii) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS.

(d) Accrual of profit, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of profit in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this Condition 5.1. Except as otherwise specified, the amount of any Indebtedness outstanding as of any date shall be (A) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (B) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

(e) If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under this Condition 5.1, the Obligor shall be in Default of this Condition).

(f) For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the Dollar Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or, at the option of the Obligor, first committed, in the case of Indebtedness Incurred under a revolving credit facility; **provided that** (A) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than U.S. dollar, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the amount set forth in paragraph (b) of the definition of Refinancing Indebtedness; (B) the Dollar Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (C) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to U.S. Dollars) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in U.S. dollars will be adjusted to take into account the effect of such agreement.

(g) Notwithstanding any other provision of this Condition 5.1, the maximum amount of Indebtedness that the Obligor or a Restricted Subsidiary may incur pursuant to this Condition 5.1 shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

(h) Neither the Obligor nor any Restricted Subsidiary will incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Obligor or any Restricted Subsidiary unless such Indebtedness is also contractually subordinated in right of payment to the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity) on substantially identical terms; **provided, however, that** no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Obligor or any Restricted Subsidiary solely by virtue of being unsecured or by virtue of being secured on a first or junior Lien basis.

5.2 **Limitation on Restricted Payments**

(a) The Obligor will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(i) declare or pay any dividend or make any other payment or distribution on or in respect of the Obligor's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Obligor or any of its Restricted Subsidiaries) except:

(A) dividends or distributions payable in Capital Stock of the Obligor (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Obligor or in Subordinated Shareholder Funding; and

(B) dividends or distributions payable to the Obligor or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Obligor or another Restricted Subsidiary on no more than a pro rata basis, measured by value);

(ii) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Obligor or any direct or indirect Parent of the Obligor held by Persons other than the Obligor or a Restricted Subsidiary (other than in exchange for Capital Stock of the Obligor (other than Disqualified Stock));

(iii) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (A) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (B) any Indebtedness Incurred pursuant to Condition 5.1(b)(iii));

(iv) make any payment (other than by capitalization of profit) on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding; or

(v) make any Restricted Investment in any Person,

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in Condition 5.2(a)(i) through 5.2(a)(v) are referred to herein as a "**Restricted Payment**"), if at the time the Obligor or such Restricted Subsidiary makes such Restricted Payment:

(A) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(B) the Obligor is not able to Incur an additional U.S.$1.00 of Indebtedness under the Fixed Charge Coverage Ratio pursuant to Condition 5.1(a) after giving effect, on a pro forma basis, to such Restricted Payment; or

(C) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by Conditions 5.2(c)(v), 5.2(c)(xi), 5.2(c)(xiv) and 5.2(c)(xv), but excluding all other Restricted Payments permitted by Condition 5.2(c)), would exceed the sum of (without duplication):

(1) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the first fiscal quarter commencing prior to the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Obligor are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(2) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Obligor from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Obligor subsequent to the Issue Date (other than (aa) Subordinated Shareholder Funding, or (bb) Capital Stock sold to a Subsidiary of the Obligor, (cc) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary

or an employee stock ownership plan or trust established by the Obligor or any Subsidiary of the Obligor for the benefit of its employees to the extent funded by the Obligor or any Restricted Subsidiary, and (dd) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on Condition 5.2(c)(vii));

(3) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Obligor or any Restricted Subsidiary from the issuance or sale (other than to the Obligor or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Obligor or any Subsidiary of the Obligor for the benefit of its employees to the extent funded by the Obligor or any Restricted Subsidiary) by the Obligor or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Obligor (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Obligor or any Restricted Subsidiary upon such conversion or exchange) but excluding (aa) the Disqualified Stock or Indebtedness issued or sold to a Subsidiary of the Obligor, and (bb) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on Condition 5.2(c)(vii);

(4) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Obligor or any Restricted Subsidiary (other than to the Obligor or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Obligor or any Subsidiary of the Obligor for the benefit of its employees to the extent funded by the Obligor or any Restricted Subsidiary) from the disposition of any Unrestricted Subsidiary or the disposition or repayment of any Investment constituting a Restricted Payment made after the Issue Date;

(5) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or all of the assets of such Unrestricted Subsidiary are transferred to the Obligor or a Restricted Subsidiary, or the Unrestricted Subsidiary is merged or consolidated into the Obligor or a Restricted Subsidiary, 100% of such amount received in cash and the fair market value of any property or marketable securities received by the Obligor or any Restricted Subsidiary in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to paragraph (k) of the definition of "**Permitted Investment**";

(6) 100% of any dividends or distributions received by the Obligor or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary; and

(7) SAR 316.0 million,

provided, however, that no amount will be included in Consolidated Net Income for purposes of Condition 5.2(a)(v)(C)(1) to the extent that it is (at the Obligor's option) included in Condition 5.2(a)(v)(C)(4), 5.2(a)(v)(C)(5) and 5.2(a)(v)(C)(6).

(b) The fair market value of property or assets other than cash covered by the preceding two sentences shall be the fair market value thereof as determined in good faith by the Board of Directors or a responsible accounting or an officer of the Obligor.

We estimate that the amount available for making Restricted Payments under the terms and conditions of the 2021 Sukuk as of 31 December 2023 would have been approximately SAR 316.0 million, subject to finalisation following the completion of our audit for the year ended 31 December 2023.

(c) The foregoing provisions will not prohibit any of the following (collectively, "**Permitted Payments**"):

(i) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Obligor) of, Capital Stock of the Obligor (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Obligor; **provided, however, that** to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from Condition 5.2(a)(v)(C)(2);

(ii) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to Condition 5.1;

(iii) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Obligor or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Obligor or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to Condition 5.1, and that, in each case, constitutes Refinancing Indebtedness;

(iv) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(A) (1) from Net Available Cash to the extent permitted under Condition 5.4 below, but only if the Obligor shall have first complied with the terms described under Condition 5.4 and Condition 10.8 and redeemed all Certificates required to be redeemed thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (2) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid profit and any premium required by its terms;

(B) following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (1) if the Trustee and the Obligor shall have first complied with Condition 10.3 and redeemed all Certificates subject to Change of Control Put Notices validly delivered thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (2) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid profit and any premium required by its terms; or

(C) (1) consisting of Acquired Indebtedness (other than Indebtedness Incurred (aa) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Obligor or a Restricted Subsidiary or (bb) otherwise in connection with or contemplation of such acquisition) and (2) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid profit and any premium required by the terms of any Acquired Indebtedness;

(v) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this Condition 5.2;

(vi) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Obligor, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Obligor to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Obligor, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Obligor, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), in each case from Company Investors, *provided that* such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to the greater of (A) U.S.$5.0 million and (B) 1.25% of Consolidated EBITDA *per annum* (with unused amounts in any calendar year being carried forward and amounts that will not be used in the next succeeding calendar year being carried back to the immediately preceding calendar year);

(vii) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of Condition 5.1;

(viii) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(ix) dividends, loans, advances or distributions to any Parent or other payments by the Obligor or any Restricted Subsidiary in amounts equal to (without duplication) amounts constituting or to be used for purposes of making payments of fees and expenses Incurred (A) in connection with the Transactions or disclosed in the Offering Circular or (B) to the extent specified in Conditions 5.5(b)(ii), 5.5(b)(iii), 5.5(b)(v) and 5.5(b)(vii);

(x) so long as no Default or Dissolution Event has occurred and is continuing (or would result from), Restricted Payments in an aggregate amount outstanding at any time not to exceed the greater of (A) U.S.$25.0 million and (B) 6.2% of Consolidated EBITDA;

(xi) payments by the Obligor, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Obligor or any Parent in lieu of the issuance of fractional shares of such Capital Stock; **provided,**

however, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this Condition 5.2 or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors or an Officer of the Obligor);

(xii) (A) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Obligor issued after the Issue Date; and (B) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent or Affiliate issued after the Issue Date; **provided, however, that**, in the case of (A) and (B), the amount of all dividends declared or paid pursuant to this Condition 5.2(c)(xii) shall not exceed the Net Cash Proceeds received by the Obligor or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designated Preference Shares by such Parent or an Affiliate, the issuance of Designated Preference Shares) of the Obligor or contributed as Subordinated Shareholder Funding to the Obligor, as applicable, from the issuance or sale of such Designated Preference Shares;

(xiii) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(xiv) so long as no Default or Dissolution Event has occurred and is continuing (or would result from), any Restricted Payment; **provided that** the Consolidated Net Leverage Ratio does not exceed 3.5 to 1.0 on a *pro forma* basis after giving effect to any such Restricted Payment; and

(xv) so long as no Default or Dissolution Event has occurred and is continuing (or would result from), the declaration and payment of dividends on the Capital Stock of the Obligor of an amount per annum not to exceed 6.5% of the Market Capitalisation of the Obligor; provided that, after giving *pro forma* effect to the payment of any such dividends, the Consolidated Net Leverage Ratio of the Obligor would not exceed 4.5 to 1.0.

(d) The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Obligor or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its principal amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors or an Officer of the Obligor acting in good faith.

(e) For the purposes of calculating "**Consolidated EBITDA**," pro forma effect shall be given to Consolidated EBITDA on the same basis as for calculating the Consolidated Net Leverage Ratio for the Obligor and its Restricted Subsidiaries.

5.3 **Limitation on Liens**

(a) The Obligor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary) whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Public Debt or any Material Indebtedness (such Lien, the "**Initial Lien**"), except (i) Permitted Liens or (ii) Liens on property or assets that are not Permitted Liens if the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity) are directly secured equally and rateably with, or prior to, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured.

(b) Any such Lien created in favour of the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity) will be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien to which it relates.

5.4 **Limitation on Sales of Assets and Subsidiary Stock**

(a) The Obligor will not, and will not permit any Restricted Subsidiary to, consummate any Asset Disposition unless:

(i) the Obligor or such Restricted Subsidiary receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at the time of such Asset Disposition at least equal to the fair market value of the shares and assets subject to such Asset Disposition, as such fair market value (on the date a legally binding commitment for such Asset Disposition was entered into) may be determined by the Obligor (and will be determined, to the extent such Asset Disposition or any series of related Asset Dispositions involves aggregate consideration in excess of 10% of Total Assets, in good faith by the Board of Directors, whose determination will be conclusive (including as to the value of all non-cash consideration)); and

(ii) at least 75% of the consideration the Obligor or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:

(A) cash (including any Net Cash Proceeds received from the conversion within 365 days of such Asset Disposition of securities, notes or other obligations received in consideration of such Asset Disposition);

(B) Cash Equivalents;

(C) the assumption by the purchaser of (1) any liabilities recorded on the Obligor's or such Restricted Subsidiary's balance sheet or the notes thereto (or, if incurred since the date of the latest balance sheet, that would be recorded on the next balance sheet) (other than Subordinated Indebtedness), as a result of which neither the Obligor nor any of the Restricted Subsidiaries remains obligated in respect of such liabilities or (2) Indebtedness of a Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, if the Obligor and each other Restricted Subsidiary is released from any guarantee of such Indebtedness as a result of such Asset Disposition;

(D) Replacement Assets;

(E) any Capital Stock or assets of the kind referred to in Condition 5.4(b)(iv) or Condition 5.4(b)(vi);

(F) consideration consisting of Indebtedness of the Obligor or any Restricted Subsidiary received from Persons who are not the Obligor or any Restricted Subsidiary, but only to the extent that such Debt (1) has been extinguished by the Obligor or the applicable Restricted Subsidiary and (2) is not Subordinated Indebtedness of the Obligor or such Restricted Subsidiary;

(G) any Designated Non-Cash Consideration received by the Obligor or any Restricted Subsidiary, having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this Condition 5.4 that is at any one time outstanding, not to exceed the greater of (1) U.S.$25.0 million and (2) 6.2% of Consolidated EBITDA (with the fair market value of each issue of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); or

(H) a combination of the consideration specified in Conditions 5.4(a)(ii)(A) through 5.4(a)(ii)(G).

(b) If the Obligor or any Restricted Subsidiary consummates an Asset Disposition, the Net Cash Proceeds of the Asset Disposition, within 360 days (or 540 days in the circumstances described in Condition 5.4(b)(ix) below) of the later of (i) the date of the consummation of such Asset Disposition and (ii) the receipt of such Net Cash Proceeds, may be used by the Obligor or such Restricted Subsidiary to:

(i) to the extent the Obligor or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of a Restricted Subsidiary), to prepay, repay, purchase or redeem any Indebtedness of the Obligor or any Restricted Subsidiaries (in each case, other than Indebtedness owed to the Obligor or any Restricted Subsidiary or Subordinated Indebtedness) within 360 days from the later of (1) the date of such Asset Disposition and (2) the receipt of such Net Available Cash; **provided that** if such Indebtedness is Public Debt, an "**Asset Disposition Public Debt Event**" for the purposes of Condition 10.8 shall occur;

(ii) redeem the Certificates in an Asset Disposition Optional Event pursuant to Condition 10.8, or otherwise redeem the Certificates pursuant to the provisions of these Conditions and the Declaration of Trust;

(iii) invest in any Replacement Assets;

(iv) acquire all or substantially all of the assets of, or any Capital Stock of, another Similar Business, if, after giving effect to any such acquisition of Capital Stock, the Similar Business is or becomes a Restricted Subsidiary;

(v) make a capital expenditure;

(vi) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;

(vii) make a Permitted Investment;

(viii) consummate any combination of the foregoing; or

(ix) enter into a binding commitment to apply the Net Cash Proceeds pursuant to Condition 5.4(b)(i), Condition 5.4(b)(iii), Condition 5.4(b)(iv), Condition 5.4(b)(v), Condition 5.4(b)(vi) or Condition 5.4(b)(vii) or a combination thereof; **provided that**, a binding commitment shall be treated as a permitted application of the Net Cash Proceeds from the date of such commitment until the earlier of (A) the date on which such investment is consummated, (B) the 180th day following the expiration of the aforementioned 360 day period, if the investment has not been consummated by that date.

The amount of such Net Cash Proceeds not so used as set forth in this Condition 5.4(b) constitutes "**Excess Proceeds**."

(c) Pending the final application of any such Net Cash Proceeds, the Obligor may temporarily reduce revolving credit borrowings or otherwise invest such Net Cash Proceeds in any manner that is not prohibited by the terms of these Conditions and the Declaration of Trust.

(d) If, on the 361st day (or the 541st day if a binding commitment as described in Condition 5.4(b)(ix) is entered into) after an Asset Disposition, or such earlier time if the Obligor elects, the aggregate amount of Excess Proceeds exceeds the greater of (A) U.S.$50.0 million and (B) 12.5% of Consolidated EBITDA, an "**Asset Disposition Excess Proceeds Event**" for the purposes of Condition 10.8 shall occur, pursuant to which an Asset Disposition Notice will be delivered to Certificateholders following which Certificates the subject of validly delivered Asset Disposition Put Notices may be redeemed (subject to Condition 10.8). In addition, the Obligor may elect to make an offer to all holders of other outstanding Indebtedness (other than Subordinated Indebtedness) (together with any offer to redeem pursuant to any Asset Disposition Notice delivered in accordance with Condition 10.8, an "**Asset Disposition Offer**"), to purchase the maximum face amount of any such Indebtedness (other than Subordinated Indebtedness) to which such offer applies that may be purchased out of the Excess Proceeds (after deducting such proceeds required for any redemption pursuant to Condition 10.8(b)(ii)), at an offer price of no more than 100 per cent. of the principal amount of Indebtedness (other than Subordinated Indebtedness), plus accrued and unpaid profit, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the agreements governing the Indebtedness; **provided that** the Obligor or a Restricted Subsidiary, as the case may be, may make an Asset Disposition Offer prior to the end of the 360 day period (or the 540 day period if a binding commitment as described in Condition 5.4(b)(ix) is entered into).

(e) To the extent that the aggregate amount of Certificates and Indebtedness (other than Subordinated Indebtedness) so validly redeemed or purchased (as the case may be) pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Obligor may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in these Conditions and the Declaration of Trust. If the aggregate face amount of the Certificates surrendered in any Asset Disposition Offer by holders and other Indebtedness (other than Subordinated Indebtedness) surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Certificates and Indebtedness (other than Subordinated Indebtedness) to be repaid or purchased on a pro rata basis on the basis of the aggregate face amount of Certificates subject to validly delivered Asset Disposition Put Notices and validly tendered Indebtedness (other than Subordinated Indebtedness). For the purposes of calculating the principal amount of any such Indebtedness not denominated in U.S. dollar, such Indebtedness shall be calculated by converting any such principal amounts into their Dollar Equivalent determined as of a date selected by the Obligor that is within the Asset Disposition Put Period. Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

(f) For the purposes of this Condition 5.4, to the extent that any portion of Net Available Cash payable in respect of the Certificates is denominated in a currency other than U.S. dollars, the amount thereof payable in respect of such Certificates shall not exceed the net amount of funds in U.S. dollars that is actually received by the Obligor upon converting such portion of the Net Available Cash into such currency.

(g) In addition to any redemption of the Certificates pursuant to Condition 10.8, no later than the Asset Disposition Put Right Date, the Obligor will purchase the face amount of Indebtedness (other than Subordinated Indebtedness) required to be repaid or purchased by it pursuant to this Condition 5.4 (the "**Asset Disposition Offer Amount**") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Indebtedness (other than Subordinated Indebtedness) validly tendered in response to the Asset Disposition Offer.

(h) The Obligor will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with any redemption or repurchase of Certificates pursuant to these Conditions and the Declaration of Trust. To the extent that the provisions of any securities laws or regulations conflict with provisions of this Condition 5.4, the Obligor will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under these Conditions and the Declaration of Trust by virtue of such compliance.

5.5 **Limitation on Affiliate Transactions**

(a) The Obligor will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Obligor (any such transaction or series of related transactions being an "**Affiliate Transaction**") involving aggregate value in excess of U.S.$10.0 million unless:

(i) the terms of such Affiliate Transaction taken as a whole are not materially less favourable to the Obligor or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's-length dealings with a Person who is not such an Affiliate; and

(ii) in the event such Affiliate Transaction involves an aggregate value in excess of U.S.$50.0 million, the terms of such transaction or series of related transactions have been approved by a resolution of the majority of the Disinterested Members of the Board of Directors (or, if there are no such Disinterested Members or insufficient Disinterested Members to so approve, a majority of the Board of Directors) of the Obligor resolving that such transaction complies with Condition 5.5(a)(i) above.

(b) The provisions of the preceding paragraph will not apply to:

(i) any Restricted Payment permitted to be made pursuant to Condition 5.2, any Permitted Payments (other than pursuant to Condition 5.2(c)(ix)) or any Permitted Investments (other than Permitted Investments as defined in paragraphs (a)(ii) and (b) of the definition thereof);

(ii) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Obligor, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Obligor, in each case in the ordinary course of business;

(iii) any Management Advances and any waiver or transaction with respect thereto;

(iv) any transaction between or among the Obligor and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;

(v) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Obligor, any Restricted Subsidiary or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(vi) (A) the Transactions, (B) the entry into and performance of obligations of the Obligor or any of its Restricted Subsidiaries under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date or described in "*Related Party Transactions*" in the Offering Circular or other similar transactions entered into in the ordinary course of business, as these agreements and instruments may be amended, modified, supplemented, extended, renewed, replaced or refinanced from time to time in accordance with the other terms of this Condition 5.5 or to the extent not more disadvantageous to the holders in any material respect;

(vii) the execution, delivery and performance of any arrangement pursuant to which the Obligor or any of its Restricted Subsidiaries is required or permitted to file a consolidated tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(viii) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Obligor or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an Officer of the Obligor or the relevant Restricted Subsidiary, or are on terms no less favourable than those that could reasonably have been obtained at such time from an unaffiliated party;

(ix) any transaction in the ordinary course of business between or among the Obligor or any Restricted Subsidiary and any Affiliate of the Obligor or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Obligor or a Restricted Subsidiary or any Affiliate of the Obligor or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(x) (A) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Obligor or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; **provided that** the profit rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors in their reasonable determination and (B) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of these Conditions and the Declaration of Trust;

(xi) any transaction effected as part of an ordinary course receivables financing;

(xii) any participation in a public tender or exchange offers for securities or debt instruments issued by the Obligor or any of its Subsidiaries that are conducted on arms' length terms and provide for the same price or exchange ratio, as the case may be, to all holders accepting such tender or exchange offer; and

(xiii) any other transactions for which the Obligor or the relevant Restricted Subsidiary determines to be commercially appropriate and beneficial to it notwithstanding that it is not on arms' length terms and for fair market value.

5.6 Reports

(a) So long as any Certificates are outstanding, the Obligor will furnish to the Delegate the following reports:

(i) within 120 days (or 150 days for the Obligor's first fiscal year ending after the Issue Date) after the end of the Obligor's fiscal year ending after the Issue Date, annual reports containing, to the extent applicable: (A) an operating and financial review of the audited consolidated financial statements, including a discussion of the results of operations, financial condition and liquidity and capital resources of the Obligor and its subsidiaries; (B) unaudited *pro forma* income statement and balance sheet information of the Obligor, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (other than the Transactions and unless such *pro forma* information has been provided in a previous report pursuant to Condition 5.6(a)(ii) or Condition 5.6(a)(iii) below); **provided that** such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Obligor will provide, in the case of a material acquisition, acquired company financial statements or financial data; (C) the audited consolidated balance sheet of the Obligor as at the end of the most recent fiscal year and audited consolidated income statements and statements of cash flow of the Obligor for the most recent two fiscal years, including appropriate footnotes to such financial statements, for and as at the end of such fiscal years and the report of the independent auditors on the financial statements in respect of the most recently completed fiscal year; (D) a description of the management and shareholders of the Obligor and material affiliate transactions; (E) a description of all material debt instruments; (F) a description of material business risk factors and material subsequent events; and (G) consolidated EBITDA; **provided that** the information described in (D), (E) and (F) may be provided in the footnotes to the audited financial statements;

(ii) within 60 days following the end of the first three fiscal quarters in each fiscal year of the Obligor beginning with the quarter ending 31 March 2024, all quarterly reports of the Obligor containing the following information (A) an unaudited condensed consolidated balance sheet as of the end of such quarter year and unaudited condensed statements of income and cash flow for the quarter year period then ended, and the comparable prior year periods, together with condensed footnote disclosure; **provided that** the line items included in such statements of income will not include any items below the line item EBITDA; (B) unaudited pro forma income statement and balance sheet information of the Obligor, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarter yearly report relates (other than the Transactions and unless such pro forma information has been provided in a previous report pursuant to Condition 5.6(a)(iii) below); **provided that** such pro forma financial information will be provided only to the extent available without unreasonable expense, in which case the Obligor will provide, in the case of a material acquisition, acquired company financial statements or financial data; (C) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; and (D) a description of material recent developments and any material changes to the risk factors disclosed in the most recent annual report; and

(iii) promptly after the occurrence of a material event that the Obligor announces publicly, or any acquisition, disposition, restructuring, merger or similar transaction that is material to the Obligor and the Restricted Subsidiaries (other than the Transactions), taken as a whole, or a senior executive officer or director changes at the Obligor or a change in auditors of the Obligor, a report containing a description of such event.

(b) The Obligor will also make available to holders and prospective holders of the Certificates copies of all reports furnished to the Delegate on the Obligor's website and if and so long as the Certificates are listed on the Official List of The International Stock Exchange (the "**Exchange**") and, to the extent that the rules and regulations of the Exchange so require, copies of such reports furnished to the Delegate will also be posted to the website of the Exchange.

(c) All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statements (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented, except as may otherwise be described in such information; **provided, however, that** the reports set forth in Conditions 5.6(a)(i), 5.6(a)(ii) and 5.6(a)(iii) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods. To the extent (i) consolidated financial information or (ii) comparable prior period financial information of the Obligor does not exist or is not meaningful, the (A) consolidated financial information or (B) the comparable period financial information of the Company may be provided in lieu thereof. The reports set forth in Condition 5.6(a)(ii) are not required to be reviewed by independent auditors. No report needs to include separate financial statements of the Obligor (or an unconsolidated basis) or for any Subsidiaries of the Obligor. The inclusion in any report of any key performance indicators ("**KPIs**") with respect to the Obligor shall be as determined by the Obligor from time to time. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. generally accepted accounting principles.

(d) At any time that any of the Obligor's subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Obligor, then the quarterly and annual financial information required by Condition 5.6(a) will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Obligor and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Obligor.

(e) All reports provided pursuant to this Condition 5.6 shall be made in the English language.

(f) For so long as, the equity securities of the Obligor (or any successor thereto) are listed on the regulated market of an internationally recognized stock exchange (including, without limitation, or one or more of the Saudi Stock Exchange (Tadawul), the New York Stock Exchange or the London Stock Exchange) and the Obligor (or any successor thereto) is subject to the disclosure standards under applicable law and/or rules issued by the regulated market of such internationally recognized stock exchange applicable to issuers of equity securities admitted to trading on the regulated market of such internationally recognized stock exchange, for so long as it elects, the Obligor will make available to the Delegate such annual reports, information, documents and other reports that such listed entity is, or would be, required to make public or file with such internationally recognized stock exchange pursuant to such disclosure standards.

(g) Upon complying with the requirements of the prior paragraph; **provided that** (i) the Obligor (or any successor thereto) is required or elects to prepare and make public or file annual or quarterly reports, information, documents and other reports with such internationally recognized stock exchange, as applicable, and (ii) the Obligor provides separate consolidated financial statements substantially in the form described in Condition 5.6(a)(i) or Condition 5.6(a)(ii), as applicable, the Obligor will be deemed to have complied with the provisions contained in such clauses.

(h) Delivery of information, documents and reports to the Delegate is for informational purposes only and the Delegate's receipt of such shall not constitute notice of any information contained therein, including the Obligor's compliance with any of its covenants under these Conditions and the Declaration of Trust.

(i) For purposes of this Condition 5.6, an acquisition or disposition shall be deemed to be material if the entity or business acquired or disposed of represents greater than 20.0 per cent. of the Obligor's (i) total revenue or Consolidated EBITDA for the most recent four quarters for which annual or quarterly financial reports have been delivered to the Delegate or (ii) consolidated assets as of the last day of the most recent quarter for which annual or quarterly financial reports have been delivered to the Delegate.

5.7 **Merger and Consolidation**

(a) The Obligor will not consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose of all or substantially all the assets of the Obligor and its Restricted Subsidiaries, taken as a whole, in one transaction or a series of related transactions to, any Person, unless:

(i) the resulting, surviving or transferee Person (the "**Successor Company**") will be a Person organized and existing under the laws of any member state of the European Union, or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway, Saudi Arabia or Switzerland and the Successor Company (if not the Obligor) will expressly assume, by a supplemental declaration of trust and any other required documents, executed and delivered to the Delegate, in form reasonably satisfactory to the Delegate, all the obligations of the Obligor under the Transaction Documents to which it is a party (in whatever capacity);

(ii) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Dissolution Event shall have occurred and be continuing;

(iii) immediately after giving effect to such transaction, either (A) the Successor Company would be able to Incur at least an additional U.S.$1.00 of Indebtedness pursuant to Condition 5.1(a)(i) or (B) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction;

(iv) the Obligor shall have delivered to the Delegate (A) an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental declaration of trust and other documents (if any) comply with these Conditions and the Declaration of Trust, and an Opinion of Counsel to the effect that each of such supplemental declaration of trust and other documents (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company (in each case, in form and substance reasonably satisfactory to the Delegate); **provided that** in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of Conditions 5.7(a)(i), 5.7(a)(ii) and 5.7(a)(iii) above and (B) a pronouncement from an internationally reputable *Shari'a* board that the Transaction Documents as amended or supplemented pursuant to this Condition 5.7 comply with the principles of *Shari'a* as laid down by such board; and

(v) the Successor Company shall have such rights, title, interests, benefits, entitlements and obligations in relation to the Wakala Assets as is equivalent to the rights, title, interests, benefits, entitlements and obligations in relation thereto as held by the Obligor on the Issue Date.

(b) Any Indebtedness that becomes an obligation of the Obligor or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this Condition 5.7, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with Condition 5.1.

(c) For purposes of this Condition 5.7, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Obligor, which properties and assets, if held by the Obligor instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Obligor on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Obligor.

(d) The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Obligor under these Conditions and the Declaration of Trust but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Transaction Documents to which it is a party (in whatever capacity).

(e) There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

(f) The foregoing provisions (other than the requirements of Condition 5.7(a)(ii)) shall not apply to (i) any transactions which constitute an Asset Disposition if the Obligor has complied with Condition 5.4 or (ii) the creation of a new subsidiary as a Restricted Subsidiary.

(g) For the avoidance of doubt, no consent or sanction of the Certificateholders shall be required for any substitution of the Obligor which is in accordance with this Condition 5.7.

5.8 **Suspension of Covenants on Achievement of Investment Grade Status**

(a) If on any date following the Issue Date, any Certificates have achieved Investment Grade Status and no Default or Dissolution Event has occurred and is continuing (a "**Suspension Event**"), then, the Obligor shall notify the Delegate of these events and beginning on that day (the "**Suspension Date**") and continuing until such time, if any, at which the Certificates cease to have Investment Grade Status (the "**Reversion Date**"), the following Conditions will not apply to such Certificates:

(i) Condition 5.1;

(ii) Condition 5.2;

(iii) Condition 5.4;

(iv) Condition 5.5; and

(v) Condition 5.7(a)(iii),

and, in each case, any related default provision of these Conditions and the Declaration of Trust will cease to be effective and will not be applicable to the Obligor and the Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Obligor properly taken during the continuance of the Suspension Event, and Condition 5.2 will be interpreted as if it has been in effect since the date of these Conditions and the Declaration of Trust except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Obligor's option, as having been Incurred pursuant to Condition 5.1(a) or one of the clauses set forth in Condition 5.1(b) (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be Incurred under Condition 5.1(a) and Condition 5.1(b), such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under Condition 5.1(b)(iv)(B).

(b) Upon the occurrence of a Reversion Date, the Obligor and its Restricted Subsidiaries will be permitted to perform under, or consummate the transactions contemplated by, any contract entered into during the period of time between the Suspension Event and the Reversion Date, so long as such contract and such consummation would have been permitted during such Suspension Period.

(c) The Obligor shall give the Delegate written notice of any Covenant Suspension Event and in any event not later than five Business Days after such Covenant Suspension Event has occurred. The Obligor shall give the Delegate written notice of any occurrence of a Reversion Date not later than five Business Days after such Reversion Date.

Any capitalized term used but not defined in this Condition 5, shall have the meaning set forth in Condition 1. In addition, for the purposes of this Condition 5:

"**Acquired Indebtedness**" means Indebtedness (a) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (b) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition or (c) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the

Obligor or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to (a) above, on the date such Person becomes a Restricted Subsidiary and, with respect to (b) above, on the date of consummation of such acquisition of assets and, with respect to (c) above, on the date of the relevant merger, consolidation or other combination.

"**Affiliate**" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Asset Disposition**" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "**disposition**") by the Obligor or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(a) a disposition by a Restricted Subsidiary to the Obligor or by the Obligor or a Restricted Subsidiary to a Restricted Subsidiary;

(b) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(c) a disposition of inventory, trading stock, security equipment or other equipment or assets in the ordinary course of business;

(d) a disposition of obsolete, damaged, retired, surplus or worn out equipment or assets or equipment, facilities or other assets that are no longer useful in the conduct of the business of the Obligor and its Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging instruments or arrangements not for speculative purposes;

(e) transactions permitted under Condition 5.7 or a transaction that constitutes a Change of Control;

(f) an issuance of Capital Stock by a Restricted Subsidiary to the Obligor or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors or the issuance of directors' qualifying shares and shares issued to individuals as required by applicable law;

(g) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Board of Directors or an Officer of the Obligor) of less than the greater of (A) U.S.$10.0 million and (B) 2.5% of Consolidated EBITDA;

(h) any Restricted Payment that is permitted to be made, and is made, under Condition 5.2 and the making of any Permitted Payment or Permitted Investment or, solely for purposes of Condition 5.4(b), asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(i) the granting of Liens not prohibited by Condition 5.3;

(j) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Obligor or a Restricted Subsidiary upon the foreclosure of a Lien granted in favour of the Obligor or any Restricted Subsidiary;

(k) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;

(l) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(m) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(n) sales or dispositions of receivables in connection with any ordinary course receivables financing or any factoring transaction or in the ordinary course of business or arising as a result of the entry into of service and supply agreements with third party service providers in relation to the collection and settlement of outstanding customer invoices in the ordinary course of business;

(o) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(p) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Obligor or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(q) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(r) an issuance of Capital Stock by a Restricted Subsidiary to the Obligor or to another Restricted Subsidiary, an issuance or sale by a Restricted Subsidiary of Preferred Stock or Redeemable Capital Stock that is permitted by Condition 5.1 or an issuance of Capital Stock by the Obligor pursuant to an equity incentive or compensation plan approved by the Board of Directors;

(s) the disposition of assets to a Person under concession partnership arrangements or franchise partnership arrangements in the ordinary course of business;

(t) sales, transfers or other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; provided that any cash or Cash Equivalents received in such sale, transfer or disposition is applied in accordance with Condition 5.4; and

(u) any disposition with respect to property built, owned or otherwise acquired by the Obligor or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by these Conditions and the Declaration of Trust.

"**Associate**" means (a) any Person engaged in a Similar Business of which the Obligor or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (b) any joint venture entered into by the Obligor or any Restricted Subsidiary.

"**Board of Directors**" means (a) with respect to the Obligor or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (b) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (c) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of these Conditions and the Declaration of Trust requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval). The obligations of the "Board of Directors of the Obligor" under these Conditions and the Declaration of Trust may be exercised pursuant by the Board of Directors of a Restricted Subsidiary or a Parent pursuant to a delegation of powers of the Board of Directors of the Obligor.

"**Capital Stock**" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"**Capitalized Lease Obligations**" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital or finance lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) prepared in accordance with IFRS; **provided, that** any obligations of the Obligor or its Restricted Subsidiaries either existing on the Issue Date or created prior to any recharacterization described below (a) that were not included on the consolidated balance sheet of the Obligor as capital finance lease obligations and (b) that are subsequently recharacterized as capital or finance lease obligations or indebtedness due to a change in accounting treatment or otherwise (including under IFRS 16), shall for all purposes under these Conditions and the Declaration of Trust (including, without limitation, the calculation of Consolidated Net Income and EBITDA) not be treated as capital or finance lease obligations, Capitalized Lease Obligations or Indebtedness.

"**Cash Equivalents**" means:

(a) any cash denominated in United States dollars, Canadian dollars, pounds sterling, yen, euros or any national currency of any participating member state of the EMU, Chinese yuan, Saudi Riyal, or Swiss francs, or in such other currencies held by the Obligor or any Restricted Subsidiary from time to time in the ordinary course of business or consistent with industry practice;

(b) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a Permissible Jurisdiction, Switzerland or Norway or, in each case, any agency or instrumentality thereof (**provided that** the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(c) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof (a "**Deposit**") or cash in credit balance or deposit which are freely transferable or convertible within 90 days issued or held by any finance party to the Financing Facilities or by any bank or trust company (i) if at any time since 1 January 2007 the Obligor or any of its Subsidiaries held Deposits with such bank or trust company (or any branch or subsidiary thereof), (ii) whose commercial paper is rated at least "A-3" or the equivalent thereof by S&P or at least "P-3" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (iii) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of U.S.$250.0 million;

(d) Deposits in connection with the business of the Obligor or its Subsidiaries in the ordinary course of business and consistent with past practice issued by a bank or a trust company organized, or authorized to operate as a bank or trust company, under the laws of any state of the United States of America, any province of Canada, any member of a Permissible Jurisdiction, Switzerland or Norway or any political subdivision thereof;

(e) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (a) and (b) entered into with any bank meeting the qualifications specified in clause (b) above;

(f) commercial paper rated at the time of acquisition thereof at least "A-3" or the equivalent thereof by S&P or "P-3" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(g) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, a Permissible Jurisdiction, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(h) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(i) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(j) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (a) through (j) above; and

(k) other instruments customarily utilized for high-quality investments that can be readily monetized without material risk of loss in the good faith judgment of a responsible financial or accounting officer of the Obligor or any of its Restricted Subsidiaries.

For the avoidance of doubt, any items identified as Cash Equivalents under this definition will be deemed to be Cash Equivalents for all purposes under these Conditions and the Declaration of Trust regardless of the treatment of such items under IFRS.

"**Change of Control**" means the occurrence of any of the following:

(a) the Obligor becoming aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "**person**" or "**group**" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "**beneficial owner**" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Obligor; **provided that** for the purposes of this definition, (i) no Change of Control shall be deemed to occur by reason of the Obligor becoming a Subsidiary of a Successor Parent; and (ii) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in any Voting Stock of which any "**person**" or "**group of related persons**" is the "**beneficial owner**" (as so defined) unless that person or group is not an Affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock; or

(b) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Obligor and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders.

"**Commodity Hedging Agreements**" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"**Company Investors**" means (a) directors of the Obligor, members of the management team of the Obligor or its Subsidiaries and employees of the Obligor and its Subsidiaries who subsequently invest directly or indirectly in the Obligor from time to time and (b) any entity that may hold shares transferred by departing members of the management team or employees of the Obligor or its Subsidiaries for future redistribution to the management team or employees of the Obligor or its Subsidiaries.

"**Confirming Lines**" means confirming lines, "**reverse**" factoring arrangements or other supplier payment arrangements with banks or other financial institutions or special purpose entities providing for the payment by such bank or financial institution or special purpose entity of supplier invoices and other trade payables owed by a Person, which payments are reimbursed by the Person in accordance with the terms of such lines or arrangements.

"**Consolidated EBITDA**" means the consolidated profits of the Obligor from ordinary activities before taxation for the period of the four most recent fiscal quarters ending prior to the relevant date of measurement for which internal consolidated financial statements are available:

(a) before deducting any Consolidated Profit Expense whether paid, payable or capitalized by any member of the group (calculated on a consolidated basis) in respect of the relevant period;

(b) not including any accrued profit owing to Obligor or any Restricted Subsidiary;

(c) after adding back any amount attributable to the amortization, or depreciation or impairment of assets of members of the Obligor and its Restricted Subsidiaries (and taking no account of the reversal of any previous impairment charge);

(d) before taking into account any Exceptional Items of the Obligor and its Restricted Subsidiaries;

(e) after deducting the amount of any profit of any of the Obligor and its Restricted Subsidiaries which is attributable to minority interests;

(f) after deducting the amount of any profit of any Non-Group Entity;

(g) after adding back the amount of any dividends received in cash by the Obligor or a Restricted Subsidiary (net of any applicable withholding taxes) through dividends or other distributions from any Non-Group Entity;

(h) before taking into account any unrealized gains or losses of the Obligor and its Restricted Subsidiaries on any financial instrument (including any derivative instrument, other than any derivative instrument which is accounted for on a hedge accounting basis);

(i) before taking into account any gain or loss arising from an upward or downward revaluation of any other asset at any time after 31 March 2018;

(j) before taking into account any Pension Items of the Obligor and its Restricted Subsidiaries;

(k) excluding the charge to profit of the Obligor and its Restricted Subsidiaries represented by the expensing of stock options; and

(l) before taking into account any gain or loss arising from the Obligor or a Restricted Subsidiary buying-back (howsoever arising, and whether directly or indirectly) any indebtedness of the Obligor or a Restricted Subsidiary (including that Group member's own indebtedness),

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining profits of the Group from ordinary activities before taxation.

"**Consolidated Net Income**" means, for any period, the net income (loss) of the Company and its Restricted Subsidiaries determined on a consolidated basis and on the basis of IFRS; **provided, however, that** there will not be included in such Consolidated Net Income (adjusted for the corresponding tax impact (if any)):

(a) any net income (loss) of any person that is not a member of the Group, except that a member of the Group's equity in the net income of any such person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such person during such period to a member of the Group as a dividend or other distribution or return on investment;

(b) any net gain (or loss) realized upon the sale, abandonment or other disposition of any asset or disposed operations of any member of the Group (including pursuant to any sale and leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of its day to day operations (as determined in good faith by the Company);

(c) any extraordinary, exceptional, unusual or nonrecurring gain, loss, charge or expense or any charges, expenses or reserves in respect of any restructuring, redundancy or severance or any similar transaction;

(d) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions;

(e) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(f) any unrealized gains or losses in respect of hedging or other derivative instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of hedging or other derivative instruments;

(g) any unrealized foreign currency translation gains or losses in respect of Indebtedness of any member of the Group denominated in a currency other than the functional currency of such member of the Group and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(h) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of any member of the Group owing to another member of the Group;

(i) any one-time non-cash charges or any increases in amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of any person or business or resulting from any reorganization or restructuring involving any member of the Group; and

(j) any goodwill or other intangible asset impairment charge or write-off.

"**Consolidated Net Leverage**" means the sum of the aggregate outstanding Indebtedness of the Obligor and its Restricted Subsidiaries (excluding Hedging Obligations) less cash and Cash Equivalents of the Obligor and its Restricted Subsidiaries, as of the relevant date of calculation on a consolidated basis on the basis of IFRS.

"**Consolidated Net Leverage Ratio**" means, as of any date of determination, the ratio of (a) Consolidated Net Leverage at such date to (b) the aggregate amount of Consolidated EBITDA for the period of the four most recent quarters ending prior to the date of such determination for which internal consolidated financial statements of the Obligor are available. In the event that the Obligor or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness subsequent to the commencement of the period for which the Consolidated Net Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Net Leverage Ratio is made (the

"**Calculation Date**"), then the Consolidated Net Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Obligor) to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable reference period; **provided, however, that** (other than in connection with making any Restricted Payment pursuant to Condition 5.2(c)(xiv)) the *pro forma* calculation shall not give effect to (x) any Indebtedness incurred on the Calculation Date pursuant to Condition 5.1(b) or (y) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to Condition 5.1(b).

In addition, for purposes of calculating the Consolidated Net Leverage Ratio:

(a) acquisitions and Investments (each, a "**Purchase**") that have been made by the Obligor or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the Obligor or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Obligor and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the reference period; **provided that**, if definitive documentation has been entered into with respect to a Purchase that is part of the transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect to such Purchase (including anticipated synergies and cost savings) as if such Purchase had occurred on the first day of such period, even if the Purchase has not yet been consummated as of the date of determination;

(b) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period (taking into account anticipated expense and cost reduction synergies resulting from any such disposal, as determined in good faith by a responsible accounting or financial officer of the Obligor);

(c) the Consolidated Profit Expense attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period, but only to the extent that the obligations giving rise to such Consolidated Profit Expense will not be obligations of the Obligor or any of its Restricted Subsidiaries following the Calculation Date;

(d) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such reference period;

(e) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such reference period;

(f) if any Indebtedness bears a floating rate of profit, the profit expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Profit Rate Agreement applicable to such Indebtedness, and if any Indebtedness is not denominated in the Obligor's functional currency, that Indebtedness for purposes of the calculation of Consolidated Net Leverage shall be treated in accordance with IFRS); and

(g) the reasonably anticipated full run rate effect of expense and cost reduction synergies (as determined in good faith by an Officer of the Obligor responsible for accounting or financial reporting) projected to result from actions taken by the Obligor or its Restricted

Subsidiaries shall be included as though such synergies had been achieved on the first day of the relevant period, net of the amount of actual benefits realized during such period from such actions; **provided that** such synergies (A) are reasonably identifiable and factually supportable and (B) are not duplicative of any cost savings, reductions or synergies already included for such period.

For the purposes of the definitions of Consolidated EBITDA, Consolidated Profit Expense and Consolidated Net Income, calculations will be determined in accordance with the terms set forth above.

"**Consolidated Profit Expense**" means, for any period (in each case, determined on the basis of IFRS), the consolidated profit, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalized by any member of the Obligor and its Restricted Subsidiaries (calculated on a consolidated basis) in respect of the relevant period.

"**Consolidated Secured Net Leverage**" means, without duplication, (a) the aggregate outstanding Secured Indebtedness of the Obligor and its Restricted Subsidiaries (including Indebtedness Incurred under Condition 5.1(b)(i), but excluding Hedging Obligations except to the extent provided in clause (3) of the penultimate paragraph of the covenant described Condition 5.1) on a consolidated basis less (b) cash and Cash Equivalents of the Obligor and its Restricted Subsidiaries on a consolidated basis.

"**Consolidated Secured Net Leverage Ratio**" means the Consolidated Net Leverage Ratio, but calculated by using Consolidated Secured Net Leverage in substitution of Consolidated Net Leverage.

"**Contingent Obligations**" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("**primary obligations**") of any other Person (the "**primary obligor**"), including any obligation of such Person, whether or not contingent:

(a) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(b) to advance or supply funds:

   (i) for the purchase or payment of any such primary obligation; or

   (ii) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"**Credit Facility**" means, with respect to the Obligor or any of its Subsidiaries, one or more debt facilities, arrangements, instruments or indentures (including the Financing Facilities or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the Financing Facilities or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "**Credit Facility**" shall include any agreement or instrument (a) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (b) adding Subsidiaries of the Obligor as additional borrowers or guarantors thereunder, (c) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (d) otherwise altering the terms and conditions thereof.

"**Controlling Shareholders"** means each of Fawaz Abdulaziz Alhokair, Salman Abdulaziz Alhokair and Abdulmajid Abdulaziz Alhokair, directly or indirectly.

"**Currency Agreement**" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"**Default**" means any event which is, or after notice or passage of time or both would be, a Dissolution Event.

"**Designated Non-Cash Consideration**" means the fair market value (as determined in good faith by the Board of Directors or an Officer of the Obligor) of non-cash consideration received by the Obligor or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with Condition 5.4.

"**Designated Preference Shares**" means, with respect to the Obligor or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Obligor or a Subsidiary of the Obligor or an employee stock ownership plan or trust established by the Obligor or any such Subsidiary for the benefit of their employees to the extent funded by the Obligor or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Obligor at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in Condition 5.2(a)(v)(C)(2).

"**Disinterested Member**" means, with respect to any Affiliate Transaction, a member of the Board of Directors having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors shall not be deemed to have such a financial interest by reason of such member's holding Capital Stock of the Parent or any options, warrants or other rights in respect of such Capital Stock.

"**Disqualified Stock**" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, in each case on or prior to the date that is 90 days after the earlier of (a) the Scheduled Dissolution Date of the Certificates or (b) the date on which there are no Certificates outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Disposition will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Condition 5.2. For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to these Conditions and the Declaration of Trust, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined as set forth herein. Only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

"**Dollar Equivalent**" means, with respect to any monetary amount in a currency other than U.S. Dollars, at any time of determination thereof by the Obligor, the amount of U.S. Dollars obtained by converting such currency other than U.S. Dollars involved in such computation into U.S. Dollars at the spot rate for the purchase of U.S. Dollars with the applicable currency other than U.S. Dollars as published in The Financial Times in the "Currency Rates" section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected by the Obligor) on the date of such determination.

"**Equity Offering**" means (a) a sale of Capital Stock of a Parent, the Obligor or a Restricted Subsidiary (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions and other than offerings to the Obligor or any Restricted Subsidiary), or (b) the sale of Capital Stock or other securities by any Person (other than to the Obligor or a Restricted Subsidiary), the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Obligor or any of its Restricted Subsidiaries.

"**EMU**" means the economic and monetary union as contemplated in the Treaty on European Union.

"**European Government Obligations**" means any security that is (a) a direct obligation of any country that is a member of the European Monetary Union on the Issue Date, for the payment of which the full faith and credit of such country is pledged or (b) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under (a) or (b) above, is not callable or redeemable at the option of the issuer thereof.

"**Exceptional Items**" means any items (positive or negative) of an exceptional, one off, non-recurring or extraordinary nature (including, without limitation, severance payments).

"**Exchange**" means The International Stock Exchange.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"**Excluded Contribution**" means Net Cash Proceeds or property or assets received by the Obligor as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Obligor after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Obligor or any Subsidiary of the Obligor for the benefit of its employees to the extent funded by the Obligor or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding of the Obligor, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Obligor.

"**fair market value**" wherever such term is used in these Conditions or the Declaration of Trust (except as otherwise specifically provided in these Conditions or the Declaration of Trust), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Obligor setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"**Financing Facilities**" refers to the Senior Secured Islamic Term Facilities and the Islamic Revolving Credit Facility, each as defined in the Offering Circular.

"**Fitch**" means Fitch Ratings or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**Fixed Charge Coverage Ratio**" means, as of any date of determination, the ratio of (a) the aggregate amount of Consolidated EBITDA of such Person for the period of the four most recent fiscal quarters prior to the date of such determination for which internal consolidated financial statements are available to (b) the Fixed Charges of such Person for such four fiscal quarters.

In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases, retires, extinguishes or otherwise discharges any Indebtedness (other than Indebtedness incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "**Calculation Date**"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated expense and cost reduction synergies, to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; **provided, however, that** the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to Condition 5.1(b) (other than for the purposes of the calculation of the Fixed Charge Coverage Ratio under Condition 5.1(b)(v)) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to Condition 5.1(b).

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(A) acquisitions or Investments (each, a "**Purchase**") that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated expense and cost reductions and synergies, as if they had occurred on the first day of the four-quarter reference period; **provided that**, if definitive documentation has been entered into with respect to a Purchase that is part of the transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect to such Purchase (including anticipated synergies and cost savings) as if such Purchase had occurred on the first day of such period, even if the Purchase has not yet been consummated as of the date of determination;

(B) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(C) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(D) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(E) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period;

(F) if any Indebtedness bears a floating rate of profit and is being given *pro forma* effect, the profit expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness);

(G) Profit on a Capitalized Lease Obligation shall be deemed to accrue at an profit rate reasonably determined by a responsible financial or accounting officer of the Obligor to be the rate of profit implicit in such Capitalized Lease Obligation in accordance with IFRS; and

(H) the reasonably anticipated full run rate effect of expense and cost reduction synergies (as determined in good faith by a responsible accounting or financial Officer) projected to result from actions taken by the Obligor or its Restricted Subsidiaries shall be included as though such synergies had been achieved on the first day of the relevant period, net of the amount of actual benefits realized during such period from such actions; *provided* such synergies (1) are reasonably identifiable and factually supportable and (2) are not duplicative of any costs savings, reductions or synergies already included for the period.

"**Fixed Charges**" means, with respect to any specified Person for any period, the sum, without duplication, of:

(a) the Consolidated Profit Expense of such Person for such period; plus

(b) all dividends, whether paid or accrued and whether or not in cash, on or in respect of all Disqualified Stock of the Obligor or any series of Preferred Stock of any Restricted Subsidiary, other than dividends on equity interests payable to the Obligor or a Restricted Subsidiary; plus

(c) any profit expense on Indebtedness of another person that is guaranteed by such Person or its Restricted Subsidiaries or secured by a Lien on assets of such Person or its Restricted Subsidiaries, but only to the extent such profit expense is actually paid;

determined on a consolidated basis in accordance with IFRS.

"**Group**" means the Obligor and its Subsidiaries.

"**Guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(b) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, however, that the term "**Guarantee**" will not include endorsements for collection or deposit in the ordinary course of business. The term "**Guarantee**" used as a verb has a corresponding meaning.

"**Hedging Obligations**" of any Person means the obligations of such Person pursuant to any Profit Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

"**Holding Company**" means, in relation to any Person, any other Person in respect of which it is a Subsidiary.

"**IFRS**" means International Financial Reporting Standards (formerly International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Obligor or its Restricted Subsidiaries are, or may be, required to comply.

Notwithstanding the foregoing, the impact of IFRS 16 (Leases) and any successor standard thereto shall be disregarded with respect to all ratios, calculations, baskets and determinations based upon IFRS to be calculated or made, as the case may be, pursuant to these Conditions and (without limitation) any lease, concession or license of property that would be considered an operating lease under IFRS prior to 1 January 2019 and any guarantee given by the Obligor or any Restricted Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Obligor or any Restricted Subsidiary under any such operating lease shall be accounted for in accordance with IFRS as in effect prior to 1 January 2019.

Moreover, at any date after the Issue Date, the Obligor may make an irrevocable election to establish that "**IFRS**" shall mean IFRS as in effect on a date that is on or prior to the date of such election (other than with respect to Condition 5.6).

"**Incur**" means issue, create, assume, enter into any Guarantee of, incur or otherwise become liable for; **provided, however, that** any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "**Incurred**" and "**Incurrence**" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "**Incurred**" at the time any funds are borrowed thereunder.

"**Indebtedness**" means, with respect to any Person on any date of determination (without duplication):

(a) the principal of indebtedness of such Person for borrowed money;

(b) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables or other obligations not constituting Indebtedness and such obligations are satisfied within 30 days of Incurrence), in each case, only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(d) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(e) Capitalized Lease Obligations of such Person;

(f) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(g) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided, however, that the amount of such Indebtedness will be the lesser of (i) the fair market value of such asset at such date of determination (as determined in good faith by the Board of Directors or an Officer of the Obligor) and (ii) the amount of such Indebtedness of such other Persons;

(h) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(i) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Profit Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "**Indebtedness**" shall not include (1) Subordinated Shareholder Funding, (2) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date, (3) prepayments of deposits received from clients or customers in the ordinary course of business, (4) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business, or (5) any asset retirement obligations, or (6) any Project Financing.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in these Conditions and the Declaration of Trust, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in (g) and (h) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(A) Contingent Obligations Incurred in the ordinary course of business, obligations under or in respect of receivables financings and factoring or similar arrangements which are non-recourse to the relevant Restricted Subsidiary except to the extent customary for such type of factoring or similar arrangements, and accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;

(B) in connection with the purchase by the Obligor or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; **provided, however, that**, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter;

(C) (1) Guarantees, letters of credit (to the extent not drawn or satisfied within 60 days of such drawing), documentary credits or similar instruments in respect of any leases or provided to suppliers in the ordinary course of business (or provided to credit insurers relating to ordinary course of business payables of the Obligor and its Restricted Subsidiaries), (2) other Indebtedness in respect of standby letters of credit, documentary credits, performance bonds or surety bonds provided by the Obligor or any Restricted Subsidiary in the ordinary course of business to the extent that such letters or documentary credits are not drawn upon or, if and to the extent drawn upon are honoured in accordance with their terms and if, to be reimbursed, are reimbursed no later than then fifth Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit or documentary credit or bond and (3) obligations in respect of Confirming Lines; or

(D) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

"**Investment**" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of IFRS; **provided, however, that** endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Obligor or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a

Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Obligor or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in Condition 5.2(e).

For purposes of Condition 5.2:

(a) "**Investment**" will include the portion (proportionate to the Obligor's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; and

(b) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors or an Officer of the Obligor.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Obligor's option) by any dividend, distribution, profit payment, return of capital, repayment or other amount or value received in respect of such Investment.

"**Investment Grade Securities**" means:

(a) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(b) securities issued or directly and fully guaranteed or insured by a Permissible Jurisdiction, Switzerland or Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(c) debt securities or debt instruments with a rating of "BBB-" or higher from S&P, a rating of "BBB-" or higher by Fitch or "Baa3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's, Fitch or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Obligor and its Subsidiaries;

(d) investments in any fund that invests exclusively in investments of the type described in (a), (b) and (c) above which fund may also hold cash and Cash Equivalents pending investment or distribution; and

(e) any investment in repurchase obligations with respect to any securities of the type described in (a), (b) and (c) above which are collateralized at par or over.

"**Investment Grade Status**" shall occur when all of the Certificates receive at least two of the following:

(a) a rating of "BBB-" or higher from S&P;

(b) a rating of "Baa3" or higher from Moody's; and

(c) a rating of "BBB-" or higher from Fitch,

or the equivalent of such rating by either such rating organization or, if no rating of Moody's, S&P or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"**Issue Date**" means 6 March 2024.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"**Management Advances**" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Obligor or any Restricted Subsidiary:

(a) (i) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (ii) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Obligor, its Subsidiaries or any Parent with (in the case of this sub-clause (ii)) the approval of the Board of Directors;

(b) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(c) (in the case of this paragraph (c)) not exceeding U.S.$5 million in the aggregate outstanding at any time.

"**Market Capitalisation**" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the Obligor on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the thirty (30) consecutive trading days immediately preceding the date of declaration of such dividend.

"**Material Indebtedness**" means the Financing Facilities, and any Indebtedness obligations in excess of the greater of (a) U.S.$75 million and (b) 2% of total assets.

"**Moody's**" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**Nationally Recognized Statistical Rating Organization**" means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) under the Exchange Act.

"**Net Available Cash**" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(a) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions), as a consequence of such Asset Disposition;

(b) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(c) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Obligor or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(d) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Obligor or any Restricted Subsidiary after such Asset Disposition.

"**Net Cash Proceeds**," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions).

"**Non-Group Entity**" means any investment or entity (which is not itself the Obligor or a Restricted Subsidiary) in which any of the Obligor and the Restricted Subsidiaries has an ownership interest.

"**Offering Circular**" means the offering circular dated 4 March 2024 relating to the Certificates.

"**Officer**" means, with respect to any Person, (a) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (i) of such Person or (ii) if such Person is owned or managed by a single entity, of such entity, or (b) any other individual designated as an "**Officer**" for the purposes of these Conditions and the Declaration of Trust by the Board of Directors of such Person. The obligations of an "**Officer of the Obligor**" may be exercised by the Officer of any Restricted Subsidiary who has been delegated such authority by the Board of Directors of the Obligor.

"**Officer's Certificate**" means, with respect to any Person, a certificate signed by one Officer of such Person.

"**Opinion of Counsel**" means a written opinion from legal counsel reasonably satisfactory to the Delegate. The counsel may be an employee of or counsel to the Obligor or its Subsidiaries.

"**Parent**" means any Person of which the Obligor at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"**Pension Items**" means any income or charge attributable to a post-employment benefit scheme other than the current service costs and any past service costs and curtailments and settlements attributable to the scheme.

"**Permissible Jurisdiction**" means any member state of the European Union.

"**Permitted Holders**" means, collectively, (a) the Controlling Shareholders, (b) any Related Person of any Persons specified in (a), (c) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Obligor, acting in such capacity and (d) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing (or any Persons mentioned in the following sentence) are members; **provided that**, in the case of such group and without giving effect to the existence of such group or any other group, such Persons referred to in the following sentence, collectively, have beneficial ownership of more than 50 per cent. of the total voting power of the Voting Stock of the Obligor or any of its direct or indirect parent companies held by such group. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Notice is made in accordance with the requirements of these Conditions and the Declaration of Trust will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"**Permitted Investment**" means (in each case, by the Obligor or any of its Restricted Subsidiaries):

(a) Investments in (i) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Obligor or (ii) a Person (including the Capital Stock of any such Person) and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(b) Investments in another Person and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Obligor or a Restricted Subsidiary;

(c) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(d) Investments in receivables owing to the Obligor or any Restricted Subsidiary created or acquired in the ordinary course of business;

(e) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(f) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Obligor or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(g) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with Condition 5.4;

(h) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date and any extension, modification or renewal of any such Investment;

(i) Currency Agreements, Profit Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with Condition 5.1;

(j) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "**Permitted Liens**" or made in connection with Liens permitted under Condition 5.3;

(k) any Investment to the extent made using Capital Stock of the Obligor (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(l) any transaction to the extent constituting an Investment that is permitted and made in accordance with Condition 5.5(b) (except those described in Conditions 5.5(b)(i), 5.5(b)(iii), 5.5(b)(viii), 5.5(b)(ix) and 5.5(b)(xii));

(m) Guarantees not prohibited by Condition 5.1 and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business and consistent with past practice;

(n) (i) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with these Conditions and the Declaration of Trust and (ii) Investments made in connection with any Project Financing of any undeveloped land;

(o) Investments in the Certificates;

(p) Investments acquired after the Issue Date as a result of the acquisition by the Obligor or any of its Restricted Subsidiaries of another Person, including by way of a merger, amalgamation or consolidation with or into the Obligor or any of its Restricted Subsidiaries in a transaction that is not prohibited by Condition 5.7 to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(q) Investments in licenses, concessions, authorizations, franchises, permits or similar arrangements that are related to the Obligor's or any Restricted Subsidiary's business;

(r) Investments, taken together with all other Investments made pursuant to this clause (r) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the sum of (i) the greater of (A) U.S.$50.0 million and (B) 12.5% of Consolidated EBITDA and (ii) U.S.$150.0 million provided that the Consolidated Net Leverage Ratio does not exceed 4.75 to 1.0 on a pro forma basis after giving effect to such Investments; and

(s) Investments in joint ventures, Unrestricted Subsidiaries and similar entities having an aggregate fair market value, when taken together with all other Investments made pursuant to this clause (s) that are at the time outstanding, not to exceed the greater of (A) U.S.$50.0 million and (B) 12.5% of Consolidated EBITDA at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value); *provided that*, if an Investment is made pursuant to this clause (s) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under Condition 5.2, such Investment shall thereafter be deemed to have been made pursuant to clause (a) or (b) of the definition of "Permitted Investments" and not this clause (s).

"**Permitted Liens**" means, with respect to any Person:

(a) Liens on assets or property of any Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor;

(b) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(c) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmens' and repairmen's or other similar Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(d) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; **provided that** appropriate reserves required pursuant to IFRS have been made in respect thereof;

(e) Liens in favour of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Obligor or any Restricted Subsidiary in the ordinary course of its business;

(f) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Obligor and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Obligor and its Restricted Subsidiaries;

(g) Liens on assets or property of the Obligor or any Restricted Subsidiary securing Hedging Obligations permitted under these Conditions and the Declaration of Trust relating to Indebtedness permitted to be Incurred under these Conditions and the Declaration of Trust and which is secured by a Lien on the same assets or property that secures such Indebtedness;

(h) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(i) Liens arising out of judgments, decrees, orders or awards not giving rise to a Dissolution Event so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(j) Liens on assets or property of the Obligor or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; **provided that** (i) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under Condition 5.1(b)(vii) and (ii) any such Lien may not extend to any assets or property of the Obligor or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(k) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(l) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Obligor and its Restricted Subsidiaries in the ordinary course of business;

(m) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date;

(n) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Obligor or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Obligor or any Restricted Subsidiary); **provided, however, that** such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); **provided that** such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(o) Liens on assets or property of the Obligor or any Restricted Subsidiary securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Obligor or another Restricted Subsidiary, or Liens in favour of the Obligor or any Restricted Subsidiary;

(p) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under these Conditions and the Declaration of Trust; **provided that** any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(q) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(r) (a) mortgages, liens, security interest, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Obligor or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(s) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of, or assets owned by, any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(t) Liens on property or assets under construction (and related rights) in favour of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(u) Liens on and in relation to receivables, account receivables, and related assets (including proceeds therefor being sold in factoring arrangements entered into in the ordinary course of business) or pursuant to any factoring, securitization or receivables financing arrangement permitted to be incurred by these Conditions and the Declaration of Trust;

(v) Liens arising under general business conditions in the ordinary course of business, including without limitation the general business conditions of any bank or financial institution with whom the Obligor or any of its Restricted Subsidiaries maintains a banking relationship in the ordinary course of business (including arising by reason of any treasury and/or cash management, cash pooling, netting or set-off arrangement or other trading activities);

(w) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(x) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(y) any security granted over the marketable securities portfolio described in paragraph (i) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party;

(z) (i) Liens created for the benefit of or to secure, directly or indirectly, the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity) and (ii) Liens securing obligations under Confirming Lines;

(aa) Liens Incurred in the ordinary course of business with respect to obligations which do not exceed the greater of (i) U.S.$25.0 million and (ii) 6.2% of Consolidated EBITDA;

(bb) Liens securing Secured Indebtedness incurred under Condition 5.1(a)(ii);

(cc) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(dd) Liens securing Project Financing; and

(ee) Liens on any undeveloped land.

"**Person**" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"**Preferred Stock**," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"**Projects**" means the ownership, creation, acquisition, construction, development, design, engineering or completion in respect of any portion of any project or any assets.

"**Project Financing**" means indebtedness of a Restricted Subsidiary incurred in connection with the Projects as to which the Obligor does not provide a Guarantee or security interest or credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) and with respect to which creditors have no recourse to any assets of the Obligor (other than a security interest over the Capital Stock of the Restricted Subsidiary), except any Guarantee of the Projects, pursuant to which the Obligor or any Restricted Subsidiary of the Obligor may become liable to pay any certain amounts related to the Projects.

"**Profit Rate Agreement**" means, with respect to any Person, any profit rate protection agreement, profit rate future agreement, profit rate option agreement, profit rate swap agreement, profit rate cap agreement, profit rate collar agreement, profit rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"**Public Debt**" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities or Sukuk Obligation issued in (a) a public offering registered under the Securities Act or (b) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale (including, for the avoidance of doubt, any domestic offering in Saudi Arabia).

"**Public Offering**" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons).

"**Purchase Money Obligations**" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"**refinance**" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "**refinances**", "**refinanced**" and "**refinancing**" as used for any purpose in these Conditions and the Declaration of Trust shall have a correlative meaning.

"**Refinancing Indebtedness**" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the Issue Date or Incurred in compliance with these Conditions and the Declaration of Trust (including Indebtedness of the Obligor that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Obligor or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; **provided, however, that**:

(a) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final stated maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced or, if shorter, the Scheduled Dissolution Date;

(b) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay profit or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(c) if the Indebtedness being refinanced is expressly subordinated to the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity), such

Refinancing Indebtedness is subordinated to the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity) on terms at least as favourable to the holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, however, that Refinancing Indebtedness shall not include Indebtedness of the Obligor or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

"**Related Person**" with respect to any Permitted Holder, means:

(a) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person; or

(b) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or

(c) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(d) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"**Replacement Assets**" means non-current properties and assets that replace the properties and assets that were the subject of an Asset Disposition or non-current properties and assets that will be used in the Obligor's business or in that of the Restricted Subsidiaries or any and all businesses that in the good faith judgment of the Board of Directors or any Officer of the Obligor are reasonably related.

"**Representative**" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

"**Restricted Investment**" means any Investment other than a Permitted Investment.

"**Restricted Subsidiary**" means any Subsidiary of the Obligor other than an Unrestricted Subsidiary.

"**S&P**" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Secured Indebtedness**" means, as of any date of determination, the principal amount of Indebtedness that is secured by a Lien.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"**Significant Subsidiary**" means any Restricted Subsidiary that meets any of the following conditions:

(a) the Obligor's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Obligor and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(b) the Obligor's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Obligor and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(c) the Obligor's and its Restricted Subsidiaries' proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Obligor and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"**Similar Business**" means (a) any businesses, services or activities engaged in by the Obligor or any of its Subsidiaries or any Associates on the Issue Date and (b) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"**Subordinated Indebtedness**" means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity) pursuant to a written agreement.

"**Subordinated Shareholder Funding**" means, collectively, any funds provided to the Obligor by any Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; **provided, however, that** such Subordinated Shareholder Funding:

(a) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Scheduled Dissolution Date of the Certificates (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Obligor or any funding meeting the requirements of this definition) or the making of any such payment prior to the first anniversary of the Scheduled Dissolution Date of the Certificates is restricted;

(b) does not require, prior to the first anniversary of the Scheduled Dissolution Date of the Certificates, payment of cash profit, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the making of any such payment prior to the first anniversary of the Scheduled Dissolution Date of the Certificates;

(c) contains no change of control or similar provisions and does not accelerate and has no right to declare a default, event of default or dissolution event or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Scheduled Dissolution Date of the Certificates or the payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in each case, prior to the first anniversary of the Scheduled Dissolution Date of the Certificates;

(d) does not provide for or require any security interest or encumbrance over any asset of the Obligor or any of its Subsidiaries; and

(e) is fully subordinated and junior in right of payment to the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity) pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding.

"**Successor Parent**" with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "**beneficially owned**" (as defined below) by one or more Persons that "**beneficially owned**" (as defined below) more than 50 per cent. of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "**beneficial owner**," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

"**Taxes**" means all present and future taxes, levies, imposts, deductions, charges, duties (including stamp duties) and withholdings and any charges of a similar nature (including related charges with respect thereto) that are imposed by any government or other taxing authority.

"**Temporary Cash Investments**" means any of the following:

(a) any investment in:

(i) direct obligations of, or obligations Guaranteed by, (A) the United States of America or Canada, (B) a Permissible Jurisdiction, (C) Switzerland or Norway, (D) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Obligor or a Restricted Subsidiary in that country with such funds or (E) any agency or instrumentality of any such country or member state; or

(ii) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(b) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(i) any lender under any Credit Facility to which the Obligor or any of its Restricted Subsidiaries is a party;

(ii) any institution authorized to operate as a bank in any of the countries or member states referred to in (a)(i) above; or

(iii) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

(iv) in each case (other than (b)(i) above), having capital and surplus aggregating in excess of U.S.$250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in (a) or (b) above entered into with a Person meeting the qualifications described in (a) above;

(d) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Obligor or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(e) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, a Permissible Jurisdiction or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB-" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(f) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(g) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of U.S.$250.0 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(h) investment funds investing 95 per cent. of their assets in securities of the type described in (a) through (g) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(i) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"**Total Assets**" means the consolidated total assets of the Obligor and its Restricted Subsidiaries in accordance with IFRS as shown on the most recent balance sheet of such Person.

"**Transactions**" refers to:

(a) (i) the Certificates; (ii) the application of the proceeds therefrom (A) to provide to the Obligor the Purchase Price for the purchase of the Initial Wakala Assets and (B) for the purchase by the Trustee, and subsequent sale to the Obligor, of commodities pursuant to the Murabaha Agreement; and (iii) the other transactions contemplated by the Transaction Documents; and

(b) the use of proceeds from the Certificates in the manner set out in the "Use of Proceeds" in the Offering Circular.

"**Unrestricted Subsidiary**" initially means:

(a) any Subsidiary of the Obligor that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Obligor in the manner provided below); and

(b) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Obligor may designate any Subsidiary of the Obligor (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(i) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Obligor or any other Subsidiary of the Obligor which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(ii) such designation and the Investment of the Obligor in such Subsidiary complies with Condition 5.2.

Any such designation by the Board of Directors of the Obligor shall be evidenced to the Delegate by filing with the Delegate a copy of the resolution of the Board of Directors of the Obligor giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Obligor may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; **provided that** immediately after giving effect to such designation (A) no Default or Dissolution Event would result therefrom and (B)(1) the Obligor could Incur at least U.S.$1.00 of additional Indebtedness under Condition 5.1(a)(i) or (2) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Delegate by promptly filing with the Delegate a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"**Uniform Commercial Code**" means the New York Uniform Commercial Code.

"**Voting Stock**" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

6. TRUST

6.1 Trust Assets

Pursuant to the Declaration of Trust, the Trustee has declared that it will hold certain assets (the "**Trust Assets**"), consisting of:

(a) the cash proceeds of the issue of Certificates, pending application thereof in accordance with the terms of the Transaction Documents;

(b) all of the Trustee's rights, title, interests, benefits and entitlements present and future in, to and under, the Wakala Assets;

(c) all of the Trustee's rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under, the Transaction Documents (including, without limitation, the right to receive each Deferred Sale Price under the Murabaha Agreement) (excluding: (i) any representations given by the Obligor to the Trustee pursuant to any of the Transaction Documents and/or any rights which have been expressly waived by the Trustee in any of the Transaction Documents; and (ii) the covenants given to the Trustee pursuant to clause 15 of the Declaration of Trust); and

(d) all moneys standing to the credit of the Transaction Account from time to time,

and all proceeds of the foregoing, upon trust absolutely for the Certificateholders *pro rata* according to the face amount of the Certificates held by each Certificateholder in accordance with the Declaration of Trust and these Conditions.

6.2 Application of Proceeds from Trust Assets

On each Periodic Distribution Date and on any Dissolution Date, the Principal Paying Agent shall apply the moneys standing to the credit of the Transaction Account in the following order of priority:

(a) *first*, (to the extent not previously paid) to the Delegate in respect of all amounts (including by way of indemnity) owing to it, or which it is entitled to receive payment for under the Transaction Documents in its capacity as Delegate (including any amounts owing to the Delegate in respect of its Appointees (as defined in the Declaration of Trust));

(b) *second*, (to the extent not previously paid) to each Agent in respect of all amounts owing to such Agent on account of its liabilities and all fees, costs, charges and expenses incurred by such Agent pursuant to the Agency Agreement or the other Transaction Documents in its capacity as Agent;

(c) *third,* to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due but unpaid;

(d) *fourth*, only if such payment is made on a Dissolution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of the Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount, the Tangibility Event Dissolution Distribution Amount or the Permitted Security Dissolution Distribution Amount; and

(e) *fifth*, only if such payment is made on a Dissolution Date, payment of the residual amount (if any) to the Obligor in its capacity as Servicing Agent as an incentive fee payment for its performance under the Service Agency Agreement.

7. TRUSTEE COVENANTS

The Trustee covenants that for so long as any Certificate is outstanding it shall not (without the prior written consent of the Delegate):

(a) incur any indebtedness in respect of financed, borrowed or raised money whatsoever (whether structured (or intended to be structured) in accordance with the principles of *Shari'a* or otherwise), or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) except, in all cases, as provided in the Transaction Documents;

(b) secure any of its present or future indebtedness by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) and other than under or pursuant to any of the Transaction Documents);

(c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interest in any of the Trust Assets except pursuant to any of the Transaction Documents;

(d) except as provided in Condition 19 and the Declaration of Trust, amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its constitutional documents;

(e) except as provided in the Declaration of Trust, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;

(f) have any subsidiaries or employees;

(g) redeem any of its shares or pay any dividend or make any other distribution to its shareholders;

(h) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;

(i) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding-up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or

(j) enter into any contract, transaction, amendment, obligation or liability other than the Certificates and the Transaction Documents to which it is a party or as expressly contemplated, permitted or required thereunder or engage in any business or activity other than:

    (i) as contemplated, provided for or permitted in the Transaction Documents;

(ii) in connection with the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and

(iii) such other matters which are incidental thereto.

8. PERIODIC DISTRIBUTIONS

8.1 Periodic Distribution Amount

Profit shall accrue at the rate of 9.5 per cent. per annum and such profit shall be payable in arrear in respect of the Certificates on each Periodic Distribution Date in respect of the Return Accumulation Period ending immediately before such date (subject to Condition 8.2, each such profit distribution being referred to in these Conditions as a "**Periodic Distribution Amount**"). The Principal Paying Agent (on behalf of the Trustee) shall distribute to Certificateholders, out of amounts transferred to the Transaction Account, Periodic Distribution Amounts, *pro rata* to their respective holdings on each Periodic Distribution Date in arrear in accordance with these Conditions. Subject to Condition 8.2 and Condition 9, the Periodic Distribution Amount payable on each Periodic Distribution Date shall be U.S.$47.50 per U.S.$1,000 in face amount of the Certificates.

8.2 Calculation of Periodic Distribution Amounts payable other than on a Periodic Distribution Date

If a Periodic Distribution Amount is required to be calculated in respect of a period of less than a full Return Accumulation Period (the "**Relevant Period**"), it shall be calculated as an amount equal to the product of:

(a) 9.5 per cent. per annum;

(b) the face amount of the Certificate; and

(c) the Day Count Fraction for such period, with the result being rounded to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards. For these purposes, "**Day Count Fraction**" means the actual number of days in the period divided by 360 (the number of days in such period to be calculated on the basis of a year of 360 days with 12 30-day months and, in the case of an incomplete month, the number of days elapsed of the Return Accumulation Period in which the Relevant Period falls (including the first day but excluding the last)).

8.3 Cessation of Profit Entitlement

No further amounts will be payable on any Certificate from and including: (a) a Dissolution Date (other than a Total Loss Dissolution Date), unless default is made in payment of the Dissolution Distribution Amount or, as the case may be, Optional Dissolution Distribution Amount, Change of Control Dissolution Distribution Amount, Asset Disposition Dissolution Distribution Amount, Tangibility Event Dissolution Distribution Amount or Permitted Security Dissolution Distribution Amount and no Sale Agreement has been executed pursuant to the Purchase Undertaking or the Sale Undertaking, as the case may be, in which case Periodic Distribution Amounts will continue to accrue in respect of the Certificates in the manner provided in this Condition 8 to the earlier of: (x) the Relevant Date; and (y) the date on which a Sale Agreement has been executed in accordance with the terms of the Purchase Undertaking or the Sale Undertaking, as the case may be; and (b) the date on which a Total Loss Event occurs (unless the Wakala Assets are replaced by no later than the 59th day after the occurrence of a Total Loss Event in accordance with the terms of the Service Agency Agreement).

9. PAYMENT

9.1 Payments in respect of Certificates

Subject to Condition 9.2, payment of any Periodic Distribution Amount and the Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution

Distribution Amount, the Tangibility Event Dissolution Distribution Amount or the Permitted Security Dissolution Distribution Amount, will be made by the Principal Paying Agent in U.S. dollars by wire transfer in same day funds to the Registered Account (as defined below) of each Certificateholder. Payments of the Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount, the Tangibility Event Dissolution Distribution Amount or the Permitted Security Dissolution Distribution Amount, will only be made against surrender of the Certificate at the specified offices of any of the Paying Agents. The Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount, the Tangibility Event Dissolution Distribution Amount or the Permitted Security Dissolution Distribution Amount and each Periodic Distribution Amount will be paid on the due date to the holder shown on the Register at the close of business on the Record Date.

For the purposes of these Conditions, a Certificateholder's "**Registered Account**" means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business on the relevant Record Date.

9.2 **Payments subject to Applicable Laws**

Payments will be subject in all cases to: (i) any applicable fiscal or other laws, regulations and directives applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11; and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or (without prejudice to the provisions of Condition 11) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the holders of the Certificates in respect of such payments.

9.3 **Payment only on a Payment Business Day**

Where payment is to be made by transfer to a Registered Account, payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment or, in the case of a payment of the Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount, the Tangibility Event Dissolution Distribution Amount or the Permitted Security Dissolution Distribution Amount, if later, on the Payment Business Day on which the Certificate is surrendered at the specified office of a Paying Agent for value as soon as practicable thereafter.

Certificateholders will not be entitled to any additional payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day or if the Certificateholder is late in surrendering its Certificate (if required to do so).

If the amount of the Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount, the Tangibility Event Dissolution Distribution Amount or the Permitted Security Dissolution Distribution Amount or any Periodic Distribution Amount is not paid in full when due, the Registrar will annotate the Register with a record of the amount actually paid.

9.4 **Agents**

In acting under the Agency Agreement and in connection with the Certificates, the Agents act solely as agents of the Trustee, and to the extent provided in the Agency Agreement and the Declaration of Trust, the Delegate and do not assume any obligations towards or relationship of agency or trust for or with any other person (including any Certificateholder).

The names of the initial Agents and their initial specified offices are set out in the Agency Agreement.

The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents, **provided that** it will at all times maintain:

(a) a Principal Paying Agent;

(b) a Registrar;

(c) a Transfer Agent;

(d) a Paying Agent (which may be the Principal Paying Agent) having its specified office in a jurisdiction within Europe; and

(e) such other agents as may be required by any stock exchange on which the Certificates may be listed.

Notice of any such termination or appointment and of any changes in the specified offices shall be given by the Trustee to the Certificateholders in accordance with Condition 18.

10. CAPITAL DISTRIBUTIONS OF THE TRUST

10.1 Dissolution on the Scheduled Dissolution Date

Unless the Certificates are previously redeemed or purchased and cancelled, the Trustee will redeem each Certificate at the Dissolution Distribution Amount on the Scheduled Dissolution Date.

Upon payment in full of the Dissolution Distribution Amount, the Trust will be dissolved by the Trustee on the Scheduled Dissolution Date and the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

10.2 Early Dissolution for Tax Event

Upon receipt of a duly completed Exercise Notice from the Obligor in accordance with the Sale Undertaking, the Certificates shall be redeemed by the Trustee in whole, but not in part, on the date specified in the Exercise Notice which shall also be a Periodic Distribution Date (an "**Early Tax Dissolution Date**"), on giving not less than 15 nor more than 60 days' notice to the Certificateholders in accordance with Condition 18 (which notice shall be irrevocable), at the Dissolution Distribution Amount, if it is determined by the Obligor that a Tax Event occurs, where "**Tax Event**" means:

(a) (i) the Trustee has or will become obliged to pay additional amounts as provided or referred to in Condition 11 as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or any political subdivision or any authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the Issue Date; and (ii) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or

(b) (i) the Obligor has or will become obliged to pay additional amounts pursuant to the terms of any Transaction Document to which it is a party as a result of any change in, or amendment to, the laws or regulations of Saudi Arabia or any political subdivision or any authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the Issue Date; and (ii) such obligation cannot be avoided by the Obligor taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given:

(i) unless a duly completed Exercise Notice has been received by the Trustee from the Obligor in accordance with the Sale Undertaking; and

(ii) earlier than 90 days prior to the earliest date on which (in the case of (a) above) the Trustee would be obliged to pay such additional amounts if a payment in respect of the Certificates were then due or (in the case of (a) above) the Obligor would be obliged to pay such additional amounts if a payment under the relevant Transaction Document was then due.

Prior to the publication of any notice of redemption pursuant to this Condition 10.2, the Trustee or, as the case may be, the Obligor shall deliver to the Delegate: (i) a certificate signed by two Authorised Signatories on behalf of the Trustee (in the case of (a) above) or the Obligor (in the case of (a) above) stating that the obligation referred to in paragraph (a) or (a) above (as applicable) has arisen and cannot be avoided by the Trustee or the Obligor (as the case may be), taking reasonable measures available to it, and (ii) an opinion of independent legal or tax advisers of recognised standing to the effect that the Trustee or the Obligor (as the case may be), has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice given in accordance with this Condition 10.2 and payment in full of the Dissolution Distribution Amount to Certificateholders, the Trustee shall be bound to dissolve the Trust and the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

10.3 **Dissolution at the right of the Certificateholders (Change of Control Put Right)**

(a) If a Change of Control occurs, the Trustee will, upon the holder of any Certificate giving notice to the Trustee, in accordance with Condition 18 (a "**Change of Control Put Notice**") and in the form obtainable from any Paying Agent or the Registrar, within the Change of Control Put Period, redeem such Certificate on the Change of Control Put Right Date at the Change of Control Dissolution Distribution Amount.

If the holder of every Certificate outstanding delivers a Change of Control Put Notice in relation to all such Certificates within the Change of Control Put Period to the Trustee in accordance with Condition 18 (unless prior to the giving of the relevant Change of Control Put Notice, the Trustee has given notice of redemption under Condition 10.2 or Condition 10.4) the Trustee will: (i) redeem the Certificates at the Change of Control Dissolution Distribution Amount on the Change of Control Put Right Date; and (ii) dissolve the Trust.

Promptly upon the Obligor becoming aware that a Change of Control has occurred, it shall give notice to the Trustee. The Trustee shall, upon receipt of such notice from the Obligor, promptly give notice to the Certificateholders (a "**Change of Control Notice**") in accordance with Condition 18 specifying the nature of the Change of Control and the relevant Change of Control Put Right Date.

(b) To exercise the right described in Condition 10.3(a), holders of the relevant Certificates must deposit such Certificates with the Registrar or the Transfer Agent at its specified office, together with a duly completed Change of Control Put Notice within the relevant period. No Certificate so deposited and right so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Trustee.

10.4 **Dissolution at the option of the Obligor (Make Whole Amounts)**

Upon receipt of a duly completed Exercise Notice from the Obligor in accordance with the Sale Undertaking, the Certificates shall be redeemed by the Trustee in whole, but not in part, on the date specified in the Exercise Notice (an "**Optional Dissolution Date**"), on giving not less than 15 nor more than 60 days' notice to the Certificateholders in accordance with Condition 18 (which notice shall be irrevocable), at the Optional Dissolution Distribution Amount,

provided, however, that no such notice of redemption shall be given unless:

(a) a duly completed Exercise Notice has been received by the Trustee from the Obligor in accordance with the Sale Undertaking; and

(b) redemption shall fall on a Periodic Distribution Date.

Upon the expiry of any such notice given in accordance with this Condition 10.4 and payment in full of the Optional Dissolution Distribution Amount to Certificateholders, the Trustee shall be bound to dissolve the Trust and the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

10.5 **Dissolution following a Total Loss Event**

Following the occurrence of a Total Loss Event, the Servicing Agent shall immediately notify the Trustee and the Delegate of the same and the Trustee shall promptly give notice to the Certificateholders (the "**Total Loss Event Notice**") in accordance with Condition 18 specifying that: (i) a Total Loss Event has occurred; and (ii) from the date of the Total Loss Event Notice, and until any further notice from the Trustee, in consultation with the *Shari'a* Adviser stating otherwise, the Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis).

Following the occurrence of a Total Loss Event (and unless the Wakala Assets have been replaced in accordance with the terms of the Service Agency Agreement by no later than the 59th day after the occurrence of a Total Loss Event), the proceeds of the insurances and any Total Loss Shortfall Amount (if applicable) will be credited to the Transaction Account and will be used by the Trustee to: (i) redeem all (but not some only) of the Certificates at the Dissolution Distribution Amount on the 61st day after the occurrence of the Total Loss Event (the "**Total Loss Dissolution Date**"); and (ii) upon payment in full of the Dissolution Distribution Amount dissolve the Trust. Upon such redemption and dissolution of the Trust, the Certificates will cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof. The proceeds of the insurances payable in respect of the Total Loss Event are required to be paid into the Transaction Account by no later than the 60th day after the occurrence of the Total Loss Event and if required, the Total Loss Shortfall Amount is required to be paid into the Transaction Account by no later than the close of business in London on the 61st day after the occurrence of the Total Loss Event.

Following a replacement of the Wakala Assets in accordance with the provisions of the Servicing Agency Agreement, the Servicing Agent shall promptly notify the Trustee and the Delegate of such replacement and the Trustee shall promptly deliver a notice to the Certificateholders in accordance with Condition 18 specifying that from the date of that notice the Certificates may be traded at any price.

10.6 **Dissolution following a Dissolution Event**

Upon the occurrence of a Dissolution Event which is continuing, the Certificates may be redeemed at the Dissolution Distribution Amount on the Dissolution Event Redemption Date and the Trust dissolved as more particularly specified in Condition 14.

10.7 **Dissolution at the option of the Obligor (Clean-up Call)**

In the event that at least 75 per cent. of the aggregate face amount of the Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to this Condition 10 and Condition 13, **provided that** the Trustee has received an Exercise Notice from the Obligor under the Sale Undertaking obliging the Trustee to redeem the Certificates, the Trustee shall, on giving not less than 15 nor more than 60 days' notice to the Certificateholders in accordance with Condition 18 (which notice shall be irrevocable), redeem all (but not some only) of the remaining outstanding Certificates on the redemption date specified in such notice which shall also be a Periodic Distribution Date (the "**Optional Dissolution (Clean-up Call) Date**") at the Dissolution Distribution Amount.

Upon the expiry of any such notice given in accordance with this Condition 10.7 and payment in full of such amounts to Certificateholders, the Trustee shall be bound to dissolve the Trust and the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

10.8 **Dissolution at the right of the Certificateholders (Asset Disposition Put Right)**

(a) Subject to Condition 5.4, if an Asset Disposition Event occurs, the Trustee will, upon the holder of any Certificate giving notice to the Trustee, in accordance with Condition 18 (an "**Asset Disposition Put Notice**") and in the form obtainable from any Paying Agent or the Registrar, within the Asset Disposition Put Period, redeem such Certificate on the Asset Disposition Put Right Date at the relevant Asset Disposition Dissolution Distribution Amount in accordance with the below:

(i) in the case of an Asset Disposition Public Debt Event, the Trustee shall only be required to redeem Certificates which are the subject of validly delivered Asset Disposition Put Notices pursuant to this Condition 10.8 up to an amount equal to (i) the aggregate face amount of the Certificates outstanding multiplied by (ii) the aggregate face amount of the Certificates outstanding divided by the sum of (A) of the aggregate face amount of the Certificates outstanding and (B) the total aggregate principal amount outstanding of other Indebtedness that is Public Debt being prepaid, paid, purchased or redeemed pursuant to Condition 5.4(b)(i) (however, the Trustee may redeem Certificates which are the subject of validly delivered Asset Disposition Put Notices in excess of this amount at its discretion) (the "**Asset Disposition Public Debt Event Distribution Amount**");

(ii) in the case of an Asset Disposition Excess Proceeds Event, the Trustee shall only redeem Certificates which are the subject of validly delivered Asset Disposition Put Notices pursuant to this Condition 10.8 up to an amount equal to the Excess Proceeds which are available for such purpose pursuant to Condition 5.4(e) (the "**Asset Disposition Excess Proceeds Event Distribution Amount**"); and

(iii) in the case of an Asset Disposition Optional Event, the Trustee shall only redeem Certificates which are the subject of validly delivered Asset Disposition Put Notices pursuant to this Condition 10.8 up to an amount equal to the amounts which are available for such purposes pursuant to Condition 5.4(b)(ii) (the "**Asset Disposition Optional Event Distribution Amount**"),

in each case, subject to the Authorised Denominations.

If the holder of every Certificate outstanding delivers an Asset Disposition Put Notice in relation to all such Certificates within the Asset Disposition Put Period to the Trustee in accordance with Condition 18 (unless prior to the giving of the relevant Asset Disposition Put Notice, the Trustee has given notice of redemption under Condition 10.2 or Condition 10.4) the Trustee will: (i) redeem the Certificates at the relevant Asset Disposition Dissolution Distribution Amount on the Asset Disposition Put Right Date; and (ii) dissolve the Trust.

Promptly upon the Obligor becoming aware that an Asset Disposition Event has occurred, it shall give notice to the Trustee. The Trustee shall, upon receipt of such notice from the Obligor, promptly give notice to the Certificateholders (an "**Asset Disposition Notice**") in accordance with Condition 18 specifying the nature of the Asset Disposition Event and the relevant Asset Disposition Put Right Date.

(b) To exercise the right described in Condition 10.8(a), holders of the relevant Certificates must deposit such Certificates with the Registrar or the Transfer Agent at its specified office, together with a duly completed Asset Disposition Put Notice within the relevant period. No Certificate so deposited and right so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Trustee.

10.9 **Dissolution at the right of the Certificateholders (Tangibility Event Put Right)**

(a) If a Tangibility Event occurs, the Obligor (in its capacity as Servicing Agent) shall notify the Trustee and the Delegate of such occurrence within 10 Business Days of the occurrence of the Tangibility Event by issuing a Tangibility Event Trustee Notice. The Trustee shall, upon receipt of such notice from the Obligor, promptly give notice to the Certificateholders (a "**Tangibility Event Notice**") in accordance with Condition 18 specifying that: (i) a Tangibility Event has occurred, together with an explanation of the reasons for, and evidence of, such occurrence; (ii) as determined in consultation with the *Shari'a* Adviser, the Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis); (iii) on the date falling 15 days following the Tangibility Event Put Right Date, the Certificates will be delisted from any stock exchange (if any) on which the Certificates are admitted to listing or if such date is not a business day, the next following business day ("**business day**" being, for this purpose, a day on which the stock exchange on which the Certificates are admitted to listing is open for business); and (iv) the Tangibility Event Put Right Period, during which period any Certificateholder shall have the right to require the redemption of all of any of its Certificates.

Following the occurrence of a Tangibility Event, the Trustee will, upon the holder of any Certificate giving notice to the Trustee, in accordance with Condition 18 (a "**Tangibility Event Put Notice**") and in the form obtainable from any Paying Agent or the Registrar, within the Tangibility Event Put Period, redeem such Certificate on the Tangibility Event Put Right Date at the Tangibility Event Dissolution Distribution Amount.

If the holder of every Certificate outstanding delivers a Tangibility Event Put Notice in relation to all such Certificates within the Tangibility Event Put Period to the Trustee in accordance with Condition 18 (unless prior to the giving of the relevant Tangibility Event Put Notice, the Trustee has given notice of redemption under Condition 10.2 or Condition 10.4) the Trustee will: (i) redeem the Certificates at the Tangibility Event Dissolution Distribution Amount on the Tangibility Event Put Right Date; and (ii) dissolve the Trust.

To the extent that there are any Certificates in respect of which Tangibility Event Put Notices have not been delivered following the expiry of the Tangibility Event Put Period, such Certificates shall be delisted from any listing authority, stock exchange and/or quotation system (if any) on which the Certificates have been admitted to listing, trading and/or quotation on the 90th day following the issuance of the Tangibility Event Notice.

(b) To exercise the right described in Condition 10.9(a), holders of the relevant Certificates must deposit such Certificates with the Registrar or the Transfer Agent at its specified office, together with a duly completed Tangibility Event Put Notice within the Tangibility Event Put Period. No Certificate so deposited and right so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Trustee.

10.10 **Dissolution following a Permitted Security Enforcement Event**

Following the occurrence of a Permitted Security Enforcement Event, if on the 30th day after the date on which such Permitted Security Enforcement Event occurred the relevant Wakala Assets in respect of which such Permitted Security Enforcement Event has occurred continue to form part of the Wakala Portfolio, the Trustee will, upon given notice to the Certificateholders in accordance with Condition 18, redeem Certificates in an aggregate face amount equal to the Permitted Security Enforcement Event Proportion on the date specified in the Exercise Notice (a "**Permitted Security Enforcement Date**") at the Permitted Security Dissolution Distribution Amount.

In the case of a redemption in respect of part only of the outstanding Certificates, the notice to the Certificateholders shall also specify the face amount of Certificates drawn and the holder(s) of such Certificates to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

If all (and not some only) of the Certificates are redeemed pursuant to this Condition 10.10, upon payment in full of the Permitted Security Dissolution Distribution Amount to Certificateholders, the Trustee shall be bound to dissolve the Trust and the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

10.11 **No Other Dissolution**

The Trustee shall not be entitled to redeem the Certificates, and the Trustee shall not be entitled to dissolve the Trust otherwise than as provided in this Condition 10, Condition 13 and Condition 14.

11. **TAXATION**

All payments in respect of the Certificates shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future Taxes imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands or Saudi Arabia, or in each case any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such Taxes is required by law. In such event, the Trustee will pay additional amounts as shall be necessary in order that the net amounts received by the Certificateholders after such withholding or deduction shall equal the respective amounts due and payable to them which would have otherwise been receivable in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment to any Certificateholder arising from:

(a) any Taxes, to the extent such Taxes would not have been imposed but for the existence of any present or former connection between the holder (or between a fiduciary, settlor, beneficiary, member or shareholder of or possessor of a power over the relevant holder, if the relevant holder is an estate, nominee, trust, partnership, limited liability company or corporation) or the beneficial owner of a Certificate and the Cayman Islands or Saudi Arabia (including, without limitation, being or having been a citizen, resident or national thereof or being or having been present or engaged in a trade or business therein or having or having had a permanent establishment therein), other than connections arising solely from the acquisition or holding of such Certificate, the exercise or enforcement of rights under such Certificate or the receipt of any payments with respect to such Certificate;

(b) any Taxes to the extent such Taxes were imposed where the definitive Certificate is required to be presented for payment and is presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to an additional amount on such 30th day assuming that day to have been a Payment Business Day;

(c) any Taxes to the extent such Taxes are imposed or withheld by reason of the failure of the holder or beneficial owner of Certificates to comply with any reasonable written request of the Trustee addressed to the holder or beneficial owner as applicable and made at least 60 days before any such withholding or deduction would be payable to satisfy any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of the Cayman Islands or Saudi Arabia, as a precondition to exemption from or reduction in the rate of deduction or withholding of, Taxes imposed by the Cayman Islands or Saudi Arabia (including, without limitation, a certification that the holder or beneficial owner is not resident in the Cayman Islands or Saudi Arabia), but in each case, only to the extent the holder or beneficial owner is legally eligible to provide such certification or documentation;

(d) any Taxes that are imposed or withheld pursuant to Sections 1471 through 1474 of the Code as of the Issue Date (or any amended or successor version of such sections), any regulations promulgated thereunder, any official interpretations thereof, any similar law or regulation adopted pursuant to an intergovernmental agreement between a non U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to Section 1471(b)(1) of the Code; or

(e) any combination of items (a) through (d) above.

In these Conditions, references to the "**Dissolution Distribution Amount**", "**Optional Dissolution Distribution Amount**", "**Change of Control Dissolution Distribution Amount**", "**Asset Disposition Dissolution Distribution Amount**", "**Tangibility Event Dissolution Distribution Amount**", "**Permitted Security Dissolution Distribution Amount**" or any "**Periodic Distribution Amount**" payable in respect of a Certificate shall be deemed to include any additional amounts payable under this Condition 11. In addition, in these Conditions "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Delegate, as the case may be, on or prior to such due date, the date on which the full amount of such moneys having been so received, notice to that effect is duly given to Certificateholders by the Trustee in accordance with Condition 18.

The Transaction Documents provide that payments thereunder by the Obligor to the Trustee shall be made without withholding or deduction for, or on account of, any present or future Taxes, unless the withholding or deduction of the Taxes is required by law and, in such case, provide for the payment by the Obligor of all additional amounts as will result in the receipt by the Trustee of such net amount as would have been received by it if no withholding or deduction had been made.

Further, in accordance with the Declaration of Trust, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to this Condition 11, the Obligor unconditionally and irrevocably undertakes to (irrespective of the payment of any fee), as a continuing obligation, pay to or to the order of the Delegate (for the benefit of the Certificateholders) such amounts as are necessary so that the amount receivable by the Delegate (after any withholding or deduction for or on account of tax) equals any and all additional amounts required to be paid by the Trustee in respect of the Certificates pursuant to this Condition 11.

12. PRESCRIPTION

The right to receive distributions in respect of the Certificates will be prescribed and become void unless claimed within periods of ten years (in the case of the Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount, the Tangibility Event Dissolution Distribution Amount or the Permitted Security Dissolution Distribution Amount) and five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect thereof, subject to the provisions of Condition 9.

13. PURCHASE AND CANCELLATION OF CERTIFICATES

13.1 Purchases

The Obligor and/or any Subsidiary of the Obligor may at any time purchase Certificates at any price in the open market or otherwise.

13.2 Cancellation of Certificates held by the Obligor and/or any of its Subsidiaries

Certificates purchased by or on behalf of the Obligor or any Subsidiary of the Obligor may, in the Obligor's sole discretion, be surrendered for cancellation by or on behalf of the Trustee in accordance with the terms of the Declaration of Trust and the Agency Agreement. Any Certificates so surrendered for cancellation may not be reissued or resold. If the event that the Obligor and/or any Subsidiary purchases all of the outstanding Certificates and all such Certificates are subsequently cancelled by or on behalf of the Trustee, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

14. DISSOLUTION EVENTS

Upon the occurrence and continuation of any of the following events (the "**Dissolution Events**"):

(a) default is made in the payment of:

  (i) any Periodic Distribution Amount and such default continues for a period of 14 days from the due date for payment; or

(ii) the Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount, the Tangibility Event Dissolution Distribution Amount or the Permitted Security Dissolution Distribution Amount and such default continues for a period of seven days from the due date for payment; or

(b) the Trustee does not perform or comply with, any of its other obligations under the Conditions or any of the Transaction Documents to which it is a party and (except in any case where, in the opinion of the Delegate, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days following the service by the Delegate on the Trustee of written notice requiring the same to be remedied; or

(c) any distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Trustee and is not discharged or stayed within 30 days; or

(d) the Trustee is (or is, or could be, deemed by law or a court to be) adjudicated or found bankrupt or insolvent or to be unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or any part of (or a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of any creditors in respect of any of its debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or a particular type of) the debts of the Trustee; or

(e) an administrator or liquidator is appointed (or application for any such appointment is made), an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Trustee, or the Trustee shall apply or petition for a winding-up or administration order in respect of itself or cease or through an official action of its board of directors threaten to cease to carry on all or substantially all of its business or operations; or

(f) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (i) to enable the Trustee lawfully to enter into, exercise its rights and perform and comply with its duties, obligations and undertakings under the Certificates and the Transaction Documents to which it is a party; (ii) to ensure that those duties, obligations and undertakings are legally binding and enforceable; or (iii) to make the Certificates and the Transaction Documents to which it is a party admissible in evidence in the courts of the Cayman Islands is not taken, fulfilled or done; or

(g) it is or will become unlawful for the Trustee to perform or comply with any one or more of its duties, obligations and undertakings under any of the Certificates or the Transaction Documents to which it is a party or any of the duties, obligations or undertakings of the Trustee under the Certificates or the Transaction Documents to which it is a party are not, or cease to be, legal, valid, binding and enforceable; or

(h) the Trustee repudiates or does or causes to be done any act or thing evidencing an intention to repudiate any Certificate or any Transaction Document to which it is a party; or

(i) any event occurs which under the laws of the Cayman Islands or any other jurisdiction has an analogous effect to any of the events referred to in paragraphs (c), (d) or (e) above; or

(j) an ACC Event (as defined below) occurs,

then: (1) in the case of a Dissolution Event relating to the delivery of a Non-Compliance Notice, the Certificates shall become immediately due and payable at the Dissolution Distribution Amount upon the delivery of the Non-Compliance Notice and the Trustee (failing which, subject to being indemnified and/or pre-funded to its satisfaction, the Delegate) shall deliver an Exercise Notice to the Obligor under the Purchase Undertaking; and (2) in all other cases, the Delegate, upon receiving express notice in writing thereof, shall (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) promptly give notice of the occurrence of such Dissolution Event to the Certificateholders in accordance with Condition 18 with a request to such holders to indicate if they wish the Certificates to be redeemed and the Trust to be dissolved. In the case of (2) above, if so requested in writing by the holders of at least 25 per cent. of the then aggregate face amount of the Certificates outstanding or if so directed by an Extraordinary Resolution of the Certificateholders, the Delegate shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction) give notice to the Trustee, the Obligor and (in accordance with Condition 18) the Certificateholders (a "**Dissolution Notice**") that the Certificates are immediately due and payable at the Dissolution Distribution Amount, whereupon they shall become so due and payable. Upon receipt of such Dissolution Notice, the Trustee (failing which, subject to being indemnified and/or pre-funded to its satisfaction, the Delegate) shall deliver an Exercise Notice to the Obligor under the Purchase Undertaking.

The Trustee (or the Delegate in the name of the Trustee) shall use the proceeds received from the Obligor, to redeem the Certificates at the Dissolution Distribution Amount on the date specified in the relevant Exercise Notice (the relevant "**Dissolution Event Redemption Date**") and the Trust shall be dissolved on the day after the last outstanding Certificate has been so redeemed in full. Upon payment in full of such amounts and dissolution of the Trust as aforesaid, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

For the purposes of these Conditions, "**ACC Event**" shall mean each of the following events:

(a) if default is made by the Obligor (acting in any capacity) in the payment of: (i) an amount in the nature of profit (corresponding to all or part of a Periodic Distribution Amount payable by the Trustee under the Certificates) payable by it pursuant to any Transaction Document to which it is a party and the default continues for a period of 14 days; or (ii) an amount in the nature of principal (corresponding to all or part of a Dissolution Distribution Amount, Optional Dissolution Distribution Amount, Change of Control Dissolution Distribution Amount, Asset Disposition Dissolution Distribution Amount, the Tangibility Event Dissolution Distribution Amount or the Permitted Security Dissolution Distribution Amount payable by the Trustee under the Certificates) payable by it pursuant to any Transaction Document to which it is a party and the default continues for a period of seven days; or

(b) if the Obligor (acting in any capacity) fails to perform or observe any one or more of its other obligations under the Transaction Documents to which it is a party, which failure is incapable of remedy or, if in the opinion of the Delegate capable of remedy, is not, in the opinion of the Delegate, remedied within the period of thirty (30) days following the service by the Delegate on the Obligor of notice requiring the same to be remedied, except that a failure by the Obligor (acting in its capacity as Servicing Agent) to comply with its obligations set out in clauses 3.1(d) (save for the delivery of a Tangibility Event Trustee Notice), 3.1(p), 3.1(r) and 3.9 of the Service Agency Agreement will not constitute an ACC Event; or

(c) if any Indebtedness or Sukuk Obligation of the Obligor or any Subsidiary is not paid when due nor within any originally applicable grace period or any such Indebtedness or Sukuk Obligation is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of default (howsoever described), **provided that** it shall not constitute an ACC Event under this paragraph (c) unless the aggregate amount of all such Indebtedness and Sukuk Obligations shall be more than U.S.$50,000,000 (or its equivalent in any other currency or currencies); or

(d) any Security Interest given by the Obligor or any Subsidiary for any Indebtedness or Sukuk Obligation securing an amount more than U.S.$50,000,000 (or its equivalent in any other currency or currencies) becomes enforceable and any step is taken to enforce the Security Interest (including the taking of possession or the appointment of a receiver, manager or other similar person), unless the full amount of the Indebtedness or Sukuk

Obligation which is secured by the relevant Security Interest is discharged within 30 days of the date on which a step is taken to enforce the relevant Security Interest; or

(e) if the Obligor or any of the Obligor's Significant Subsidiaries (or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Obligor and its Restricted Subsidiaries), would constitute a Significant Subsidiary) takes any corporate action or other steps are taken or legal proceedings are started for its winding-up, nationalisation, dissolution, administration or re-organisation (whether by way of voluntary arrangement, scheme of arrangement or otherwise) or for the appointment of a liquidator, receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of all or substantially all of its revenues and assets (otherwise than for the purpose of, or pursuant to, an amalgamation, reorganisation, merger or consolidation on terms approved by the Delegate or by an Extraordinary Resolution); or

(f) if the Obligor or any of the Obligor's Significant Subsidiaries (or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Obligor and its Restricted Subsidiaries), would constitute a Significant Subsidiary) is (or is deemed by a court or any applicable jurisdiction to be) insolvent or bankrupt or admits in writing that it is unable to pay its debts or any class of its debts as the same fall due, or stops, suspends or threatens to stop or suspend payment of all or any class of its debts, or proposes or makes a general assignment for the benefit of its creditors in respect of its debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or a particular type of) its debts; or

(g) one or more judgment(s) or order(s) for the payment of an amount in excess of U.S.$50,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Obligor or any of the Obligor's Significant Subsidiaries (or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Obligor and its Restricted Subsidiaries), would constitute a Significant Subsidiary) and continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) thereof or, if later, the date therein specified for payment; or

(h) if: (i) the Obligor or any liquidator of the Obligor repudiates or disclaims any responsibility under any Transaction Document to which it is a party; or (ii) at any time it is or becomes unlawful for the Obligor to perform or comply with any or all of its obligations under or in respect of the Transaction Documents to which it is a party or any of the obligations of the Obligor thereunder are not or cease to be legal, valid and binding obligations; or

(i) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (i) to enable either of the Obligor lawfully to enter into, exercise its rights and perform and comply with its duties, obligations and undertakings under the Transaction Documents to which it is a party; (ii) to ensure that those duties, obligations and undertakings are legally binding and enforceable; or (iii) to make the Transaction Documents to which it is a party admissible in evidence in the courts of Saudi Arabia is not taken, fulfilled or done; or

(j) if any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events described in (e) and (f) above.

15. ENFORCEMENT AND EXERCISE OF RIGHTS

15.1 If, following the occurrence of a Dissolution Event and delivery of a Dissolution Notice, any amount payable in respect of the Certificates has not been paid in full (notwithstanding the provisions of Condition 14) the Trustee or the Delegate (in either case, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) may take one or more of the following steps:

(i) enforce the provisions of the Transaction Documents against the Obligor; and/or

(ii) take such other actions or steps or institute such proceedings as the Trustee, or the Delegate (as the case may be), may consider necessary to recover amounts due to the Certificateholders.

15.2 No Certificateholder shall be entitled to proceed directly against the Trustee or to direct the Trustee to proceed against the Obligor unless the Delegate, having become bound so to proceed, (i) fails to do so within a reasonable period of becoming so bound and such failure is continuing or (ii) is unable by reason of an order of a court having competent jurisdiction to do so and such inability is continuing. The Delegate and the Certificateholders shall only be entitled to deal with the Trust Assets as expressly permitted by the Transaction Documents and the sole right of the Delegate and the Certificateholders against the Trustee or the Obligor shall be to enforce their respective obligations under the Transaction Documents.

16. REALISATION OF TRUST ASSETS

16.1 Neither the Delegate nor the Trustee shall be bound in any circumstances to take any action, step or proceeding to enforce or to realise the Trust Assets or take any action, step or proceeding against the Trustee and/or the Obligor under any Certificate or any Transaction Document to which either of the Trustee or the Obligor is a party unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least 25 per cent. of the then outstanding aggregate face amount of the Certificates; or (iii) (in the case of the Trustee only) by the Delegate, and in any such case then only if the Trustee or the Delegate (as the case may be) shall be indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

16.2 Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and the Obligor shall be to enforce their respective obligations under the Transaction Documents to which they are a party.

16.3 The foregoing provisions of this Condition 16 are subject to this Condition 16.3. After enforcing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with Condition 6.2 and the Declaration of Trust, the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (to the extent that the Trust Assets have been exhausted) (or any steps against the Delegate) to recover any further sums in respect of the Certificates and the right to receive any such unpaid sums from the Trustee shall be extinguished. In particular, no Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee.

17. REPLACEMENT OF CERTIFICATES

Should any Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the costs and expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Registrar may reasonably require. Mutilated or defaced Certificates must be surrendered to the Registrar before replacements will be issued.

18. NOTICES

All notices to Certificateholders will be valid if:

(a) published in a daily newspaper having general circulation in London (which is expected to be the Financial Times) approved by the Delegate; or

(b) mailed to them by first class pre-paid registered mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective registered addresses.

Any notice shall be deemed to have been given on the day (being a day other than a Saturday or Sunday) after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

So long as the Certificates are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg, the relevant notice may instead be delivered to Euroclear or Clearstream, Luxembourg (as applicable) for communication by them to the Certificateholders. Any such notice shall be deemed to have been given to the Certificateholders on the day on which the said notice was given to Euroclear or Clearstream, Luxembourg (as applicable).

The Trustee shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) by which the Certificates have then been admitted to listing, trading and/or quotation.

Notices to be given by any Certificateholder shall be in writing and given by lodging the same, together with evidence of entitlement to the relevant Certificates, with the Principal Paying Agent.

19. MEETINGS OF CERTIFICATEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

19.1 The Declaration of Trust contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Declaration of Trust or any other Transaction Document. Such a meeting shall be convened by the Trustee on written requisition in the English language by Certificateholders holding not less than 10 per cent. in face amount of the Certificates for the time being outstanding. A meeting that has been validly convened in accordance with Declaration of Trust may be cancelled by the person who convened such meeting by giving at least 5 days' notice (exclusive of the day on which the notice is given and the day of the meeting) to the Certificateholders. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more Eligible Persons (as defined in the Declaration of Trust) present holding or representing in aggregate more than 50 per cent. in face amount of the Certificates for the time being outstanding, or at any adjourned such meeting one or more Eligible Persons whatever the face amount of the Certificates held or represented, except that in the case of any meeting the business of which includes consideration of proposals: (i) to modify any date for payment in respect of the Certificates; (ii) to reduce or cancel or vary the method for calculating the amount of any payment due in respect of the Certificates; (iii) to alter the currency of payment or denomination of the Certificates; (iv) to amend Condition 8; (v) to change any of the Trustee's or the Obligor's respective covenants set out in, and obligations to make payment under, the Conditions and the Transaction Documents to which they are a party, respectively; (vi) to modify the provisions concerning the quorum required at any meeting of Certificateholders or to alter the majority required to pass an Extraordinary Resolution; (vii) to sanction any such scheme or proposal or substitution as is described in paragraphs 5.9(i) and 5.9(j) of Schedule 6 to the Declaration of Trust; or (viii) to amend the above list or the proviso to paragraph 4.6 of Schedule 6 to the Declaration of Trust (each, a "**Reserved Matter**"), the quorum shall be one or more Eligible Persons holding or representing in aggregate not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in face amount of the Certificates for the time being outstanding. To be passed, an Extraordinary Resolution requires: (i) a majority in favour consisting of not less than 75 per cent. of the votes cast; (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates then outstanding (a "**Written Resolution**"); or (iii) where the Certificates are held by or on behalf of a clearing system or clearing systems, approval given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures (in a form satisfactory to the Delegate) by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates then outstanding (an "**Electronic Consent**"). Any Extraordinary Resolution, if duly passed, will be binding on all Certificateholders, whether or not they were present at the meeting at which such resolution was passed and whether or not they voted.

19.2 The Declaration of Trust provides that a Written Resolution or an Electronic Consent shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of

Certificateholders duly convened and held. Such a Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Certificateholders. Such a Written Resolution and/or Electronic Consent will be binding on all Certificateholders whether or not they participated in such Written Resolution or Electronic Consent.

19.3 Without prejudice to Condition 5.7, the Delegate may (but shall not be obliged to), without the consent or sanction of the Certificateholders: (i) agree to any modification to these Conditions, any provisions of the Transaction Documents or to the Trustee's memorandum and articles of association which, in the sole opinion of the Delegate, is of a formal, minor or technical nature or is made to correct a manifest error; (ii) agree to any modification (other than in respect of a Reserved Matter) of these Conditions, any provisions of the Transaction Documents or the Trustee's memorandum and articles of association, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Declaration of Trust or the other Transaction Documents; or (iii) determine that any Dissolution Event shall not be treated as such, **provided that**, in the case of (ii) and (iii) above, such modification, waiver, authorisation or determination is not, in the sole opinion of the Delegate, materially prejudicial to the interests of Certificateholders and that such waiver, authorisation or determination is not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least one-quarter of the outstanding aggregate face amount of the Certificates.

19.4 In connection with the exercise by it of any of its powers, authorities and discretions under the Declaration of Trust (including, without limitation, any modification, waiver, authorisation or determination), the Delegate shall have regard to the general interests of Certificateholders as a class and shall not have regard to any interests arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim, from the Trustee, the Obligor, the Delegate or any other Person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders.

19.5 Any modification, waiver, authorisation or determination shall be binding on Certificateholders and, unless the Delegate otherwise decides, shall as soon as practicable thereafter be notified by the Trustee to the Certificateholders in accordance with Condition 18.

20. INDEMNIFICATION AND LIABILITY OF THE DELEGATE

20.1 The Trustee will in the Declaration of Trust irrevocably and unconditionally with effect from the date of the Declaration of Trust appoint the Delegate to be its delegate and attorney and in its name, on its behalf and as its act and deeds, to execute, deliver and perfect all documents, and to exercise all of the present and future powers (including the power to sub-delegate), authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the Declaration of Trust, that the Delegate may consider to be necessary or desirable in order, upon the occurrence of a Dissolution Event and subject to its being indemnified and/or secured and/or prefunded to its satisfaction, to exercise all of the rights of the Trustee under the Transaction Documents and make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Declaration of Trust (together the "**Delegation**" of the "**Relevant Powers**"), **provided that** no obligations, liabilities or covenants of the Trustee pursuant to the Declaration of Trust or any other Transaction Document shall be imposed on the Delegate by virtue of this Delegation, **provided further that** in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust or managing the Trust Assets and **provided further that** such Delegation and the Relevant Powers shall not include any duty, power, authority or discretion to hold any of the Trust Assets, to dissolve any of the trusts constituted by the Declaration of Trust following the occurrence of a Dissolution Event or to determine the remuneration of the Delegate (save as provided in the Declaration of Trust). The Trustee shall ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of the Relevant Powers.

In addition to the Delegation of the Relevant Powers under the Declaration of Trust, the Delegate also has certain powers which are vested solely in it from the date of the Declaration of Trust.

The appointment of a delegate by the Trustee is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

20.2 The Declaration of Trust contains provisions for the indemnification of the Delegate in certain circumstances and for its relief from responsibility, including provisions relieving it from taking any action, step or proceeding unless indemnified and/or secured and/or prefunded to its satisfaction. In particular, in connection with the exercise of any of its rights in respect of the Trust Assets or any other right it may have pursuant to the Declaration of Trust, the Delegate shall in no circumstances be bound to take any action, step or proceeding unless directed to do so by an Extraordinary Resolution or in writing by the holders of at least 25 per cent. of the then aggregate face amount of the Certificates then outstanding, and then only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

20.3 The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Trustee or the Obligor under the Transaction Documents to which it is a party and shall not under any circumstances have any liability or be obliged to account to Certificateholders in respect of any payments which should have been paid by the Trustee or the Obligor but are not so paid and shall not in any circumstances have any liability arising from the Trust Assets other than as expressly provided in these Conditions or in the Declaration of Trust.

20.4 The Delegate may rely (without liability to any person) on any certificate or report of the auditors or insolvency officials (as applicable) of the Trustee or the Obligor or any other person called for by or provided to the Delegate (whether or not addressed to the Delegate) in accordance with or for the purposes of the Declaration of Trust or the other Transaction Documents and such certificate or report may be relied upon by the Delegate as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Delegate in connection therewith contains a monetary or other limit on the liability of the auditors or insolvency officials (as applicable) of the Trustee, the Obligor or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by an engagement or similar letter or by the terms of the certificate or report itself and the Delegate shall not be bound in any such case to call for further evidence or be responsible for any liability or inconvenience that may be occasioned by its failure to do so.

20.5 Nothing shall, in any case in which the Trustee or the Delegate has failed to show the degree of care and diligence required of it as trustee or delegate, in the case of the Trustee (having regard to the provisions of the Declaration of Trust conferring on it any trusts, powers, authorities or discretions) or as donee and delegate, in the case of the Delegate (having regard to the powers, authorities and discretions conferred on it by the Declaration of Trust and to the Relevant Powers delegated to it), respectively exempt the Trustee or the Delegate from or indemnify either of them against any Liability for gross negligence, wilful default or fraud of which either of them (as applicable) may be guilty in relation to their duties under the Declaration of Trust.

20.6 The Delegate shall not be responsible for monitoring or ascertaining whether or not a Dissolution Event has occurred or exists and, unless and until it shall have received express notice to the contrary, it will be entitled to assume that no such event or circumstance exists or has occurred (without any liability to any person for so doing).

21. FURTHER ISSUES

The Trustee shall be at liberty from time to time without the consent of the Certificateholders to create and issue additional Certificates having the same terms and conditions as the outstanding Certificates or terms and conditions which are the same in all respects, save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue and so that the same shall be consolidated and form a single series with the outstanding Certificates. Any additional Certificates which are to form a single series with the outstanding Certificates previously constituted by the Declaration of Trust shall be constituted by a Supplemental Declaration of Trust. References in these Conditions to the

Certificates include (unless the context requires otherwise) any other certificates issued pursuant to this Condition and forming a single series with the Certificates.

22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any Person under the Contracts (Rights of Third Parties) Act 1999 (the "**Act**") to enforce any term of these Conditions, but this does not affect any right or remedy of any Person which exists or is available apart from that Act.

23. GOVERNING LAW AND DISPUTE RESOLUTION

23.1 Governing Law

The Declaration of Trust and the Certificates, including any non-contractual obligations arising out of or in connection with, the Declaration of Trust and the Certificates, shall be governed by, and construed in accordance with, English law.

23.2 Arbitration

Any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Declaration of Trust and the Certificates (including any dispute, claim, difference or controversy regarding the existence, validity, interpretation, performance, breach or termination of the Declaration of Trust or the Certificates or this Condition 23.2 or the consequences of their nullity or any dispute relating to any non-contractual obligations arising out of or in connection with them) (a "**Dispute**") shall be referred to and finally resolved by arbitration in accordance with the arbitration rules of the London Court of International Arbitration (the "**LCIA**") (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 23. For these purposes:

(a) the seat of arbitration shall be London, England;

(b) there shall be three arbitrators, each of whom shall have no connection to any party to the Dispute and be an attorney experienced in international securities transactions. The claimant(s), irrespective of number, shall nominate jointly one arbitrator; the respondent(s), irrespective of number, shall nominate jointly the second arbitrator, and a third arbitrator (who shall act as presiding arbitrator) shall be nominated by the arbitrators nominated by or on behalf of the claimant(s) and respondent(s) or, in the absence of agreement on the third arbitrator within 30 days of the date of nomination of the later of the two party nominated arbitrators to be nominated, the third arbitrator shall be chosen by the LCIA (as defined in the Rules); and

(c) the language of the arbitration shall be English.

23.3 Waiver of Interest

(a) Each of the Trustee and the Obligor has agreed in the Declaration of Trust that if any proceedings relating to a Dispute ("**Proceedings**") are brought by or on behalf of a party under the Declaration of Trust, each party agrees it will:

  (i) not claim interest under, or in connection with, such Proceedings; and

  (ii) to the fullest extent permitted by law, waive all and any entitlement it may have to interest awarded in its favour by any court or arbitral tribunal as a result of such Proceedings.

(b) For the avoidance of doubt, nothing in this Condition 23.3 shall be construed as a waiver of rights in respect of any Wakala Portfolio Revenues, Required Amounts, Periodic Distribution Amounts, Exercise Price, Change of Control Exercise Price, Asset Disposition Exercise Price, Tangibility Event Exercise Price, Permitted Security Enforcement Event Exercise Price, Dissolution Distribution Amounts, Optional Dissolution Distribution Amounts, Change of Control Dissolution Distribution Amounts, Asset Disposition Dissolution Distribution Amounts, Tangibility Event Dissolution

Distribution Amounts, Permitted Security Dissolution Distribution Amounts, Murabaha Profit, Instalment Murabaha Profit Amount, Deferred Sale Price, the Total Loss Shortfall Amount, the Full Reinstatement Value or profit or principal of any kind howsoever described payable by the Obligor (in any capacity) or the Trustee (in any capacity) pursuant to the Transaction Documents and/or the Conditions or any other document or agreement, howsoever such amounts may be described or re-characterised by any court or arbitral tribunal.

GLOBAL CERTIFICATE

The Global Certificate contains certain provisions which apply to the Certificates whilst they are represented by the Global Certificate, some of which modify the effect of the Conditions. Unless otherwise defined, terms defined in the Conditions have the same meaning below.

The Global Certificate

The Certificates will be evidenced on issue by the Global Certificate deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg. The Global Certificate will be offered and sold to persons who are not U.S. persons outside the United States. Beneficial interests in the Global Certificate may be held only through Euroclear or Clearstream, Luxembourg at any time.

Except in the limited circumstances described below, owners of beneficial interests in Global Certificate will not be entitled to receive physical delivery of certificated Certificates in definitive form (the "**Individual Certificates**"). The Certificates are not issuable in bearer form.

Amendments to Conditions

The Global Certificate contains provisions that apply to the Certificates that they represent, some of which modify the effect of the Conditions as set out in this Offering Circular. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Certificate which, according to the Conditions, require presentation and/or surrender of a Certificate will be made against presentation and (in the case of payment of principal in full with all profit accrued thereon) surrender of the Global Certificate to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Trustee in respect of the Certificates.

Payments on business days: In the case of all payments made in respect of the Global Certificate, "**Payment Business Day**" means any day which is a day on which banks are open for general business (including dealings in foreign currencies) in New York City.

Payment Record Date: Each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificate is being held is open for business.

Notices: Notwithstanding Condition 18, so long as the Certificates are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg, the relevant notice may instead be delivered to Euroclear or Clearstream, Luxembourg for communication by them to the Certificateholders. Any such notice shall be deemed to have been given to the Certificateholders in accordance with Condition 18 on the day on which the said notice was given to Euroclear or Clearstream, Luxembourg.

Change of Control Put Right: Any Change of Control Put Notice may be given by the holder of the Global Certificate giving notice to the Registrar or Transfer Agent of the face amount of the Certificates in respect of which the right is exercised and presenting the Global Certificate within the Change of Control Put Period.

Asset Disposition Event Put Right: Any Asset Disposition Put Notice may be given by the holder of the Global Certificate giving notice to the Registrar or Transfer Agent of the face amount of the Certificates in respect of which the right is exercised and presenting the Global Certificate within the Asset Disposition Put Period.

Tangibility Event Put Right: Any Tangibility Event Put Notice may be given by the holder of the Global Certificate giving notice to the Registrar or Transfer Agent of the face amount of the Certificates in respect of which the right is exercised and presenting the Global Certificate within the Tangibility Event Put Period.

Exchange for Individual Certificates

Exchange

The Global Certificate will be exchangeable, free of charge to the holder, in whole but not in part, for Individual Certificates if: (A) Euroclear or Clearstream, Luxembourg, as the case may be, is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, by the holder giving notice to the Registrar or the Transfer Agent or (B) any Dissolution Event occurs.

The Registrar will not register the transfer of, or exchange of interests in, the Global Certificate for Individual Certificates for a period of 15 calendar days ending on the date for any payment of principal or profit in respect of the Certificates.

Delivery

In such circumstances, the Global Certificate shall be exchanged in full for Individual Certificates and the Trustee will, at the cost of the Trustee (but against such indemnity as the Registrar or Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Individual Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Certificateholders. A person having an interest in the Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Trustee and the Registrar may require to complete, execute and deliver such Certificates.

The holder of an Individual Certificate may transfer the Certificates evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or Transfer Agent, together with the completed form of transfer thereon.

Clearing System Accountholders

For so long as any of the Certificates is represented by the Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear and/or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular face amount of such Certificates (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Trustee, the Delegate, the Obligor and the Agents as the holder of such face amount of such Certificates for all purposes other than with respect to any payment in respect of such Certificates, for which purpose the registered holder of the Global Certificate shall be treated by the Trustee, the Delegate, the Obligor and any Agent as the holder of such face amount of such Certificates in accordance with and subject to the terms of the Global Certificate and the expressions "**Certificateholder**" and "**holder**" in relation to any Certificates and related expressions shall be construed accordingly.

Transfers of book-entry interests in the Certificates will be effected through the records of Euroclear and Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants.

USE OF PROCEEDS

The net proceeds of the issue of the Certificates will be applied by the Trustee in the following proportion: (i) not less than 55 per cent. to purchase from the Obligor an ownership interest in the Initial Wakala Assets; and (ii) the remaining portion, being not more than 45 per cent., for the purchase by the Trustee, and subsequent sale to the Obligor, of commodities pursuant to the Murabaha Agreement. The Obligor shall use amounts so received to refinance its existing debt and for its general corporate purposes.

The following table illustrates the estimated sources and uses of funds necessary to complete the Transactions and to pay estimated fees and expenses in connection with the Transactions. Actual amounts are subject to adjustment and may differ significantly from estimated amounts at the time of the consummation of the Offering, depending on several factors, including differences from the estimates of the cost of paying the existing indebtedness described below and the ultimate timing of the payment.

Sources	**SAR million**	**USD million**	**Uses**	**SAR million**	**USD million**
The Certificates................	1,875	500	Refinancing and repayment of 2019 Sukuk(1)..................	1,875	500
Total.................................	1,875	500	Total	1,875	500

(1) For further information, please see "*Description of Certain Financing Arrangements*".

CAPITALISATION

The following table sets forth the capitalisation of the Company and its consolidated subsidiaries as of 30 September 2023. The adjustments are based on available information and contain assumptions made by management. Actual amounts are subject to adjustment and may differ significantly from estimated amounts.

Prospective investors should read the summary data presented below in conjunction with "*Presentation of financial and other information*", "*Use of proceeds*" and "*Management's discussion and analysis of financial condition and results of operations*", and the Group's Financial Statements and the related notes included elsewhere in this Offering Circular.

	As of 30 September 2023			As of 30 September 2023		
	Amount	**Transaction Adjustment**	**Pro Forma Amount**	**Amount**	**Transaction Adjustment**	**Pro Forma Amount**
		(SAR millions)			*(USD$ millions)*	
Senior Secured Ijara/Murabaha Facility - Tranche A and B[(1)]	2,386,109,375	(2,386,109,375)	0	636,295,833	(636,295,833)	0
Senior Secured Ijara/Murabaha Facility - Refinancing	0	2,700,000,000	2,700,000,000	0	720,000,000	720,000,000
Non-recourse debts (funds)[(2)]	451,299,887	0	451,299,887	120,346,637	0	120,346,637
2019 Sukuk[(3)]	1,875,000,000	(1,875,000,000)	0	500,000,000	(500,000,000)	0
2021 Sukuk	3,281,200,000	0	3,281,200,000	874,986,667	0	874,986,667
The Certificates[(4)]	0	1,875,000,000	1,875,000,000	0	500,000,000	500,000,000
Islamic Revolving Credit Facility	950,000,000	(950,000,000)	0	253,333,333	(253,333,333)	0
Islamic Revolving Credit Facility - Refinancing	0	750,000,000	750,000,000	0	200,000,000	200,000,000
Less: unamortised transaction costs	(95,616,709)	(50,092,554)	(145,709,263)	(25,497,789)	(13,358,014)	(38,855,803)
Plus: Deferred Sukuk premium	21,980,253	0	21,980,253	5,861,401	0	5,861,401
Gross Debt (Excl. Lease liability on right-of-use assets)	**8,869,972,806**	**63,798,071**	**8,933,770,877**	**2,365,326,082**	**17,012,819**	**2,382,338,901**
Less: Cash & Cash Equivalents	(415,780,998)	(22,887,500)	(438,668,498)	(110,874,933)	(6,103,333)	(116,978,266)
Net Debt (Excl. Lease liability on right-of-use assets)	**8,454,191,808**	**40,910,571**	**8,495,102,379**	**2,254,451,149**	**10,909,486**	**2,265,360,634**
Lease liability on right-of-use assets[(5)]	3,112,178,411	0	3,112,178,411	829,914,243	0	829,914,243
Adjusted Net Debt (incl. Lease liability on right-of-use assets)	**11,566,370,219**	**40,910,571**	**11,607,280,790**	**3,084,365,392**	**10,909,486**	**3,095,274,877**
Total Equity	**13,829,911,788**	**0**	**13,829,911,788**	**3,687,976,477**	**0**	**3,687,976,477**
Total Capitalisation[(6)]	**25,396,282,007**	**40,910,571**	**25,437,192,578**	**6,772,341,869**	**10,909,486**	**6,783,251,354**

(1) For further information, please see "*Description of Certain Financing Arrangements*".

(2) Represents the non-recourse financings attributed to the Jawharat Riyadh and Jawharat Jeddah funds of which the Company is the sole unit holder.

(3) The 2019 Sukuk shall be redeemed and refinanced with the proceeds of the issuance of the Certificates.

(4) Reflects the expected aggregate principal amount of the Certificates.

(5) Represents lease liabilities measured at the present value of the remaining lease payments, discounted at the incremental borrowing rate.

(6) Total capitalisation is the sum of gross debt (excluding lease liability on right-of-use assets) and total equity.

DESCRIPTION OF THE TRUSTEE

GENERAL

The Trustee is an exempted company incorporated with limited liability on 20 December 2023 under the Companies Act (As Revised) of the Cayman Islands with company registration number 405682. The Trustee has been established for the sole purpose of issuing the Certificates and entering into the transactions contemplated by the Transaction Documents to which it is a party. The registered office of the Trustee is MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands and its telephone number is +1 345 945 7099.

SHARE CAPITAL

The authorised share capital of the Trustee is U.S.$50,000 divided into 50,000 ordinary shares of U.S.$1.00 par value each, 250 of which have been issued. All of the issued shares (the "**Shares**") are fully-paid and are held by MaplesFS Limited as share trustee (in such capacity, the "**Share Trustee**") under the terms of the Share Declaration of Trust under which the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Share Declaration of Trust) and may only dispose or otherwise deal with the Shares in accordance with the Share Declaration of Trust. Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has power to benefit Qualified Charities (as defined in the Share Declaration of Trust). It is not anticipated that any distribution will be made whilst any Certificates are outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

BUSINESS OF THE TRUSTEE

The Trustee has no prior operating history or prior business and will not have any substantial liabilities other than in connection with the Certificates to be issued. The Certificates are the obligations of the Trustee alone and not the Share Trustee.

The objects for which the Trustee is established are set out in clause 3 of its Memorandum of Association as registered or adopted on 20 December 2023.

FINANCIAL STATEMENTS

Since the date of incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

DIRECTORS OF THE TRUSTEE

The Directors of the Trustee are as follows:

Name:	Principal Occupation:	Date of Appointment:
Neha Barnwal	Assistant Vice President, Fiduciary at Maples Fund Services (Middle East) Limited	20 December 2023
Jamie Sanford	Vice President at MaplesFS Limited	20 December 2023
Anand Vinod Kumar	Vice President at MaplesFS Limited	20 December 2023

The business address of Neha Barnwal is c/o Maples Fiduciary Services (Middle East) Limited, Level 14, Burj Daman, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates.

The business address of each of Jamie Sanford and Anand Vinod Kumar is c/o MaplesFS Limited, P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

The Trustee's Articles of Association provide that the board of directors of the Trustee will consist of at least one director.

SECRETARY

The Trustee's secretary is Maples Secretaries (Cayman) Limited of P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

CONFLICTS

There are no potential conflicts of interest between the private interests or other duties of the Directors listed above and their duties to the Trustee.

THE TRUSTEE ADMINISTRATOR

MaplesFS Limited also acts as the administrator of the Trustee (in such capacity, the "**Trustee Administrator**"). The office of the Trustee Administrator serves as the general business office of the Trustee. Through the office, and pursuant to the terms of the Corporate Services Agreement, the Trustee Administrator has agreed to perform in the Cayman Islands and/or such other jurisdiction as may be agreed by the parties from time to time various management functions on behalf of the Trustee and to provide certain clerical, administrative and other services until termination of the Corporate Services Agreement. The Trustee Administrator will also provide registered office services to the Trustee in accordance with its standard terms and conditions for the provision of registered office services (the "**Registered Office Terms**"). In consideration of the foregoing, the Trustee Administrator will receive various fees payable by the Trustee at rates agreed upon from time to time, plus expenses.

The terms of the Corporate Services Agreement and the Registered Office Terms provide that either the Trustee or the Trustee Administrator may terminate such appointments upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreements. In addition, the Corporate Services Agreement and the Registered Office Terms provide that either party shall be entitled to terminate such agreements by giving at least three months' notice in writing to the other party.

The Trustee Administrator will be subject to the overview of the Trustee's board of directors. The Trustee Administrator's principal office is P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

The directors of the Trustee are all employees or officers of the Trustee Administrator or an affiliate thereof.

CAYMAN ISLANDS DATA PROTECTION

The Trustee has certain duties under the Data Protection Act (As Revised) of the Cayman Islands (the "**DPA**") based on internationally accepted principles of data privacy.

Prospective investors should note that, by virtue of making investments in the Certificates and the associated interactions with the Trustee and its affiliates and/or delegates, or by virtue of providing the Trustee with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the Trustee and its affiliates and/or delegates (including, without limitation, the Trustee Administrator) with certain personal information which constitutes personal data within the meaning of the DPA. The Trustee shall act as a data controller in respect of this personal data and its affiliates and/or delegates, such as the Trustee Administrator, may act as data processors (or data controllers in their own right in some circumstances). For further information on the application of the DPA to the Trustee, please refer to the Privacy Notice (a copy of which may be requested from the Trustee Administrator by email at dubai@maples.com), which provides an outline of investors' data protection rights and obligations as they relate to the investment in the Certificates.

Oversight of the DPA is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPA by the Trustee could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following discussion of the Company's financial condition and results of operations should be read in conjunction with the information in "Financial and Statistical Information", "Summary of Financial Information" and the Financial Statements appearing elsewhere in this Offering Circular.

This discussion and analysis contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Offering Circular, particularly under the headings "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements".

The financial information of the Company as of and for the nine months ended 30 September 2022 and 30 September 2023 has been extracted from the unaudited condensed consolidated interim financial statements as of and for the three and nine months ended 30 September 2023. The financial information of the Company as of and for the nine months ended 31 December 2022 and 31 December 2021 (in relation to the consolidated statement of profit or loss), has been extracted from the audited consolidated financial statements as of and for the nine months ended 31 December 2022. The financial information of the Company as of and for the years ended 31 March 2022 and 31 March 2021 has been extracted from the audited consolidated financial statements as of and for the year ended 31 March 2022. The financial information of the Company for the nine months ended 31 December 2021 in relation to the consolidated statement of cash flows has been extracted from the unaudited condensed consolidated interim financial statements as of and for the three and nine months ended 31 December 2021. The financial information of the Company as of and for the year ended 31 March 2020 has been extracted from the audited consolidated financial statements as of and for the year ended 31 March 2021. Financial information relating to the Company's consolidated statement of cash flows for the nine months ended 31 December 2021, and consolidated statement of profit or loss, consolidated statement of financial position and consolidated statement of cash flows as at and for the periods ended 31 March 2022, 31 March 2021 and 31 March 2020 are not directly comparable with the financial information as of later periods, which take into account the change in the Company's accounting policy for measurement of investment properties at fair value instead of the cost model.

OVERVIEW

Arabian Centres Company (trading as Cenomi Centers) ("**ACC**" or the "**Company**") is the leading owner, developer and operator of shopping malls in Saudi Arabia, with properties located in ten key cities across Saudi Arabia, including Riyadh, Jeddah, Dammam, Mecca and Dhahran, which together represent the majority of the total population of Saudi Arabia. The Company's core operating portfolio comprises 22 shopping malls (the "**malls**") as at 31 December 2023 (21 malls as at 30 September 2023), which are located strategically throughout Saudi Arabia and are designed to appeal, through their tenant mix and retail environment, to a broad spectrum of visitors. As at 31 March 2022, the Company's malls had a total gross leasable area ("**GLA**") of approximately 1.335 million square metres, 4,726 occupied retail units and a period-end like-for-like occupancy rate of 92.4%. As at 30 September 2022, the Company's malls had a total GLA of approximately 1.344 million square metres, 4,869 occupied retail units and a period-end like-for-like occupancy rate of 94.2%. As at 30 September 2023, the Company's malls had a total GLA of approximately 1.327 million square metres, 4,704 occupied retail units and a period-end like-for-like occupancy rate of 90.3%, rising to 92.9% as at 31 December 2023. Based on a market study conducted by Colliers, as at 31 January 2023, the Company held a 17.6% overall market share of shopping mall GLA in the major cities of Saudi Arabia (i.e. Jeddah, Dammam and Riyadh), compared to 16.5% at 31 December 2021. As at 31 December 2023, the Company also has a number of strategic projects to support its growth, including a pipeline of six additional malls by 2027, which the Company expects will increase its GLA by approximately 600,000 square metres. The Company expects to manage one of these malls – Jubail Marina Mall – under an operational agreement.

The Company operates some of the most iconic malls in Saudi Arabia, including the Mall of Arabia (Jeddah), Mall of Dhahran and Nakheel Mall (Riyadh). The Company generated revenue of SAR 2,197.3 million, SAR 1,856.4 million and SAR 2,037.5 million for the years ended 31 March 2020, 2021 and 2022 respectively. The Company generated revenue of SAR 1,655.9 million, SAR 1,687.5 million and SAR 1,709.8 million for the nine month periods ended 30 September 2022, 31 December 2022 and 30 September 2023 respectively. For the year ended 31 March 2021, footfall for the Company's malls was 63.2 million and for the year ended 31 March 2022 footfall for the Company's malls reached 80.8 million. For the nine month period ended 31 December 2022, the footfall for the Company's malls reached 84.2 million, increasing to 95.2 million for the nine month period ended 30 September 2023 and 124 million for the year ended 31 December 2023

The Company believes that it has one of the highest quality portfolios of large shopping malls in Saudi Arabia. Supported by a highly experienced management team, the Company seeks to attract a premium mix of tenants; as at 30 September 2023 more than 1,000 international, regional and local retail brands, including Centrepoint, Zara, Danube and Panda, were tenants of the Company's properties. The Company has strong relationships with 24 large, strategic Key Account Tenants, each of which holds retail unit leases in a number of its malls. These strong tenant relationships have allowed the Company to pre-lease a significant portion of the GLA for new malls and achieve an average first year occupancy of 70% to 75% for each of its new malls since 2017. As at 31 December 2023, the Company's 22nd mall, U Walk Jeddah has secured approximately 80% pre-let occupancy from tenants. In addition, since 2019, the Company has focused on expanding the entertainment and lifestyle offerings in its malls and had introduced cinemas at 17 of its 22 malls as at 31 December 2023.

The Company commissioned an external valuation by independent valuers of its investment properties as at 30 September 2023. Based on the valuation the fair value of the Company's investment properties as at 30 September 2023 was SAR 23.9 billion. The valuers had appropriate qualifications and experience in the valuation of properties at the relevant locations and the valuation was prepared in accordance with Royal Institution of Chartered Surveyors ("**RICS**") Global Standards 2020 which comply with the international valuation standards. The fair value hierarchy for the investment properties for financial statement disclosure purposes is level 3, with significant unobservable inputs including transparency of retail rental payment terms; discount rates; and capitalisation rate (yields).

On 17 November 2021, the Company obtained the "Qualification Certificate of the Real Estate Developer" from WAFI, one of the initiatives of the Ministry of Municipal and Rural Affairs and Housing, thereby providing the Company with the ability to develop lands, residential projects and mixed-use properties directly in Saudi Arabia and not through third-party developers. The Company is thereby permitted to sell and rent units off-plan, thereby boosting its financial flexibility.

The Company is headquartered in Saudi Arabia. Its shares are listed on the Saudi Stock Exchange under ticker symbol 4321. As at 31 December 2023, the Company had a market capitalisation of SAR 9.9 billion, including 29.1% in free float.

PRINCIPAL FACTORS AFFECTING THE OPERATIONS OF THE COMPANY

The Company's results have been affected, and are expected to be affected in the future, by a variety of factors. A discussion of key factors that have had, or may have, an effect on the Company's results is set forth below. For a further discussion of the factors affecting the Company's results of operations, see "*Risk Factors*".

Change in fiscal year end

During 2022, the Company changed its fiscal year end from 31 March to 31 December. As a result, the fiscal year ended 31 December 2022 comprised only of nine months. In this Offering Circular, we have included financial statements, and financial information extracted therefrom for the years ended 31 March 2020, 31 March 2021 and 31 March 2022, and the nine months ended 31 December 2021, 30 September 2022, 31 December 2022 and 30 September 2023.

Change of accounting policy to the fair value model instead of cost model to measure the value of the Company's investment properties

On 29 June 2022, the Board of Directors of the Company approved the use of the fair value model to measure the value of the Company's investment properties. The financial impact of adopting this new valuation model became effective starting from and including the three month period ended 31 December 2022.

The financial information in this Offering Circular relating to the Company's consolidated statement of profit or loss, consolidated statement of financial position and consolidated statement of cash flows with respect to the years ended 31 March 2020, 31 March 2021, 31 March 2022 and the nine months ended 31

December 2021 (in relation to the consolidated statement of cash flows) which, in each case, predate the Company's change of accounting policy to the fair value model instead of the cost model to measure the value of the Company's investment properties, have not been restated, and are therefore not directly comparable with the financial information included in this Offering Circular as of and for the nine months ended 30 September 2022, 31 December 2022 or 30 September 2023.

Global / Regional Instability

The ongoing conflict between Russia and Ukraine has triggered global economic disruption and has led to increased volatility in global financial markets and commodity prices due to the disruption of supply chains. Other potential sources of instability in the GCC region include a worsening of the situation in Iraq and Syria, the ongoing civil war in Yemen and the impact thereof on security in Saudi Arabia, and a recent escalation in the Israeli-Palestinian conflict in Gaza in October 2023. Such disruption has affected a broad range of entities across various jurisdictions and industries. Prolonged periods of regional or global instability could have an impact on the Company's tenants due to the possibility of potential escalations of conflicts, reductions in tourism and the potential decreases in consumer purchasing power since resulting supply chain disruptions may contribute to increases in inflation and consumer prices. Negative changes in the financial condition of tenants could, in turn, adversely affect the overall performance of the Company's malls, thereby posing risks to its business and operational results. See "*Risk Factors—Risks Relating to the Company's Business and Activities—The Company's business is affected by the economic and political conditions globally and in Saudi Arabia.*"

The Company continues to monitor these developments and other geopolitical risks around fluctuations in commodity prices, foreign exchange rates, restrictions to imports and other supply chain challenges in order to mitigate any impact that may emerge over time.

Inflation and Global Central Banks Tightening Programs

Many of the world's economies are experiencing high levels of inflation. Various factors have contributed to the high inflationary environment, including the conflict between Russia and Ukraine and global supply chain disruptions occasioned by COVID-19. The Russia-Ukraine conflict has resulted in significant increases in commodity prices as the two countries together account for a large share of global oil, gas, platinum, aluminium, wheat and fertiliser production and supply, which has been restricted as a result of the conflict. In addition, central banks across most economies responded to high levels of inflation by increasing interest rates, resulting in a slowdown in economic growth. Rising government borrowing costs, a slowdown in growth and large capital outflows have exacerbated fiscal and balance of payments pressures in a number of developing economies, including Saudi Arabia. As a consequence, the Company's results of operations for the nine months ended 30 September 2023 have been impacted by increased financing costs over the Company's loans and borrowings. "*Risk Factors—Risks Relating to the Company's Business and Activities—The Company's business could be negatively impacted by increasing inflation and rising interest rates*" and "*Risk Factors—Risks Relating to the Company's Business and Activities—The Company's business is affected by the economic and political conditions globally and in Saudi Arabia.*"

Expansion of Mall Portfolio and Number of Tenants

New mall openings and an increased number of tenants have been a primary driver of the Company's revenue growth in the periods under review and are expected to continue to materially affect the Company's results of operations going forward. The Company had 19 malls in operation as at 31 March 2019. The Company opened two new malls in the year ended 31 March 2020 (U-Walk (Riyadh) and Nakheel Mall Dammam). In the year ended 31 March 2021, the Company completed Nakheel Mall Extension Phase 1. The Company added two malls to its portfolio, Jeddah Park and The View during the year ended 31 March 2022 and discontinued two malls, Khurais Mall and Salma Mall, during the same period. Jeddah Park and The View commenced their operations in the second and third quarters of the year ended 31 March 2022, respectively and increased the Company's GLA by approximately 120,000 square metres and 56,300 square metres, respectively. As at 30 September 2023, the Company had 21 malls in operation. In December 2023, the Company added a new mall, U Walk Jeddah, to its portfolio, bringing its total malls in operation to 22 malls as at the date of this Offering Circular.

This expansion in the number of malls and the related increase in the number of tenants paying rents helped contribute to the increase in the Company's revenue, which increased from SAR 1,856.4 million in the year ended 31 March 2021 to SAR 2,037.5 million in the year ended 31 March 2022.

While contributing to the Company's revenue growth in previous periods, the expansion of the Company's mall portfolio also impacted the fair value of the Company's investment properties following the change of accounting policy (see "—*Change of accounting policy to the fair value model instead of cost model to measure the value of the Company's investment properties*"), together with direct costs and expenses, including in relation to depreciation of investment properties for the years ended 31 March 2020 to 31 March 2022. Direct costs increased at a CAGR of 4.1% from SAR 316.6 million in the year ended 31 March 2020 to SAR 342.8 million in the year ended 31 March 2022, due to the increases in the size of the Company's operations and operating activity resulting from the opening of new malls between March 2020 and March 2022.. Unrecognised rent expense at the direct costs level was offset by the increase in depreciation of right-of-use assets which amounted to SAR 155.9 million in the year ended 31 March 2020, compared to SAR 206.3 million in the year ended 31 March 2021 and SAR 199.0 million in the year ended 31 March 2022. Similarly, depreciation of investment properties increased at a CAGR of 9.4% from SAR 286.4 million in the year ended 31 March 2020 to SAR 343.0 million in the year ended 31 March 2022, driven in part by the growth of the properties included in the Company's investment property portfolio. For the year ended 31 March 2020, this increase reflected partial year depreciation expense related to malls that were opened in the year ended 31 March 2020 (Nakheel Mall Dammam and U Walk), for the year ended 31 March 2021 this increase reflected both full year depreciation expense for the malls that were opened in the year ended 31 March 2020 and partial year depreciation expense related to the Nakheel Mall Extension Phase 1 that was opened in the year ended 31 March 2021 and for the year ended 31 March 2022 this increase reflected both full year depreciation expense for the Nakheel Mall Extension Phase 1 and malls that were opened in the year ended 31 March 2020 and partial year depreciation expense related to malls that were opened in the year ended 31 March 2022 (Jeddah Park and The View). This was coupled with additions in existing investment properties due to renovation works (leasehold improvements). The Company's direct costs amounted to SAR 297.8 million and SAR 269.0 million for the nine month periods ended 30 September 2023 and 2022, respectively.

In connection with new mall openings, the Company also incurs significant capital expenditure. See "—*Commitments and Financing*".

Occupancy Levels

The occupancy levels of the Company's malls directly affect the Company's revenue from rental income and the Company needs to continually lease spaces in its malls. The Company's ability to find tenants for its malls is influenced by macroeconomic factors, including the balance of supply and demand in the Saudi Arabian retail real estate market, the competitiveness of rental rates and operating costs, the location, condition and features of the Company's malls as compared to competing properties in Saudi Arabia, the level of footfall that the Company's malls are able to attract, as well as the attractiveness of Saudi Arabia to global retail brands. In addition, the revenue generated by certain tenants, especially those in the fashion retail sector, is subject to seasonal variations. In general, footfall and sales are highest during public holidays and occasions (for example, prior to Eid Al-Fitr) and lowest for the six consecutive months following the Hajj period in July until December. In order to improve or maintain occupancy levels, the Company has in the past applied, and may in the future elect to apply, rent adjustments and discounts to retain and/or attract certain tenants.

The Company also needs to re-lease space on economically favourable terms as and when leases expire. In the year ended 31 March 2021, despite the impact of COVID-19 on the retail market, the Company renewed 1,767 leases representing nearly all of the leases due to expire in the year. In addition, during the year ended 31 March 2022, the Company renewed 868 leases, representing more than 90% of leases expiring during the year. The Company renewed 1,529 leases during the nine month period ended 30 September 2022, representing 97% of leases due to expire in that period. Additionally, during the nine month period ended 30 September 2023, the Company renewed 1,768 leases, representing 95% leases due to expire in that period. The Company agrees on the terms of new leases with existing tenants when their leases expire based on market conditions and in order to retain those tenants. The ability of tenants to renew those leases, however, is dictated in part by the level of consumer retail spending, the financial performance of tenants and the attractiveness of the Company's shopping mall, which can vary from one year to another. Factors that affect retail spending include consumer confidence, growth in real household income, interest rates, direct and indirect taxes (including VAT) and population and demographic changes in cities where the Company operates, amongst others.

Management is aiming to increase the Company's occupancy rate (as defined below) with a short-term target of 94% to 95% average occupancy across its entire malls portfolio. In addition, Management believes that leasing vacant retail units at a discount to estimated rental values in the short term, combined with its GLA optimisation and densification initiatives, will help achieve these occupancy ramp-up targets.

Macroeconomic Conditions in Saudi Arabia and Financial Performance of Tenants

All of the Company's shopping malls are located in Saudi Arabia. As a result, the operations of the Company are, and will continue to be, significantly affected by financial, economic and/or political developments in or affecting Saudi Arabia generally and, in particular, the impact of such developments on the demand for retail units in the Company's shopping malls and the rental rates the Company agrees with its tenants. Softer economic conditions generally result in lower consumer spending, and have in the past resulted, and may in the future result, in the Company's tenants seeking to renegotiate the terms of their leases or in the Company achieving lower overall rent prices when negotiating with new or renewing tenants. In addition, challenging retail market conditions may result in fewer sales and a deterioration in the financial performance of the tenants who lease mall space from the Company.

COVID-19

On 11 March 2020, the World Health Organisation declared the novel coronavirus disease, COVID-19, a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 pandemic had a significant impact on economic and market conditions around the world during 2020 and 2021 and on the Company's business.

Following the outbreak of COVID-19 in Saudi Arabia, and as required by the government's measures to contain its spread, the Company closed all of its malls from 16 March 2020 to 28 April 2020 (except for pharmacies and supermarkets, which were exempt given their classification as essential businesses). By the end of April 2020, the Company's malls were allowed to re-open on a partial basis with limited operating hours (except for Mecca Mall which remained closed). On 21 June 2020, subject to certain capacity limitations and entry restrictions, all lockdown restrictions in Saudi Arabia were fully lifted, with all of the Company's malls reopening from that date and returning to normal operations. The Company's malls remained fully operational until 4 February 2021, when the government imposed another suspension of social gatherings and mandated the closure of indoor entertainment facilities, including cinemas and indoor dining locations until 7 March 2021, when the government once again lifted most COVID-19 restrictions. The closure of the Company's malls and other restrictions on the malls' operations mandated by the government led to decreased footfall, a loss of revenue and increased costs in order to comply with new health and safety measures. On 17 May 2021, the Saudi government officially opened its land, sea and air borders, allowing all immunised citizens to travel internationally. Moreover, in March 2022, the government officially lifted most of the remaining COVID-19 restrictions following the successful roll-out of the national vaccination programme.

While there has been a significant improvement in the operating results of the Company as the impact of the COVID-19 pandemic has eased, the Company's trading performance was severely impacted by COVID-19 in the last two weeks of the year ended 31 March 2020 and throughout the first and second quarters of the year ended 31 March 2021. Approximately 90% of GLA at the Company's malls was affected by closures during the month of March 2020, with a corresponding impact on approximately 98% of the Company's revenue base as measured by the value of lease contracts outstanding during the period. EBITDA decreased from SAR 1,385.0 million in the year ended 31 March 2020 to SAR 1,081.4 million in the year ended 31 March 2021. EBITDA increased to SAR 1,092.0 million in the year ended 31 March 2022 and the Company's EBITDA margin amounted to 67.0% for the year ended 31 March 2022, compared to 73.6% for the year ended 31 March 2021. In the year ended 31 March 2022, the Company's trading performance, which had been impacted by COVID-19 in both 2020 and 2021, entered a stage of steady recovery, evidenced by total revenue which increased from SAR 1,856.4 million in the year ended 31 March 2021 to SAR 2,037.5 million in the year ended 31 March 2022 (corresponding to an increase of 9.8% year-on-year).

In response to the effects of COVID-19-related mall closures on the Company's tenants and their revenues, the Company offered all tenants a waiver on contractual base rent and service charges for a period of six weeks and suspended all rent escalations on lease contracts for the duration of the calendar years 2020 and 2021. The Company extended further rent relief to tenants on a case-by-case basis, subject to the severity of the impact of COVID-19 on their businesses. As at 31 March 2021, the Company had approved on a cumulative basis since the fourth quarter of the year ended 31 March 2020, a total COVID-19-related discount of SAR 579 million on its net rental revenue through the period up to 31 March 2021, to be recognised over the term of outstanding lease contracts. The impact of COVID-19-related relief for the year ended 31 March 2022 is SAR 174 million, representing a decrease of 27.8% as compared to SAR 241 million for the year ended 31 March 2021.

COVID-19-related rental discounts were recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. Any unamortised portion of these incentives is classified under accrued revenue in the statement of financial position. The full cash impact of COVID-19-related discounts were fully realised by the Company by 31 March 2022. In order to partially mitigate the negative impact of the COVID-19 pandemic, the Company also implemented cost efficiencies, negotiated discounts on lease payments from landlords, disposed of non-core investments, furloughed some employees and reduced interest expenses. The Company temporarily furloughed approximately 60% of its employees by utilising Saudi Arabia's unemployment insurance scheme, SANED, and decreasing the number of working hours of certain employees in accordance with changes made by the regulators to the Saudi Labour Law.

Management continues to monitor developments relating to the COVID-19 pandemic that may affect the Company's activities, however, due to the inability to predict the re-occurrence of any outbreaks, spread of any new variants and any further COVID-19-related precautionary measures and procedures relating thereto that may emerge in the future, as at the date of this Offering Circular, Management is unable to determine with a sufficient degree of accuracy, the extent to which the COVID-19 pandemic or other possible future regional or global epidemics or pandemics may have any financial impact on the future results of the Company. See "*Risk Factors—Risks Relating to the Company's Business and Activities—The COVID-19 pandemic has had and is expected to continue to have an adverse effect on the Company's business and results of operations*."

Rise of E-Commerce

The adoption of e-commerce in Saudi Arabia is growing significantly and over time visitor spending may become increasingly allocated to online and mobile applications as well as other alternative retail channels. The outbreak of COVID-19 in Saudi Arabia and the various initial measures introduced by the government to contain its spread has further increased the trend towards e-commerce. In response to these trends and changing consumer preferences, the Company seeks to innovate in the digital and online space with the rollout of its digital initiatives, which will promote increased visitor engagement and enhance tenants' experiences. The Company made its entry into the e-commerce space in 2021 with the acquisition of VogaCloset, a UK-based online platform providing fashion brands to consumers in Saudi Arabia and the broader Middle East. The VogaCloset acquisition is aimed at accelerating the implementation of the Company's digitisation strategy and increasing the Company's ability to serve the growing demand for integrated retail experiences that reflect the evolving preferences of consumers in Saudi Arabia. The Company is leveraging the VogaCloset's proposition to provide its visitors with a specialized and advanced loyalty programme and a suite of simplified consumer finance solutions. During the year ended 31 March 2022, VogaCloset completed its first full year of operations with a focus on expanding the number of brands represented on its e-commerce platform. By 31 March 2022, VogaCloset onboarded 66 of the Company's tenant brands. In January 2022, FAS Labs, a subsidiary jointly owned by the Company and Fawaz Abdulaziz Alhokair Co., received preliminary approval from the Saudi Central Bank to establish a consumer microfinance platform, FAS Finance. FAS Finance is jointly owned by FAS Labs and ValU S.A.E, and will provide the Company's visitors with a broad range of microfinance solutions. In July 2023, FAS Finance received a license from the Saudi Central Bank to provide consumer microfinance solutions. FAS Finance will aim to leverage the Company's established presence in Saudi Arabia to serve a fast-developing consumer finance market.

Management anticipates that these e-commerce initiatives will enable the Company's business model to remain relevant by reflecting the constantly changing consumer trends and preferences, and further improving the customer journey, regardless of the channel or device being used.

Rent Pricing and Discounts

Rental Pricing

The Company's rental revenue primarily comprises rent generated from leasing space in its malls, amounts collected from tenants in relation to the payment of service charges and revenue generated from media sales (the rental of advertising space in its malls). Gross rental revenue is an annual fee/rent charged to tenants under the terms of the lease contract. The pricing of base rent is generally determined based on (i) location, type and positioning of the mall, (ii) the location and prominence of the shop within the mall, (iii) the activity of the shop and retail category within which it falls, (iv) the size of the shop, (v) the brand the tenant represents and its ability to generate footfall, and (vi) relationship with the tenant in the context of the space and number of retail units leased across the Company's mall portfolio. Rental rates are generally subject to periodic escalations which are negotiated individually with each tenant and such escalations positively affect the revenue of the Company although not necessarily in line or in proportion to the Company's increased costs.

Certain of the Company's tenants are required to pay turnover rent, where the tenants are required to pay the higher of base rent or an agreed percentage of the tenant's annual sales. As of 30 September 2023, 92.0% of the Company's tenants had turnover rent clauses in their leases. The Company typically recognizes income from turnover rent on the basis of audited turnover reports submitted by tenants and prepared by their respective auditors. In the nine months ended 30 September 2023, turnover rent rates ranged from 3% to 10% of the tenant's turnover, depending on the retail category of the tenant, the mall in which the unit was leased and other considerations. Turnover rent accounted for 2.9%, 1.4% and 2.6% of the Company's gross revenue in the years ended 31 March 2020, 31 March 2021 and 31 March 2022, respectively (3.1%, 1.6% and 2.9% of the Company's net rental revenue for the same periods, respectively). Additionally, during the nine month periods ended 30 September 2022 and 30 September 2023, turnover rent accounted for 2.7% and 2.9%, respectively, of the Company's gross revenue (3.0% and 3.1% of the Company's net rental revenue for the same periods, respectively). Due to improvements in its processes for collecting the relevant data, the Company is now able to more accurately track tenant sales.

The net rental revenue generated by leasing retail space for the years ended 31 March 2020, 2021 and 2022 as a percentage of the Company's total revenue for those financial periods was 91.3%, 92.6% and 90.6%, respectively. For the nine month periods ended 30 September 2022 and 30 September 2023, the net rental revenue generated by leasing retail space as a percentage of the Company's total revenue for those financial periods was 89.5% and 91.4%, respectively. The remaining portion of revenue for those financial periods was generated through various non-GLA related activities, including selling media and promotional space within the Company's malls.

Discounts

The Company has a discount policy applied on a discretionary basis that provides the following:

- For customers that occupy more than 20% of a mall's total GLA: the discretionary discount is limited to 15% per customer and 30% per individual store but without exceeding 15% of the total base rent value of the overall leased area;

- For customers that occupy between 10-20% of a mall's total GLA: the discretionary discount is limited to 5% per customer and 15% per individual store but without exceeding 5% of the total base rent value of the overall leased area; and

- For customers that occupy less than 10% of a mall's GLA: the discretionary discount is limited to 2.5% per customer and 10% per individual store but without exceeding 2.5% of the total base rent value of the overall leased area.

The above discount limits are indicative only under the discount policy. Any discount to be granted remains at the discretion of the Company and tenants do not have any right (by default or otherwise) to the indicative discount percentage upon reaching the relevant GLA threshold. The discount policy also states that exceptions to the discount percentages can be given to customers for significant reasons at the discretion of management or in response to recommendations by the Company's leasing committee.

In the year ended 31 March 2020, several exceptions to the discount policy were granted, mainly in connection with COVID-19. During the year ended 31 March 2021 as compared to the year ended 31 March 2020, discounts for Internal Tenants decreased as a percentage of total gross rental revenue from 7.6% to 4.2%, and discounts for External Tenants decreased from 5.8% to 3.6%. During the year ended 31 March 2022 as compared to the year ended 31 March 2021, discounts for Internal Tenants decreased as a percentage of total gross rental revenue from 4.2% to 1.4%, and discounts for External Tenants increased from 3.6% to 4.1%. During the nine month period ended 30 September 2023 as compared to the nine month period ended 30 September 2022, discounts for Internal Tenants decreased as a percentage of total gross rental revenue from 4.4% to 3.3%, and discounts for External Tenants increased slightly from 3.6% to

3.7%. The Company grants discounts to tenants based on various factors. Discounts are more likely to be offered during a new mall's ramp-up period, primarily to tenants who either pre-sign during the construction phase and commit to lease retail space from the mall opening date or who are affected by the temporary construction works in the mall which may affect footfall. During the periods under review, the Company offered its tenants two types of discounts: (i) contractual rent-free periods, commonly offered at the start of the tenants' rental contracts, and (ii) ad hoc discounts offered in view of prevailing market conditions and importance of the tenant's brands to footfall in the Company's malls, among other reasons.

In certain situations, the Company decides to increase the level of discounts awarded to the Company's tenants on a case-by-case basis, taking into consideration the tenant's sales, the occupied area and the volume of the tenant's portfolio with the Company, which negatively affected the Company's financial performance. For instance, as at 31 March 2021, the Company had approved on a cumulative basis since the fourth quarter of the year ended 2020, a total COVID-19-related discount of SAR 579 million on its net rental revenue, to be amortised over the term of outstanding lease contracts. The impact of COVID-19 related relief for the year ended 31 March 2022 was SAR 174 million, representing a decrease of 27.8% as compared to SAR 241 million for the year ended 31 March 2021. These COVID-19-related discounts were a major driver in the 15.5% decrease in revenue from SAR 2,197.3 million in the year ended 31 March 2020 to SAR 1,856.4 million the year ended 31 March 2021.

Total discounts, comprised of the amortised COVID-19 related discounts, together with the two categories of discounts described above (discounts to Internal Tenants and External Tenants and grace periods offered to new tenants), amounted to SAR 152.9 million and SAR 89.4 million for the nine month periods ended 30 September 2022 and 2023, respectively. For the years ended 31 March 2020, 2021 and 2022, total discounts amounted to SAR 154.9 million, SAR 309.5 million and SAR 244.2 million, respectively.

Trade Receivables and Provisions

The Company's impairment losses for receivables allowance amounted to SAR 180.7 million in the year ended 31 March 2022, SAR 184.0 million in the year ended 31 March 2021 and SAR 165.5 million in the year ended 31 March 2020. Additionally, the Company's impairment losses for receivables allowance amounted to SAR 250.8 million and SAR 171.4 million in the nine month periods ended 30 September 2023 and 31 December 2022, respectively, due to a slowdown in collections arising from tenants located in the damaged area of the Mall of Dhahran extension (resulting from a fire incident on 15 May 2022). The Group applies the IFRS 9 simplified approach for measuring expected credit loss ("**ECL**"), which uses a lifetime expected loss allowance. Loss allowances for accounts receivable with or without significant financing components are measured at an amount equal to lifetime ECL. Major related party balances are reviewed at each reporting date for impairment analysis however the Group considers the risk with related party balances to be low as the majority of the related parties are owned by the same shareholders as the Company. During the year ended 31 March 2020, as a result of COVID-19, the Company revised certain inputs and assumptions for the determination of ECL by incorporating expected macro-economic indicators and the impact on key credit, liquidity, operational, solvency and performance indicators that the COVID-19 outbreak was anticipated to have on its operations and financial performance. The adjustments to inputs and assumptions resulted in an additional ECL of SAR 60 million for the Company for the year ended 31 March 2020. The Company will continue to reassess its position and the related impact on a regular basis. Due to the revision of the ECL model and a reduction in COVID-19-related impacts, the impairment loss on accounts receivable and accrued revenue rentals decreased by 59.3% from SAR 138.4 million in the year ended 31 March 2021 to SAR 56.3 million in the year ended 31 March 2022. During the nine month periods ended 30 September 2023, the Company's impairment loss on accounts receivable and accrued revenue amounted to SAR 146.1 million as compared to SAR 29.6 million in the nine month period ended 30 September 2022 due to a slowdown in collections arising from tenants located in the damaged area of the Mall of Dhahran extension.

The Company's collection of rent from its tenants has remained robust in recent periods. The Company's rental income increased from SAR 1,526.4 million during the nine month period ended 30 September 2022 to SAR 1,587.2 million during the nine month period ended 30 September 2023. During the year ended 31 March 2021, the Company experienced challenges in collecting rent from its tenants as a result of COVID-19. This resulted in, among other things, an increase in rental discounts granted to tenants by the Company, and had a negative impact on the Company's short term working capital and increased the Company's provisions and impairments. However, the Company's collection of rent improved in the year ended 31 March 2022, as evidenced by rental income increasing from SAR 1,736.2 million for the year ended 31 March 2021, to SAR 1,881.7 million during the year ended 31 March 2022.

Commitments and Financing

The Company finances its significant commitments (such as the acquisition of investment property and the construction of new malls) primarily through loans and credit facilities. Growth in the Company's operations include the addition of two new malls to its portfolio, Jeddah Park and The View, which commenced their operations in the second and third quarters of fiscal year ended 31 March 2022 respectively. In addition to completing four malls in the three years preceding 31 March 2022, as of 30 September 2023 the Company also had a pipeline of seven additional malls (one of which − Jubail Marina Mall − will be managed under an operational agreement), and which resulted in commitments of SAR 3,567.3 million, SAR 3,622.6 million and SAR 3,513.8 million in the year ended 31 March 2020, the year ended 31 March 2021 and the year ended 31 March 2022, respectively, together with commitments of SAR 3,265.1 million and SAR 2,537.2 million in the nine months ended 31 December 2022 and 30 September 2023, respectively. Over the same periods, the Company's total long-term loans (including the current portion of its long-term loans) amounted to SAR 7,015.7 million as at 31 March 2020, SAR 6,980.7 million as at 31 March 2021 and SAR 7,791.2 million as at 31 March 2022.

The Company's finance cost for loans and borrowings for the year ended 31 March 2020 was SAR 351.3 million, compared to SAR 172.9 million for the year ended 31 March 2021, with the decrease driven by the higher capitalisation costs incurred by the Company for projects under construction. The Company's finance cost for loans and borrowings for the year ended 31 March 2022 was SAR 166.9 million, with the decrease compared to the prior year due to the higher levels of capitalisation applied by the Company towards borrowing costs. For the nine month period ended 30 September 2023, the Company's finance cost for loans and borrowings amounted to SAR 184.4 million, as compared to SAR 136.2 million during the period ended 30 September 2022, with the variation due to increases in the Company's total debts and interest rates during the nine month period ended 30 September 2023.

In 2023, the Company entered into a market making agreement with Al Rajhi Capital to facilitate the purchase and sale of the Company's shares. As at 30 September 2023, the Company held 131,854 of its own shares. During the nine month period ended 30 September 2023, the Company's Board of Directors approved the distribution of a total of SAR 1,244.5 million in dividends, which include a special dividend of SAR 475 million (equivalent to a payment of SAR 1 per share) that was paid on 16 April 2023.

In February 2024, the Company completed a refinancing, settling its previous SAR 3,350 million senior facilities in full and signed a commercial terms agreement dated 13 February 2024 pursuant to which the Company entered into the Existing Senior Facilities (see "*Description of Certain Financing Arrangements*") which are sustainability-linked and allow the Company to utilise up to SAR 5,250 million (or its equivalent in U.S.$). These facilities comprise a dual tranche SAR murabaha facility (maturing in February 2036), a U.S.$ murabaha facility (maturing in February 2036), a revolving U.S.$ murabaha facility (maturing in February 2028 with an option to extend such facility by an additional two years) and a revolving SAR murabaha facility (maturing in February 2028 with an option to extend such facility by an additional two years). On 26 November 2019, the Company issued the 2019 Sukuk (see "*Description of Certain Financing Arrangements*") in an aggregate principal amount of U.S.$500 million due in 2024. In addition, on 7 April 2021, the Company issued the 2021 Sukuk (see "*Description of Certain Financing Arrangements*") in an aggregate principal amount of U.S.$650 million due in 2026, whilst on 28 July 2021, the Company issued the additional 2021 Sukuk through a tap issuance of an aggregate principal amount of U.S.$225 million due in 2026.

Revenue

The Company's revenue is primarily generated from leasing retail space to tenants across the Company's different malls. The Company's revenue is comprised of (i) rental income from leases minus any tenant lease incentives or discounts and including any amounts received from tenants to terminate leases or compensate for dilapidations, (ii) service and management charges related to repairs and maintenance of the buildings and facilitates that are recharged to the tenant, (iii) commission income on provisions for utilities for heavy users (which are presented net of related costs) and (iv) turnover rent (as described above under "*—Principal Factors Affecting the Operations of the Company—Rent Pricing and Discounts—Rental Pricing*").

Reported revenue is reported net of the discount related to rent-free periods of between three and six months to tenants during the pre-letting phase of new malls ahead of opening.

The Company presents other internal management calculations which are presented elsewhere in this Offering Circular but which are not IFRS-KSA metrics, such as (i) "**gross rental revenue**" (defined as the annual fee/rent charged to tenants under the terms of the lease contract); (ii) "**total rental revenue**" (defined as gross rental revenue plus service charges including mall management and operating services fees that are received from certain categories of tenants over and above the amount collected from them as base and turnover rent); (iii) "**net rental revenue**" (defined as total rental revenue net of total discounts, comprised of rent free periods and other discounts); (iv) "**utilities revenue**" (defined as the contractual amount charged to tenants for the recovery of water and electricity charges consumed by the tenants); (v) "**media sales**" (defined as the sales related to promotional and marketing activities) and (vi) "**other rental revenue**" (comprising key money income—which represents commissions paid by tenants to lease new retail units at specific key locations inside the malls—as well as payments from tenants with respect to early termination penalties and footfall camera income from specific malls).

Direct costs

Direct costs consist of utilities expense, security expense, cleaning expense, repairs and maintenance expense and employee salaries and other benefits. Following the adoption of IFRS 16, rental expense is not part of direct costs.

Depreciation of right-of-use assets/Depreciation of investment properties

Depreciation expense related to the amortisation of all costs incurred to develop the Group's investment properties over their estimated useful lives which is the lesser of their economic life or lease term (if applicable). Depreciation of right-of-use of assets includes depreciation of the Company's right-to-use its leased properties over the lease term and was applied to the relevant periods prior to the change of accounting policy to the fair value model instead of cost model to measure the value of the Company's investment properties.

Write-off of investment properties

Write-off of investment properties relates to expenses incurred by the Company in relation to design and feasibility studies carried out with respect to mall development activity and improvement projects undertaken at existing locations that Management later decided not to pursue.

Other operating income

Other operating income includes rental concession granted to the Company on its leases, income from the sale of an equity accounted investee, reversal of liabilities no longer payable attributable to long aged deposits, reversal of accrued lease rentals, and dividend income from investment in a real estate company at fair value through other comprehensive income.

Net fair value gain / (loss) on investment properties

Investment properties are measured initially at cost, including transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific investment properties. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as at the financial position reporting date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements. Investment properties are derecognized either when disposed of or when permanently withdrawn from use and no future economic benefits is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of profit or loss in the period of de-recognition.

Other operating expenses

Other operating expenses include expenses related to provisions paid on advances made to suppliers, transportation and travel costs, loss on disposal and printing and stationary costs.

Advertisement and promotion expenses

Advertisement and promotion expenses are mainly in respect of the fees paid to advertising agencies to promote the Company's malls along with specific advertising initiatives related to new malls.

General and administrative expenses

General and administrative expenses comprise employee salaries and other benefits, depreciation, government expenses, professional fees, insurance expense, rent expense, communication, internet expense and maintenance.

Employee salaries and other benefits relate to the remuneration of management and other non-operational staff (leasing, accounting, internal audit, human resources, and other departments). Professional fees relate to the fees paid to advisors and consultants who were engaged to assist the Company in relation to its expansion strategy, to advise on corporate governance-related matters and to upgrade management information system (MIS) infrastructure throughout the organisation, and legal advice obtained by the Company on various corporate matters. Depreciation charges relate to tools and equipment, furniture and fixtures and vehicles and other fixed assets at the Company's head office. Government expenses relate to charges paid to GOSI, municipality fees, chamber of commerce fees and fees related to renewal of iqamas and transfer of sponsorships. Communication expenses mainly relate to the payment of telephone, mobile, postage and internet expenses. Insurance expense relates to property and vehicles insurance in addition to insurance against terrorism. Maintenance expenses relate to maintenance of office space.

Impairment loss on accounts receivable and accrued revenue rentals

Impairment losses on accounts receivable and accrued revenue rentals are recognised by the Company when it determines that the carrying amount exceeds the amount expected to be collected in relation to the relevant accounts receivables and revenue rentals. The impairment loss is measured using a lifetime expected credit loss model based on detailed budgets and forecast calculations which are prepared to cover a five-year period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the budget period.

Accounts receivables comprise interest free net receivables due from tenants with no credit rating. Before accepting any new customer, management of the Group assesses the potential customer's credit quality and defines credit limits. Unimpaired accounts receivable are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and vast majority are, therefore, unsecured.

Share of (loss) / profit from equity-accounted investee

The Company (i) has an interest in a joint venture in FAS Lab Holding Company, a consumer finance company, which is accounted for using the equity method; and (ii) previously had a 25% investment in the share capital of Aswaq Al Mustaqbal for Trading Company, a real estate company, the investment of which was disposed of in the year ended 31 March 2021. The interest in the joint venture is initially recognised at cost, which includes transaction costs. Subsequent to the initial recognition, the consolidated financial statements include the Company's share of the profit or loss and other comprehensive income of equity accounted investee, until the date on which joint control ceases.

Finance cost

Finance costs includes commission expense on long-term Murabaha facilities, amortisation of transaction costs, write off of unamortised transaction costs and bank charges.

Zakat

The Group is subject to the Regulations of the Zakat, Tax and Customs Authority ("**ZATCA**") in the Kingdom of Saudi Arabia. Zakat is provided on an accrual basis. Zakat charge is computed on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the ZATCA.

KEY PERFORMANCE INDICATORS

The Company considers the following metrics to be the key performance indicators it uses to help evaluate growth trends, establish budgets, and assess operational performance and efficiencies. In addition to the Company's results determined in accordance with IFRS-KSA, the Group believes the following non-IFRS-KSA financial measures are useful in evaluating the Group's operating performance. See also "*Presentation of Financial and Other Information*".

- "**Period end number of malls**" defined as the number of malls in operation by the Company at the end of the applicable period.
- "**Total available GLA**" defined as the total GLA available in the malls in operation by the Company at the end of the applicable period.
- "**Period-end occupied GLA**" defined as the total GLA occupied by tenants in the Company's malls at the end of the applicable period.
- "**Average rental revenue per square metre**" defined as the net rental revenue for the period divided by the total GLA for the period.
- "**Weighted average occupied GLA**" is defined as the average total occupied GLA for the period divided by the average available GLA for the period.
- "**Average occupancy rate for the period**" is defined as the weighted average occupied GLA divided by the total occupied GLA for the period.
- "**Average efficiency rate for the period**" is calculated by dividing net rental revenue by the gross rental revenue for the period.
- "**Funds from operations**" is calculated as the profit for the period of the Company, plus depreciation of investment properties, depreciation of property and equipment, and net fair value gain / (loss) on of investment properties.
- "**EBITDAR**" is defined as profit for the period/year plus finance cost, zakat, depreciation of property and equipment, depreciation of investment properties, depreciation of right-of-use assets, depreciation of right-of-use assets (G&A), interest expense on lease liabilities and lease expense.
- "**EBITDA**" is defined as profit for the period/year plus finance cost, zakat, depreciation of property and equipment, depreciation of investment properties, depreciation of right-of-use assets, depreciation of right-of-use assets (G&A), interest expense on lease liabilities and minus rent expense.
- "**Like-for-like total revenue growth**" is accounted for by comparing the revenue growth at stabilised malls (i.e. malls which had not opened during the relevant period) for each period. For the fiscal years ended 31 March 2020, 2021 and 2022, like-for-like revenue growth is based on the revenue for each period from a total of 19 stabilised malls. For the nine month periods ended 30 September 2022, 31 December 2022 and 30 September 2023, like-for-like revenue growth is based on the revenue for each period from a total of 19 stabilised malls.
- "**Net LTV**" is calculated as net financial debt (excluding lease liability on right-of-use assets) divided by the fair value of investment properties for the period.

The table below outlines the Key Performance Indicators for the Company:

	For the Nine Months Ended 30 September		For the Nine Months Ended 31 December		For the Years Ended 31 March		
	2023	**2022**	**2022**	**2021**	**2022**	**2021**	**2020**
As % of revenue							
Gross profit	82.6%	83.8%	83.6%	81.1%	56.6%	55.1%	65.5%
General and administrative expenses............	14.5%	10.8%	12.3%	11.4%	12.2%	10.3%	8.3%
Operating profit.....	77.2%	57.0%	67.0%	55.2%	40.1%	44.0%	51.6%

	For the Nine Months Ended 30 September		For the Nine Months Ended 31 December		For the Years Ended 31 March		
	2023	2022	2022	2021	2022	2021	2020
Profit for the period / year.................	59.6%	37.5%	49.6%	38.1%	21.3%	26.2%	29.2%
KPIs							
Period-end number of malls.............	21	21	21	21	21	21	21
Total available GLA (sqm.)........	1,327,190	1,344,223	1,336,954	1,370,866	1,335,029	1,208,358	1,214,213
Period-end occupied GLA (sqm.)................	1,070,940	1,148,936	1,142,026	1,144,304	1,141,121	1,112,433	1,068,885
Weighted average rental revenue per sqm (SAR per sqm)*...........	1,888	1,790	1,888	1,650	1,670	1,622	1,873
Weighted average occupied GLA (sqm.)................	1,103,439	1,104,143	1,072,740	1,119,275	1,104,951	1,059,258	1,070,757
Weighted average occupancy rate for the period / year...................	83.1%	82.1%	88.3%	89.5%	90.9%	87.7%	88.2%
Average efficiency rate for the period / year**...	94.6%	90.6%	91.6%	88.4%	88.3%	84.7%	92.8%
Period-end occupancy rate...	90.3%	94.2%	94.2%	92.8%	92.4%	92.9%	93.1%
Funds from operations (SAR 000s)*** ..	950,423.5	814,912.0	789,701.2	728,206.2	796,614.3	825,190.0	959,804.6
EBITDAR (SAR 000s).................	1,244,061.7	1,131,055.9	1,081,465.9	998,246.7	1,365,853.8	1,366,770.5	1,625,529.8
EBITDA (SAR 000s)****	1,044,932.9	931,927.0	882,337.2	790,784.1	1,092,015.2	1,081,417.2	1,384,986.3
Like-for-like revenue growth ..	4.8%	6.2%	5.5%	2.9%	5.2%	(21.3)%	(2.0)%
Net LTV...............	35.4%	34.2%	34.0%	30.1%	31.0%	28.1%	27.0%

Source: Financial Statements, Company information

* Rates have been annualised for comparative purposes.

** Average efficiency rate (accounted for by dividing net rental revenue by the gross rental revenue) measures the discounts granted to tenants.

*** "**Funds from operations**" is calculated as the profit for the period of the Company, plus depreciation of investment properties, depreciation on property and equipment, net fair value gain / (loss) on investment properties. Below is a reconciliation of funds from operations to profit for the year:

	For the Nine Months Ended 30 September		For the Nine Months Ended 31 December		For the Years Ended 31 March		
	2023	2022	2022	2021	2022	2021	2020
				SAR in 000s			
Profit for the period................	1,018,697.8	621,031.3	836,993.1	578,351.9	433,848.8	486,720.4	642,601.4
Depreciation of investment properties...........	0.0	0.0	0.0	0.0	343,048.9	311,653.4	286,418.2
Depreciation on property and equipment..........	13,182.8	15,446.8	13,468.7	13,163.9	19,716.6	26,816.2	30,785.0
Net fair value gain / (loss) on investment properties...........	(81,457.1)	178,433.9	(60,760.6)	136,690.4	-	-	-
Funds from operations.........	**950,423.5**	**814,912.0**	**789,701.2**	**728,206.2**	**796,614.3**	**825,190.0**	**959,804.6**

Source: Financial Statements, Company information

**** Below is a reconciliation of EBITDA and EBITDAR to profit for the period / year for the following periods:

	For the Nine Months Ended 30 September		For the Nine Months Ended 31 December		For the Years Ended 31 March		
	2023	2022	2022	2021	2022	2021	2020
Profit for the period / year....	1,018,697.8	621,031.3	836,993.1	578,351.9	433,848.8	486,720.4	642,601.4
Finance cost over loans and borrowings......	184,398.9	136,230.3	146,848.7	126,065.3	166,856.7	172,892.4	351,259.7
Zakat (charge)/ reversal	37,105.7	55,819.7	37,102.7	8,366.2	39,769.9	(13,641.3)	20,290.2
Depreciation of property and equipment	13,182.8	15,446.8	13,468.7	13,163.9	19,716.6	26,816.2	30,785.0
Depreciation of investment properties........	0.0	0.0	0.0	0.0	343,048.9	311,653.4	286,418.2
Depreciation of right-of-use assets..............	0.0	8,334.7	5,550.3	12,502.0	199,014.6	206,324.1	155,864.8
Depreciation of right-of-use assets (G&A) ..	-	-	0.0	1,259.1	1,259.1	3,767.0	3,767.0
Finance cost over lease liabilities	79,258.4	115,759.2	102,263.0	121,847.9	162,339.2	172,238.3	134,543.5
Finance income ..	(7,124.8)	-	-	-	-	-	-
Net fair value gain / (loss) on investment properties........	(81,457.1)	178,433.9	(60,760.6)	136,690.4	-	-	-
EBITDAR	**1,244,061.7**	**1,131,055.9**	**1,081,465.9**	**998,246.7**	**1,365,853.8**	**1,366,770.5**	**1,625,529.8**
Lease expense[(1)]..	(199,128.8)	(199,128.8)	(199,128.8)	(207,462.6)	(273,838.9)	(285,353.5)	(240,543.5)
EBITDA	**1,044,932.9**	**931,927.0**	**882,337.2**	**790,784.1**	**1,092,015.2**	**1,081,417.2**	**1,384,986.3**

Source: Financial Statements, Company information

(1) Represents sum of rental expense and rent expense as per Company's Financial Statements.

A description of selected key performance indicators is set out below.

Total available GLA

Total available GLA amounted to 1.327 million square metres and 1.344 million square metres as at 30 September 2023 and 30 September 2022, respectively. This variation was a result of the increased allocation of additional GLA to common areas in certain of the Company's malls during the nine month period ended 30 September 2023.

Total available GLA decreased by 2.5%, from 1.371 million square metres as at 31 December 2021 to 1.337 million square metres as at 31 December 2022. This variation was as a result of two malls that were discontinued (i.e. Khurais Mall and Salma Mall) during the nine month period ended 31 December 2022.

Total available GLA increased by 10.5%, from 1.208 million square metres as at 31 March 2021 to 1.335 million square metres as at 31 March 2022. This variation was due to the new GLA added from the malls (Jeddah Park and The View) opened during the year ended 31 March 2022.

Total available GLA decreased by 0.5%, from 1.214 million square metres as at 31 March 2020 to 1.208 million square metres as at 31 March 2021. This variation was due to the internal reallocation of useable and unusable areas, which are intended to be allocated towards the construction of Cineplex and/or entertainment facilities in the future and was partially offset by the opening of the Nakheel Mall Extension Phase 1 in the year ended 31 March 2021.

Period-end occupied GLA

Period-end occupied GLA decreased by 6.8% from 1.149 million square metres as at 30 September 2022 to 1.071 million square metres as at 30 September 2023. This variation was mainly a result of the Company's periodic / proactive rotation of tenants within its malls during the nine month period ended 30 September 2023 with the aim of improving the mix of brands and experiences for visitors.

Period-end occupied GLA decreased by 0.2% from 1.144 million square metres as at 31 December 2021 to 1.142 million square metres as at 31 December 2022. This variation was mainly due to the overall reduction in GLA as a result of the discontinued malls (i.e. Khurais Mall and Salma Mall).

Period-end occupied GLA increased by 2.6% from 1.112 million square metres as at 31 March 2021 to 1.141 million square metres as at 31 March 2022. This variation was mainly due to the increase in GLA resulting from the Nakheel Mall extension and the addition of a new mall (The View) during the year ended 31 March 2022.

Period-end occupied GLA increased by 4.1% from 1.069 million square metres as at 31 March 2020 to 1.112 million square metres as at 31 March 2021. This variation was mainly due to the occupancy ramp-up at the two new malls (U-Walk (Riyadh) and Nakheel Mall Dammam) in addition to the opening of Nakheel Mall Extension Phase 1 during the second quarter of the year ended 31 March 2021.

Weighted average rental revenue per sqm

Weighted average rental revenue per square metre increased by 5.4%, from SAR 1,790 in the nine month period ended 30 September 2022 to SAR 1,888 in the corresponding period in 2023. This slight variation was driven by the increases in net rental revenue during the nine month period ended 30 September 2023.

Weighted average rental revenue per square metre increased by 14.4%, from SAR 1,650 in the nine month period ended 31 December 2021 to SAR 1,888 in the corresponding period in 2022. This variation was driven by the decrease in COVID-19 related discounts during the nine month period ended 31 December 2022.

Weighted average rental revenue per square metre increased by 3%, from SAR 1,622 in the year ended 31 March 2021 to SAR 1,670 in the corresponding period in 2022. This variation was driven by the recovery in commercial conditions following the onset of the COVID-19 pandemic.

Weighted average rental revenue per square metre decreased by 13.4%, from SAR 1,873 in the year ended 31 March 2020 to SAR 1,622 in the corresponding period in 2021. This variation was driven by the temporary discount related to COVID-19 and the pressure on the renewal rates during the COVID-19 period.

Weighted average occupied GLA

Weighted average occupied GLA decreased by 0.1%, from 1.104 million square metres in the nine month period ended 30 September 2022 to 1.103 million square metres in the corresponding period in 2023. This variation was mainly the outcome of initiatives taken by the Company to evolve its category mix and the implementation of more stringent approaches towards tenants during the nine month period ended 30 September 2023.

Weighted average occupied GLA decreased by 4.2%, from 1.119 million square metres in the nine month period ended 31 December 2021 to 1.073 million square metres in the corresponding period in 2022. This variation was mainly due to the overall reduction in GLA as a result of the discontinued malls (i.e. Khurais Mall and Salma Mall) during the period ended 31 December 2022.

Weighted average occupied GLA increased by 4.3%, from 1.059 million square metres in the year ended 31 March 2021 to 1.105 million square metres in the corresponding period in 2022. This variation was mainly due to the Nakheel Mall extension and the addition of a new mall (The View) during the year ended 31 March 2022.

Weighted average occupied GLA decreased by 1.1%, from 1.071 million square metres in the year ended 31 March 2020 to 1.059 million square metres in the corresponding period in 2021. This variation was mainly due to the addition of the Nakheel Mall Extension Phase 1 during the year ended 31 March 2021.

Weighted average occupancy rate

The weighted average occupancy rate increased from 82.1% in the nine month period ended 30 September 2022 to 83.1% in the corresponding period in 2023. This variation is immaterial and is substantially in line with the weighted average occupancy rates achieved during the nine month period ended 30 September 2023.

The weighted average occupancy rate decreased from 89.5% in the nine month period ended 31 December 2021 to 83.3% in the corresponding period in 2022. This variation was mainly due to the overall reduction in GLA as a result of the discontinued malls (i.e. Khurais Mall and Salma Mall) during the period ended 31 December 2022.

The weighted average occupancy rate increased from 87.7% in the year ended 31 March 2021 to 90.9% in the corresponding period in 2022. This variation was mainly due to the increasing normalisation of business activities and the addition of The View Mall during the year ended 31 March 2022.

Weighted average occupancy rate decreased from 88.2% in the year ended 31 March 2020 to 87.7% in the corresponding period in 2021. This variation was mainly due to the opening of the Nakheel Mall Extension Phase 1 during the year ended 31 March 2021.

Average efficiency rate

Average efficiency rate increased from 90.6% in the nine month period ended 30 September 2022 to 94.6% in the corresponding period in 2023. This increase was mainly due to increases in net rental revenue and reductions in discounts recognised during the nine month period ended 30 September 2023.

Average efficiency rate increased from 88.4% in the nine month period ended 31 December 2021 to 91.6% in the corresponding period in 2022. This increase was mainly due to the decrease in COVID-19 related discounts during the nine month period ended 31 December 2022.

Average efficiency rate increased from 84.7% in the year ended 31 March 2021 to 88.3% in the corresponding period in 2022. This increase was mainly due to the decrease in COVID-19-related discounts during the year ended 31 March 2022.

Average efficiency rate decreased from 92.8% in the year ended 31 March 2020 to 84.7% in the corresponding period in 2021. This decrease was mainly due to an increase in COVID-19-related discounts during the period.

Funds from operations

Funds from operations increased by 16.6%, or SAR 135.5 million, from SAR 814.9 million in the nine month period ended 30 September 2022 to SAR 950.4 million in the corresponding period in 2023. This variation was mainly due to increases in net profit during the nine month period ended 30 September 2023.

Funds from operations increased by 8.4%, or SAR 61.5 million, from SAR 728.2 million in the nine month period ended 31 December 2021 to SAR 789.7 million in the corresponding period in 2022. This variation was mainly due to the change of accounting policy to the fair value model to measure the value of the Company's investment properties from the nine month period ended 31 December 2022.

Funds from operations decreased by 3.5%, or SAR 28.6 million, from SAR 825.2 million in the year ended 31 March 2021 to SAR 796.6 million in the corresponding period in 2022. This decrease was mainly due to the decrease in net profit for the year ended 31 March 2022.

Funds from operations decreased by 14%, or SAR 134.6 million, from SAR 959.8 million in the year ended 31 March 2020 to SAR 825.2 million in the corresponding period in 2021. This decrease was mainly due to decreases in net profit attributable to the increase in the temporary discounts related to COVID-19 during the year ended 31 March 2021.

Key Performance Indicators for Internal Tenants as compared to External Tenants

The Company also assesses its performance using its key performance metrics as applicable to Internal Tenants as compared to External Tenants. The Company categorises its tenants between Internal Tenants (which are related parties of the Company, including Fawaz Abdulaziz Alhokair Co.) and External Tenants (which are not related parties of the Company).

	For the Nine Months Ended 30 September		For the Nine Months Ended 31 December		For the Years Ended 31 March		
	2023	2022	2022	2021	2022	2021	2020
				SAR in millions			
Rental revenue – Internal Tenants	407.5	437.0	426.4	415.2	567.2	509.1	566.0

	For the Nine Months Ended 30 September		For the Nine Months Ended 31 December		For the Years Ended 31 March		
	2023	2022	2022	2021	2022	2021	2020
				SAR in millions			
Rental revenue - External Tenants	1,244.3	1,198.6	1,231.8	1,152.3	1,522.4	1,518.6	1,596.3
Discounts							
Discounts - Internal Tenants	(21.6)	(46.0)	(41.3)	(44.6)	(59.0)	(79.9)	(52.5)
Discounts – External Tenants	(67.8)	(106.9)	(97.9)	(137.9)	(185.3)	(229.7)	(103.9)
Net rental revenue	**1,562.3**	**1,482.7**	**1,519.0**	**1,385.0**	**1,845.4**	**1,718.1**	**2,005.9**
KPIs							
Weighted average occupied GLA (million sqm) - Internal Tenants	0.42	0.43	0.42	0.43	0.43	0.36	0.35
Weighted average occupied GLA (million sqm) - Internal Tenants as a % of total weighted average occupied GLA..	38.0%	39.0%	39.3%	38.5%	39.1%	34.2%	32.9%
Weighted average occupied GLA (million sqm) – External Tenants	0.68	0.67	0.65	0.69	0.67	0.70	0.72
Gross rental revenue per sqm - Internal Tenants (SAR/sqm).......	1,297	1,353	1,349	1,286	1,315	1,405	1,605
Gross rental revenue per sqm - External Tenants (SAR/sqm).......	2,423	2,373	2,522	2,231	2,260	2,179	2,223
Net rental revenue per sqm - Internal Tenants (SAR/sqm).......	1,228.4	1,210.8	1,218	1,148	1,179	1,185	1,456
Net rental revenue per sqm - External Tenants (SAR/sqm).......	2,291.2	2,161.1	2,321	1,964	1,985	1,849	2,078
Number of occupied retail units................	4,704	4,869	4,907	4,668	4,726	4,416	4,404

Source: Company information

RESULTS OF OPERATIONS

The below financial information and the discussion and analysis thereof is based on information derived from the Financial Statements for the following periods (i) the nine month period ended 30 September 2023 compared to the nine month period ended 30 September 2022; (ii) the nine month period ended 31 December 2022 compared to the nine month period ended 31 December 2021 (iii) the year ended 31 March 2022 compared to the year ended 31 March 2021; and (iv) the year ended 31 March 2021 compared to the year ended 31 March 2020.

Nine month period ended 30 September 2023 compared to the nine month period ended 30 September 2022

	For the Nine Months Ended 30 September		
	2023	2022	Variation
	SAR in 000s		
Revenue	1,709,751.6	1,655,865.2	3.3%
Cost of revenue - Direct costs	(297,812.7)	(269,017.8)	10.7%
Gross profit	**1,411,938.9**	**1,386,847.4**	**1.8%**
Other operating income	274,844.4	19,996.4	1,274.5%
Net fair value gain / (loss) on investment properties	81,457.1	(178,433.9)	145.7%
Advertisement and promotion expenses	(36,478.6)	(23,964.1)	52.2%
General and administrative expenses	(247,197.6)	(178,660.1)	38.4%
Impairment loss on accounts receivable and accrued revenue rentals	(146,057.0)	(29,565.0)	394.0%
Other operating expense	(18,113.7)	(52,349.3)	(65.4)%
Operating profit	**1,320,393.6**	**943,871.5**	**39.9%**
Finance income	7,124.8		-
Finance costs over loans and borrowings	(184,398.9)	(136,230.3)	35.4%
Finance cost over lease liabilities	(79,258.4)	(115,759.2)	(31.5)%
Net finance costs	(256,532.6)	(251,989.5)	1.8%
Share from loss of equity-accounted investee	(8,057.6)	(15,031.0)	(46.0)%
Profit before zakat	**1,055,803.5**	**676,851.0**	**56.0%**
Zakat charge	(37,105.7)	(55,819.7)	(33.5)%
Profit for the period	**1,018,697.8**	**621,031.3**	**64.0%**
Profit for the period attributable to:			
Shareholders of the Company	1,008,540.6	615,905.5	63.7%
Non-controlling interests	10,157.2	5,125.8	98.2%

Source: Company's condensed consolidated interim financial statements as at and for the three and nine months ended 30 September 2023

Revenue

Total revenue increased by 3.3%, or SAR 53.9 million, from SAR 1,655.9 million in the nine month period ended 30 September 2022 to SAR 1,709.8 million in the corresponding period in 2023. This variation was driven primarily by increases in rental income together with decreases in discounts, offset in part by slight decreases in occupancy levels during the nine month period ended 30 September 2023.

	For the Nine Months Ended 30 September		
	2023	2022	Variation
	SAR in 000s		
Rental income	1,587,226.4	1,526,402.5	4.0%
Service and management fee income	70,537.3	82,018.1	(14.0)%
Commission income on provisions for utilities, net	3,104.2	3,113.4	(0.3)%
Turnover rent	48,883.7	44,331.1	10.3%
Total Revenue	**1,709,751.6**	**1,655,865.2**	**3.3%**

Source: Company's condensed consolidated interim financial statements as at and for the three and nine months ended 30 September 2023

Rental income

Rental income increased by 4.0%, or SAR 60.8 million, from SAR 1,526.4 million in the nine month period ended 30 September 2022 to SAR 1,587.2 million in the corresponding period in 2023. This increase was attributable to reductions in discounts and increases in renewal rates which positively impacted the rental revenue recognised during the nine month period ended 30 September 2023.

Service and management fee income

Service and management fee income decreased by 14.0%, or SAR 11.5 million, from SAR 82.0 million in the nine month period ended 30 September 2022 to SAR 70.5 million in the corresponding period in 2023. This decrease was mainly attributable to the lower management fee income recorded by the Company from the Jeddah Park operation and management agreement during the nine month period ended 30 September 2023.

Commission income on provisions for utilities, net

Commission income on provisions for utilities, net decreased by 0.3%, or SAR 10 thousand, from SAR 3.11 million in the nine month period ended 30 September 2022 to SAR 3.10 million in the corresponding period in 2023. The commission income was substantially similar to the amounts collected during the nine month period ended 30 September 2022.

Turnover rent

Turnover rent increased by 10.3%, or SAR 4.6 million, from SAR 44.3 million in the nine month period ended 30 September 2022 to SAR 48.9 million in the corresponding period in 2023. This variation was mainly due to increases in tenant sales, thereby resulting in the recognition of higher turnover rent income during the nine month period ended 30 September 2023.

Direct costs

Direct costs increased by 10.7%, or SAR 28.8 million, from SAR 269.0 million in the nine month period ended 30 September 2022 to SAR 297.8 million in the corresponding period in 2023. The increase was primarily attributable to increases in security expenses, insurance expenses, together with repair and maintenance expenses during the nine month period ended 30 September 2023.

Gross profit

Gross profit increased by 1.8%, or SAR 25.1 million, from SAR 1,386.8 million in the nine month period ended 30 September 2022 to SAR 1,411.9 million in the corresponding period in 2023. This slight variation was mainly due to moderate increases in total revenue which were partially offset by the increases in direct costs during the nine month period ended 30 September 2023.

Other operating income

Other operating income increased by SAR 254.8 million, from SAR 20.0 million in the nine month period ended 30 September 2022 to SAR 274.8 million in the corresponding period in 2023. This variation was mainly due to the gain recorded from the sale of an investment property (a portion of the Jawharat Riyadh land plot) during the nine month period ended 30 September 2023.

Net fair value gain / (loss) on investment properties

The Company recorded a net fair value gain of SAR 81.5 million in the nine month period ended 30 September 2023 compared to a net fair value loss of SAR 178.4 million during the corresponding period in 2022. This variation was mainly due to increases in the total fair value of the Company's investment properties, coupled by increases in occupancy rates across the Company's malls as well as decreases in discount rates used by the independent valuers during the nine month period ended 30 September 2023.

Advertisement and promotion expenses

Advertisement and promotion expenses increased by 52.2%, or SAR 12.5 million, from SAR 24.0 million in the nine month period ended 30 September 2022 to SAR 36.5 million in the corresponding period in 2023. The increase was primarily attributable to higher spending on marketing activities including the costs incurred in connection with the Company's rebranding during the nine month period ended 30 September 2023.

General and administrative expenses

General and administrative expenses increased by 38.4%, or SAR 68.5 million, from SAR 178.7 million in the nine month period ended 30 September 2022 to SAR 247.2 million in the corresponding period in 2023. The increase was primarily attributable to increases in professional expenses, together with increases in employee salaries and other benefits during the nine month period ended 30 September 2023.

Impairment loss on accounts receivable and accrued revenue rentals

Impairment loss on accounts receivable and accrued revenue rentals increased by SAR 116.5 million, from SAR 29.6 million in the nine month period ended 30 September 2022 to SAR 146.1 million in the corresponding period in 2023. This increase was mainly due to the slowdown in collections arising from tenants located in the damaged area of the Mall of Dhahran Extension during the nine month period ended 30 September 2023.

Other operating expense

Other operating expense decreased by 65.4% to SAR 18.1 million in the nine month period ended 30 September 2023 from SAR 52.3 million in the corresponding period in 2022. This decrease was mainly due to higher expenses incurred in connection with the payment of real estate tax on the acquisition of an investment property, together with losses incurred on the disposal of an investment property during the nine month period ended 30 September 2022, which were not incurred during the nine month period ended 30 September 2023.

Operating profit

Operating profit increased by 39.9%, or SAR 376.5 million, from SAR 943.9 million in the nine month period ended 30 September 2022 to SAR 1,320.4 million in the corresponding period in 2023. This variation was mainly due to increases in gross profit, other operating income and the net fair value gain on the Company's investment properties during the nine month period ended 30 September 2023, which were offset by increases in general and administrative expenses together with impairment loss on accounts receivable and accrued revenue rentals.

Share of loss of equity-accounted investee

Share of loss of equity accounted investee decreased by 46.0%, or SAR 6.9 million, from a loss of SAR 15.0 million in the nine month period ended 30 September 2022 to a loss of SAR 8.1 million in the corresponding period in 2023. This decrease is related to reduced losses from an equity accounted investee (FAS Lab Holding Company) during the nine month period ended 30 September 2023.

Finance costs over loans and borrowings

Finance costs over loans and borrowings increased by 35.4%, or SAR 48.2 million, from SAR 136.2 million in the nine month period ended 30 September 2022 to SAR 184.4 million in the corresponding period in 2023. This increase was mainly due to increases in the Company's levels of debt and increased profit rates leading to higher finance cost payments during the nine month period ended 30 September 2023.

Finance costs over lease liabilities

Finance costs over lease liabilities decreased by 31.5%, or SAR 36.5 million, from SAR 115.8 million in the nine month period ended 30 September 2022 to SAR 79.3 million in the corresponding period in 2023. This decrease was due to the reassessment of a lease term with respect to the Salaam Mall Jeddah leasehold contract during the nine month period ended 30 September 2023.

Zakat charge / reversal

An expense of SAR 37.1 million was recorded in consolidated zakat in the nine month period ended 30 September 2023 compared to SAR 55.8 million in the corresponding period in 2022. The higher expense incurred in 2022 was due to an adjustment to the Company's zakat provisions made during the nine month period ended 30 September 2022.

Profit for the period

Profit for the period increased by 64.0%, or SAR 397.7 million, from SAR 621.0 million in the nine month period ended 30 September 2022 to SAR 1,018.7 million in the corresponding period in 2023. This increase was mainly due to increases in the Company's total revenues recorded during the nine month period ended 30 September 2023, together with higher other operating income and net fair value gain on investment properties during this period.

Nine month period ended 31 December 2022 compared to the nine month period ended 31 December 2021

	For the Nine Months Ended 31 December		
	2022	2021	Variation
	SAR in 000s		
Revenue	1,687,534.3	1,518,317.6	11.1%
Cost of revenue - Direct costs	(275,997.5)	(286,332.1)	(3.6%)
Gross profit	**1,411,536.8**	**1,231,985.6**	**14.6%**
Other operating income	3,572.8	7,407.7	(51.8)%
Net fair value gain / (loss) on investment properties	60,760.6	(136,690.4)	144.5%
Advertisement and promotion expenses	(28,544.8)	(15,801.5)	80.6%
General and administrative expenses	(207,068.5)	(173,788.6)	19.1%
Impairment loss on accounts receivable and accrued revenue rentals	(83,315.4)	(73,222.3)	13.8%
Other operating expense	(26,574.6)	(1,259.1)	2010.6%
Operating profit	**1,130,366.8**	**838,631.3**	**34.8%**
Finance costs over loans and borrowings	(146,848.7)	(126,065.3)	16.5%
Finance cost over lease liabilities	(102,263.0)	(121,847.9)	(16.1%)
Net finance costs	(249,111.7)	(247,913.2)	0.5%
Share from loss of equity-accounted investee	(7,159.3)	(4,000.0)	79.0%
Profit before zakat	**874,095.8**	**586,718.1**	**49.0%**
Zakat charge	(37,102.7)	(8,366.2)	343.5%
Profit for the period / year	**836,993.1**	**578,351.9**	**44.7%**
Profit for the period attributable to:			
Shareholders of the Company	831,907.6	600,253.0	38.6%
Non-controlling interests	5,085.5	(21,901.0)	(123.2%)

Source: Company's audited consolidated financial statements as at and for the nine months ended 31 December 2022

Revenue

Total revenue increased by 11.1%, or SAR 169.2 million, from SAR 1,518.3 million in the nine month period ended 31 December 2021 to SAR 1,687.5 million in the corresponding period in 2022. This variation was driven primarily by increases in net rental revenue as a result of a continued decrease in the Company's weighted average rental discount rate and an increase in occupancy rates during the nine month period ended 31 December 2022.

	For the Nine Months Ended 31 December		
	2022	2021	Variation
	SAR in 000s		
Rental income	1,551,320.4	1,404,376.3	10.5%
Service and management charges income	93,827.7	66,673.5	40.7%
Commission income on provisions for utilities for heavy users, net	3,444.9	3,532.5	(2.5%)
Turnover rent	38,941.3	43,735.4	(11.0%)
Total Revenue	**1,687,534.3**	**1,518,317.6**	**11.1%**

Source: Company's audited consolidated financial statements as at and for the nine months ended 31 December 2022Rental income

Rental income increased by 10.5%, or SAR 146.9 million, from SAR 1,404.4 million in the nine month period ended 31 December 2021 to SAR 1,551.3 million in the corresponding period in 2022. This increase was attributable to the increased occupancy rates and rental income resulting from the normalisation of mall operations following the continued recovery from the impact of the COVID-19 pandemic during the nine month period ended 31 December 2022.

Service and management charges income

Service charges increased by 40.7%, or SAR 27.2 million, from SAR 66.7 million in the nine month period ended 31 December 2021 to SAR 93.8 million in the corresponding period in 2022. This increase was attributable to the increased occupancy rates and rental income resulting from the normalisation of mall operations following the continued recovery from the impact of the COVID-19 pandemic during the nine month period ended 31 December 2022.

Commission income on provisions for utilities for heavy users, net

Commission income on provisions for utilities for heavy users decreased by 2.5%, or SAR 0.1 million, from SAR 3.5 million in the nine month period ended 31 December 2021 to SAR 3.4 million in the corresponding period in 2022. The commission income was substantially similar to the amounts collected during the nine month period ended 31 December 2021.

Turnover rent

Turnover rent decreased by 11.0%, or SAR 4.8 million, from SAR 43.7 million in the nine month period ended 31 December 2021 to SAR 38.9 million in the corresponding period in 2022. This variation was mainly due to the decrease in the Company's receipt of the relevant sales data required to determine and collect turnover rent from tenants during the nine month period ended 31 December 2022.

Direct costs

Direct costs decreased by 3.6%, or SAR 10.3 million, from SAR 286.3 million in the nine month period ended 31 December 2021 to SAR 276.0 million in the corresponding period in 2022. The decrease was primarily attributable to decreases in security expenses during the nine month period ended 31 December 2022.

Gross profit

Gross profit increased by 14.6%, or SAR 179.6 million, from SAR 1,232.0 million in the nine month period ended 31 December 2021 to SAR 1,411.5 million in the corresponding period in 2022. This increase was mainly due to the growth in the revenues and decreases in the direct costs during the nine month period ended 31 December 2022.

Other Operating Income

Other operating income decreased by 51.8%, or SAR 3.8 million, from SAR 7.4 million in the nine month period ended 31 December 2021 to SAR 3.6 million in the corresponding period in 2022. This variation was mainly due to the gain on lease termination and commission income on bank deposits that were recorded during the nine month period ended 31 December 2021.

Net fair value gain / (loss) on investment properties

Following the change of accounting policy to the fair value model to measure its investment properties in accordance with the IAS 40 accounting standard, the Company recorded a net fair value gain of SAR 60.8 million in the nine month period ended 31 December 2022 compared to a net fair value loss of SAR 136.7 million during the corresponding period in 2021. The increase in net fair value gain was impacted by several factors including the increases in occupancy rates during the period ended 31 December 2022.

Advertisement and promotion expenses

Advertisement and promotion expenses increased by 80.6%, or SAR 12.7 million, from SAR 15.8 million in the nine month period ended 31 December 2021 to SAR 28.5 million in the corresponding period in 2022. The increase was primarily attributable to events that were partially funded by the Company during the nine month period ended 31 December 2022, including the Middle East Leaders Summit.

General and administrative expenses

General and administrative expenses increased by 19.1%, or SAR 33.3 million, from SAR 173.8 million in the nine month period ended 31 December 2021 to SAR 207.1 million in the corresponding period in 2022. The increase was primarily attributable to the increases in management expenses for the Jawharat Riyadh and Jawharat Jeddah funds.

Impairment loss on accounts receivable and accrued revenue rentals

Impairment loss on accounts receivable and accrued revenue rentals increased by 13.8%, or SAR 10.1 million, from SAR 73.2 million in the nine month period ended 31 December 2021 to SAR 83.3 million in the corresponding period in 2022. This increase was mainly due to the impact of changes in the Company's model for internal expected credit loss estimates. See "—*Principal Factors Affecting the Operations of the Company—Trade Receivables and Provisions*" for details on how the Company measures expected credit loss.

Other operating expense

Other operating expense increased to SAR 26.6 million in the nine month period ended 31 December 2022 from SAR 1.3 million in the corresponding period in 2021. This increase was mainly due to losses incurred on the disposal of an investment property (Olaya Land) following the Company's change of accounting policy to the fair value model during the nine month period ended 31 December 2022.

Operating profit

Operating profit increased by 34.8%, or SAR 291.7 million, from SAR 838.6 million in the nine month period ended 31 December 2021 to SAR 1,130.4 million in the corresponding period in 2022. This variation was mainly due to higher revenues together with the net fair value gain following the Company's change of accounting policy to the fair value model during the nine month period ended 31 December 2022.

Share of (loss) / profit from profit of equity-accounted investee

Share of loss of equity accounted investee increased by 79.0%, or SAR 3.2 million, from a loss of SAR 4.0 million in the nine month period ended 31 December 2021 to a loss of SAR 7.2 million in the corresponding period in 2022. This increase is related to increases in losses incurred by the FAS Labs subsidiary.

Finance costs over loans and borrowings

Finance costs over loans and borrowings increased by 16.5%, or SAR 20.8 million, from SAR 126.1million in the nine month period ended 31 December 2021 to SAR 146.8 million in the corresponding period in 2022. This increase was mainly due to higher profit rates on the Company's finance costs during the nine month period ended 31 December 2022.

Finance costs over lease liabilities

Finance costs over lease liabilities decreased by 16.1%, or SAR 19.6 million, from SAR 121.8 million in the nine month period ended 31 December 2021 to SAR 102.3 million in the corresponding period in 2022. This decrease was due to the shortening of the Salaam Jeddah lease term during the nine month period ended 31 December 2022.

Zakat charge

An expense of SAR 37.1 million was recorded in consolidated zakat in the nine month period ended 31 December 2022 compared to SAR 8.4 million in the corresponding period in 2021. This variation was due to lower provisions for zakat expenses for the nine month period ended 31 December 2022.

Profit for the period

Profit for the period increased by 44.7%, or SAR 258.6 million, from SAR 578.4 million in the nine month period ended 31 December 2021 to SAR 837.0 million in the corresponding period in 2022. This increase was mainly due to increases in revenue and net fair value gain from investment properties during the nine month period ended 31 December 2022, together with decreased direct costs during this period.

Year ended 31 March 2022 compared to the year ended 31 March 2021

	For the Year Ended 31 March		
	2022	2021	Variation
	SAR in 000s		
Revenue	2,037,485.6	1,856,358.8	9.8%
Direct costs	(342,775.8)	(315,243.1)	8.7%

	For the Year Ended 31 March		
	2022	2021	Variation
	SAR in 000s		
Depreciation of right-of-use assets	(199,014.6)	(206,324.1)	-3.5%
Depreciation of investment properties	(343,048.9)	(311,653.4)	10.1%
Gross profit	**1,152,646.2**	**1,023,138.2**	**12.7%**
Other operating income	27,425.3	145,616.3	-81.2%
Advertisement and promotion expenses	(25,440.6)	(20,275.1)	25.5%
General and administrative expenses	(248,316.7)	(191,488.4)	29.7%
Impairment loss on accounts receivable and accrued revenue rentals	(56,348.4)	(138,363.2)	-59.3%
Other operating expense	(32,106.7)	(2,070.3)	1,450.8%
Operating profit	**817,859.1**	**816,557.5**	**0.2%**
Share from (loss) / profit of equity-accounted investee	(15,044.4)	1,652.4	-1,010.4%
Finance costs over lease liabilities	(162,339.2)	(172,238.3)	-5.7%
Finance cost over loans and borrowings	(166,856.7)	(172,892.4)	-3.5%
Profit before zakat	**473,618.8**	**473,079.2**	**0.1%**
Zakat (charge)/ reversal	(39,769.9)	13,641.3	-391.5%
Profit for the year	**433,848.8**	**486,720.4**	**-10.9%**
Profit for the year attributable to:			
Shareholders of the Company	436,838.3	486,659.0	-10.2%
Non-controlling interests	(2,989.4)	61.4	-4,967.3%

Source: Company's audited consolidated financial statements as at and for the year ended 31 March 2022

Revenue

Total revenue increased by 9.8%, or SAR 181.1 million, from SAR 1,856.4 million in the year ended 31 March 2021 to SAR 2,037.5 million in the corresponding period in 2022. This variation was driven primarily by increases in accrued revenue following the ongoing recovery from the COVID-19 pandemic. The impact of COVID-19 rent relief for the year ended 31 March 2022 was SAR 174 million, compared to SAR 241 million for the corresponding period in 2021.

	For the Year Ended 31 March		
	2022	2021	Variation
	SAR in 000s		
Rental income	1,881,683.0	1,736,243.5	8.4%
Service and management charges income	96,922.5	89,577.7	8.2%
Commission income on provisions for utilities for heavy users, net	4,278.2	2,771.6	54.4%
Turnover rent	54,602.0	27,766.1	96.6%
Total Revenue	**2,037,485.6**	**1,856,358.8**	**9.8%**

Source: Company's audited consolidated financial statements as at and for the year ended 31 March 2022

Rental income

Rental income increased by 8.4%, or SAR 145.5 million, from SAR 1,736.2 million in the year ended 31 March 2021 to SAR 1,881.7 million in the corresponding period in 2022. This increase was attributable to the increased occupancy and rental rates resulting from the normalisation of mall operations following the recovery from the COVID-19 pandemic.

Service and management charges income

Service charges increased by 8.2%, or SAR 7.3 million, from SAR 89.6 million in the year ended 31 March 2021 to SAR 96.9 million in the corresponding period in 2022. This increase was attributable to the increased occupancy and rental rates following the recovery from the COVID-19 pandemic.

Commission income on provisions for utilities for heavy users, net

Commission income on provisions for utilities for heavy users increased by 54.4%, or SAR 1.5 million, from SAR 2.8 million in the year ended 31 March 2021 to SAR 4.3 million in the corresponding period in 2022. This increase was primarily attributable to the increase in occupancy rates together with the normalisation of the mall operating hours to pre-COVID-19 levels.

Turnover rent

Turnover rent increased by 96.6%, or SAR 26.8 million, from SAR 27.8 million in the year ended 31 March 2021 to SAR 54.6 million in the corresponding period in 2022. This increase was mainly due to increase in tenant sales during the year ended 31 March 2022.

Direct costs

Direct costs increased by 8.7%, or SAR 27.5 million, from SAR 315.2 million in the year ended 31 March 2021 to SAR 342.8 million in the corresponding period in 2022. The increase was primarily attributable to the normalisation of the operating costs, including the relevant utility expenses during the year ended 31 March 2022.

Depreciation of right-of-use assets

Depreciation of right-of-use assets decreased by 3.5%, or SAR 7.3 million, from SAR 206.3 million in the year ended 31 March 2021 to SAR 199.0 million in the corresponding period in 2022. This decrease is mainly due to the reduced depreciation as a result of two malls that were discontinued (i.e. Khurais Mall and Salma Mall) during the year ended 31 March 2022, which was off-set by the increased depreciation related to the Nakheel Mall Extension Phase 1 which was partially opened in the year ended 31 March 2021.

Depreciation of investment properties

Depreciation of investment properties increased by 10.1%, or SAR 31.3 million, from SAR 311.7 million in the year ended 31 March 2021 to SAR 343.0 million in the corresponding period in 2022. This variation was mainly due to the additional investment properties operated by the Company during the year ended 31 March 2022.

Gross profit

Gross profit increased by 12.7%, or SAR 129.5 million, from SAR 1,023.1 million in the year ended 31 March 2021 to SAR 1,152.6 million in the corresponding period in 2022. This increase was mainly due to the increase in revenue during the year ended 31 March 2022.

Advertisement and promotion expenses

Advertisement and promotion expenses increased by 25.5%, or SAR 5.1 million, from SAR 20.3 million in the year ended 31 March 2021 to SAR 25.4 million in the corresponding period in 2022. The increase was primarily attributable to the increased marketing and promotional events during the year ended 31 March 2022, including in relation to the 'Retail Leader Circle MENA Summit', of which the Company was a strategic partner.

General and administrative expenses

General and administrative expenses increased by 29.7%, or SAR 56.8 million, from SAR 191.5 million in the year ended 31 March 2021 to SAR 248.3 million in the corresponding period in 2022. The increase was primarily attributable to the normalisation of business operations and the increase in staff salary and benefits expenses during the post-COVID-19 recovery period.

Impairment loss on accounts receivable and accrued revenue rentals

Impairment loss on accounts receivable and accrued revenue rentals decreased by 59.3%, or SAR 82.1 million, from SAR 138.4 million in the year ended 31 March 2021 to SAR 56.3 million in the corresponding period in 2022. This decrease was mainly due to the improvement in the Company's rental collections following the normalisation of mall operations during the post-COVID-19 recovery period.

Other operating expense

Other operating expense increased by 1,450.8%, or SAR 30 million, from SAR 2.1 million in the year ended 31 March 2021 to SAR 32.1 million in the corresponding period in 2022. This increase was mainly due to the normalisation of business operations and the associated operating expenses during the post-COVID-19 recovery period.

Other operating income

Other operating income decreased by 81.2%, or SAR 118.2 million, from SAR 145.6 million in the year ended 31 March 2021 to SAR 27.4 million in the corresponding period in 2022. This variation was mainly due to the impact of non-recurring items recorded in the year ended 31 March 2021, such as discounts received from the Company's landlords to mitigate the impact of COVID-19 related mall closures, together with income from the disposal of the Company's non-core investment in Aswaq Al Mustaqbal Trading Ltd.

Operating profit

Operating profit increased by 0.2%, or SAR 1.3 million, from SAR 816.6 million in the year ended 31 March 2021 to SAR 817.9 million in the corresponding period in 2022. This variation was mainly due to increased revenue for the year ended 31 March 2022, which was offset by a decrease in other operating income and an increase in general and administrative expenses during the same period.

Share from (loss) / profit of equity-accounted investee

Share of profit of equity accounted investee decreased by 1,010.4%, or SAR 16.7 million, from a profit of SAR 1.7 million in the year ended 31 March 2021 to a loss of SAR 15.0 million in the corresponding period in 2022. This decrease is related to the recognition of SAR 15.0 million in losses from an equity-accounted investee during the year ended 31 March 2022.

Finance costs over lease liabilities

Finance costs over lease liabilities decreased by 5.7%, or SAR 9.9 million, from SAR 172.2 million in the year ended 31 March 2021 to SAR 162.3 million in the corresponding period in 2022. This decrease was due to the discontinuation of two malls (Khurais Mall and Salma Mall) during the year ended 31 March 2022.

Finance costs over loans and borrowings

Finance costs over loans and borrowings decreased by 3.5%, or SAR 6.0 million, from SAR 172.9 million in the year ended 31 March 2021 to SAR 166.9 million in the corresponding period in 2022. This decrease was mainly due to the higher amounts of finance costs and arrangement fees paid on Sukuk for the year ended 31 March 2021 compared to the corresponding period in 2022.

Zakat (charge) / reversal

An expense of SAR 39.8 million was recorded in consolidated zakat in the year ended 31 March 2022 compared to a reversal of SAR 13.6 million in the corresponding period in 2021. This variation was due to excess provisions for zakat expenses resulting in zakat income (reversal) in the year ended 31 March 2021 compared to zakat expenses that were incurred for the year ended 31 March 2022.

Profit for the year

Profit for the year decreased by 10.9%, or SAR 52.9 million, from SAR 486.7 million in the year ended 31 March 2021 to SAR 433.8 million in the corresponding period in 2022. This decrease was mainly due to the moderate increase in operating profit and revenue for the year ended 31 March 2022, which were offset by increases in general and administrative expenses and zakat charges together with decreases in other operating income during the year ended 31 March 2022.

Year ended 31 March 2021 compared to year ended 31 March 2020

	For the Year Ended 31 March		
	2021	**2020**	**Variation**
	SAR in 000s		
Revenue	1,856,358.8	2,197,315.2	-15.5%
Direct costs	(315,243.1)	(316,594.6)	-0.4%
Depreciation of right-of-use assets	(206,324.1)	(155,864.8)	32.4%

	For the Year Ended 31 March		
	2021	2020	Variation
	SAR in 000s		
Depreciation of investment properties	(311,653.4)	(286,418.2)	8.8%
Gross profit	**1,023,138.2**	**1,438,437.6**	**-28.9%**
Other operating income	145,616.3	12,678.9	1,048.5%
Other operating expense	(2,070.3)	(3,376.9)	-38.7%
Advertisement and promotion expenses	(20,275.1)	(12,946.6)	56.6%
Impairment loss on accounts receivable and accrued revenue rentals	(138,363.2)	(119,265.0)	16.0%
General and administrative expenses	(191,488.4)	(182,674.5)	4.8%
Operating profit	**816,557.5**	**1,132,853.5**	-27.9%
Share from profit of equity-accounted investee	1,652.4	15,841.2	-89.6%
Finance costs over lease liabilities	(172,238.3)	(134,543.5)	28.0%
Finance cost over loans and borrowings	(172,892.4)	(351,259.7)	-50.8%
Profit before zakat	**473,079.2**	**662,891.5**	-28.6%
Zakat reversal / (charge)	13,641.3	(20,290.2)	-167.2%
Profit for the year	**486,720.4**	**642,601.4**	**-24.3%**
Profit for the year attributable to:			
Shareholders of the Company	486,659.0	633,934.2	-23.2%
Non-controlling interests	61.4	8,667.1	-99.3%

Source: Company's audited consolidated financial statements as at and for the year ended 31 March 2021

Revenue

Total revenue decreased by 15.5%, or SAR 341 million, from SAR 2,197.3 million in the year ended 31 March 2020 to SAR 1,856.4 million in the year ended 31 March 2021. This variation was driven primarily by the restriction of activity at shopping centres during the three months ended 30 June 2020 due to the COVID-19 pandemic and other measures taken to contain its spread during the year ended 31 March 2021. Revenues were further impacted by the occupancy pressure and extension of special, non-recurring discounts to help address the impact of COVID-19 on tenants. The Company amortised SAR 241 million in COVID-19-related discounts to tenants in the year ended 31 March 2021.

	For the Year Ended 31 March		
	2021	2020	Variation
	SAR in 000s		
Rental income	1,736,243.5	2,038,143.2	-14.8%
Service and management charges income	89,577.7	93,477.7	-4.2%
Commission income on provisions for utilities for heavy users, net	2,771.6	3,297.5	-15.9%
Turnover rent	27,766.1	62,396.8	-55.5%
Total Revenue	**1,856,358.8**	**2,197,315.2**	-15.5%

Source: Company's audited consolidated financial statements as at and for the year ended 31 March 2021

Rental income

Rental income decreased by 14.8%, or SAR 301.9 million, from SAR 2,038.1 million in the year ended 31 March 2020 to SAR 1,736.2 million in the year ended 31 March 2021. This decrease was attributable to the decrease in occupancy and the pressure on renewal rates as a result of the mall closures mandated by the government in response to COVID-19.

Service and management charges income

Service and management charges income decreased by 4.2%, or SAR 3.9 million, from SAR 93.5 million in the year ended 31 March 2020 to SAR 89.6 million in the year ended 31 March 2021. This decrease was attributable to the decrease in occupancy as a result of the mall closures mandated by the government in response to COVID-19.

Commission income on provisions for utilities for heavy users

Commission income on provisions for utilities for heavy users decreased by 15.9%, or SAR 0.5 million, from SAR 3.3 million in the year ended 31 March 2020 to SAR 2.8 million in the year ended 31 March

2021. This decrease was primarily attributable to reduced operations as a result of mall closures mandated by the government in response to the COVID-19 pandemic.

Turnover rent

Turnover rent decreased by 55.5%, or SAR 34.6 million, from SAR 62.4 million in the year ended 31 March 2020 to SAR 27.8 million in the year ended 31 March 2021. This decrease was mainly due to a decrease in tenant sales for the year ended 31 March 2021 as a result of the COVID-19 pandemic.

Direct costs

Direct costs decreased by 0.4%, or SAR 1.4 million, from SAR 316.6 million in the year ended 31 March 2020 to SAR 315.2 million in the year ended 31 March 2021. The decrease was primarily attributable to a decrease in utilities and repairs and maintenance expense (due to closure of malls during the COVID-19 pandemic and the cost control measures implemented by the Company, including furloughing certain employees by utilising Saudi Arabia's unemployment insurance scheme (SANED)), and was partially offset by an increase in cleaning costs, due to the more frequent sanitisation of malls in compliance with the COVID-19 regulations and government instructions, and security expenses for the protection of the Company's malls during periods of mall closures.

Depreciation of right-of-use assets

Depreciation of right-of-use assets increased by 32.4%, or SAR 50.4 million, from SAR 155.9 million in the year ended 31 March 2020 to SAR 206.3 million in the year ended 31 March 2021. This increase is mainly due to a full year's depreciation related to U-Walk (Riyadh) (which was partially opened in the year ended 31 March 2020) and the first-time depreciation related to the Nakheel Mall Extension Phase 1 which opened during 2021.

Depreciation of investment properties

Depreciation of investment properties increased by 8.8%, or SAR 25.3 million, from SAR 286.4 million in the year ended 31 March 2020 to SAR 311.7 million in the year ended 31 March 2021. This variation was mainly due to a full year's depreciation of the capitalised cost of construction of Nakheel Mall Dammam and U-Walk (Riyadh) (which were both partially opened in the year ended 31 March 2020) and the first-time depreciation of the capitalised cost of the newly opened Nakheel Mall Extension Phase 1 during the year ended 2021.

Gross profit

Gross profit decreased by 28.9%, or SAR 415.3 million, from SAR 1,438.4 million in the year ended 31 March 2020 to SAR 1,023.1 million in the year ended 31 March 2021.

Advertisement and promotion expenses

Advertisement and promotion expenses increased by 56.6%, or SAR 7.4 million, from SAR 12.9 million in the year ended 31 March 2020 to SAR 20.3 million in the year ended 31 March 2021. The increase was primarily attributable to the four-year sponsorship agreement entered into with UD Almeria, a Spanish football club in September 2019.

General and administrative expenses

General and administrative expenses increased by 4.8%, or SAR 8.8 million, from SAR 182.7 million in the year ended 31 March 2020 to SAR 191.5 million in the year ended 31 March 2021. The increase was primarily attributable to increases in staff salaries and professional fees, offset by decreases in depreciation and communication and internet expenses.

Impairment loss on accounts receivable and accrued revenue rentals

Impairment loss on accounts receivable and accrued revenue rentals increased by 16.0%, or SAR 19.1 million, from SAR 119.3 million in the year ended 31 March 2020 to SAR 138.4 million in the year ended 31 March 2021. This increase was mainly due to the Company's adoption of a more conservative approach on receivables to account for the COVID-19 related mall closures, together with an update of the Company's model of estimated internal credit losses during the period ended 31 March 2021. Moreover, the Company wrote-off SAR 119.9 million during the year ended 31 March 2021 in relation to a one-off transaction.

Other operating income

Other operating income increased by SAR 132.9 million, from SAR 12.7 million in the year ended 31 March 2020 to SAR 145.6 million in the year ended 31 March 2021. This variation was mainly due to rental concessions obtained by the Group on its headleases which amounted to SAR 76.7 million in the year ended 31 March 2021 and income from the sale of its equity accounted investee (Aswaq Al Mustaqbal) of SAR 42.7 million.

Other operating expense

Other operating expense decreased by 38.7%, or SAR 1.3 million, from SAR 3.4 million in the year ended 31 March 2020 to SAR 2.1 million in the year ended 31 March 2021. This variation was due to the reduced operations of the Company's malls in the year ended 31 March 2021 as a result of the COVID-19 pandemic.

Operating profit

Operating profit decreased by 27.9%, or SAR 316.3 million, from SAR 1,132.9 million in the year ended 31 March 2020 to SAR 816.6 million in the year ended 31 March 2021.

Share from profit of equity-accounted investee

Share from profit of equity accounted investee decreased by 89.6%, or SAR 14.1 million, from SAR 15.8 million in the year ended 31 March 2020 to SAR 1.7 million in the year ended 31 March 2021. This decrease is related to the disposal of a non-core investment (Aswaq Al Mustaqbal) for SAR 42.7 million.

Finance costs over lease liabilities

Finance costs over lease liabilities increased by 28%, or SAR 37.7 million, from SAR 134.5 million in the year ended 31 March 2020 to SAR 172.2 million in the year ended 31 March 2021. This variation was due to interest expenses related to newly operating malls (U-Walk (Riyadh) and Nakheel Mall Extension Phase 1).

Finance costs over loans and borrowings

Finance costs over loans and borrowings decreased by 50.8%, or SAR 178.4 million, from SAR 351.3 million in the year ended 31 March 2020 to SAR 172.9 million in the year ended 31 March 2021. This variation was mainly due to the decrease in interest rates, in addition to the financial cost written-off in the year ended 31 March 2020 amounting to SAR 59.9 million following a refinancing in November 2019.

Zakat reversal / (charge)

The Company recorded a zakat reversal of SAR 13.6 million in the year ended 31 March 2021 compared to a zakat expense of SAR 20.3 million in the year ended 31 March 2020. The reversal in the year ended 31 March 2020 related to SAR 38.6 million zakat provision relating to previous years that was no longer required.

Profit for the year

Profit for the year decreased by 24.3%, or SAR 155.9 million, from SAR 642.6 million in the year ended 31 March 2020 to SAR 486.7 million in the year ended 31 March 2021.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash policy is intended to ensure that an optimum level of liquidity is maintained to meet operational needs. The Group expects to meet its ongoing capital requirements, including in respect of its new developments and expansion projects, through cash, operating returns, lines of credit and other financing from banks or capital markets or the issuance of equity to the extent necessary.

See "*Description of Certain Financing Arrangements – Summary of Financing Facilities*" for additional information regarding the Company's financing arrangements.

CASH FLOWS

The following table shows certain information about the consolidated cash flows of the Company for the periods indicated. See "*—Principal Factors Affecting the Operations of the Company—Change of accounting policy to the fair value model instead of cost model to measure the value of the Company's investment properties*" for information regarding the factors affecting the comparability of the Company's consolidated statement of cash flows for the periods specified below.

	For the Nine Months Ended 30 September		For the Nine Months Ended 31 December		For the Years Ended 31 March		
	2023	2022	2022	2021	2022	2021	2020
				SAR in 000s			
Net cash from operating activities..........	1,061,445.3	949,203.1	871,508	1,005,477	1,474,352.0	1,034,024.2	1,168,890.5
Net cash used in investing activities..........	(218,446.4)	(518,477.0)	(336,600)	(701,381)	(1,077,081.0)	(342,824.4)	(463,355.5)
Net cash used in financing activities..........	(1,037,663.7)	(471,225.5)	(480,590)	(277,637)	(476,813.2)	(1,101,210.0)	(117,525.8)
Net decrease / increase in cash and cash equivalents.....	**(194,664.8)**	**(40,499.4)**	**54,318**	**26,459**	**(79,542.2)**	**(410,010.3)**	**588,009.2**
Cash and cash equivalents at beginning of the period........	610,445.8	662,128.4	556,128	635,670	635,669.9	1,045,680.2	457,671.0
Cash and cash equivalents at end of the period.............	415,781.0	621,629.0	610,446	662,128	556,127.8	635,669.9	1,045,680.2

Source: Company's (i) condensed consolidated interim financial statements as at and for the three and nine months ended 30 September 2023; (ii) audited consolidated financial statements as at and for the nine months ended 31 December 2022; (iii) consolidated interim financial statement as at and for the three and nine months ended 31 December 2021; (iv) audited consolidated financial statements as at and for the year ended 31 March 2022; and (v) audited consolidated financial statements as at and for the year ended 31 March 2021.

Cash and cash equivalents decreased from SAR 621.6 million as at 30 September 2022 to SAR 415.8 million as at 30 September 2023 mainly due to increases in cash used in financing activities as a result of higher dividends paid to the Company's shareholders in the nine month period ended 30 September 2023.

Cash and cash equivalents decreased from SAR 662.1 million as at 31 December 2021 to SAR 610.4 million as at 31 December 2022 mainly due to less cash flows received from operating activities compared with more cash used in investing activities in the nine month period ended 31 December 2022.

Cash and cash equivalents decreased from SAR 635.7 million as at 31 March 2021 to SAR 556.1 million as at 31 March 2022 mainly due to more cash flows being used in investing activities and financing activities than were received from operating activities for the year ended 31 March 2022.

Cash and cash equivalents decreased from SAR 1,045.7 million as at 31 March 2020 to SAR 635.7 million as at 31 March 2021 mainly due to mainly due to more cash flows being used in investing activities and financing activities than were received from operating activities for the year ended 31 March 2021.

Cash from operating activities

Net cash generated from operating activities increased from SAR 949.2 million in the nine month period ended 30 September 2022 to SAR 1,061.4 million in the nine month period ended 30 September 2023, driven mainly by increases in the Company's profit before zakat in the nine month period ended 30 September 2023.

Net cash generated from operating activities decreased from SAR 1,005.5 million in the nine month period ended 31 December 2021 to SAR 871.5 million in the nine month period ended 31 December 2022, driven mainly by increases in account receivables and the amounts due mainly from related parties (Internal Tenants) in the nine month period ended 31 December 2022.

Net cash generated from operating activities increased from SAR 1,034.0 million in the year ended 31 March 2021 to SAR 1,474.4 million in the year ended 31 March 2022, driven mainly by increase in accrued revenue for the period.

Net cash generated from operating activities decreased from SAR 1,168.9 million in the year ended 31 March 2020 to SAR 1,034.0 million in the year ended 31 March 2021, driven mainly by decrease in net profit for the year and a decrease in finance cost over loans and borrowings.

Cash used in investing activities

Net cash used in investing activities decreased from SAR 518.5 million in the nine month period ended 30 September 2022 to SAR 218.4 million in the nine month period ended 30 September 2023, driven mainly by higher proceeds from the Company's disposal of investment properties which offset the cash used in the additions to the Company's investment properties and the additional investments made to an equity-accounted investee (FAS Lab Holding Company) in the nine month period ended 30 September 2023.

Net cash used in investing activities decreased from SAR 701.4 million in the nine month period ended 31 December 2021 to SAR 336.6 million in the nine month period ended 31 December 2022, driven mainly by the lower amounts of cash used by the Company for investments in investment properties which were offset by the receipt of proceeds from the disposal of an investment property (Olaya Land) in the nine month period ended 31 December 2022.

Net cash used in investing activities increased from SAR 342.8 million in the year ended 31 March 2021 to SAR 1,077.1 million in the year ended 31 March 2022, driven mainly by advances to a contractor paid in connection with the construction of The View and Qassim Mall.

Net cash used in investing activities decreased from SAR 463.4 million in the year ended 31 March 2020 to SAR 342.8 million in the year ended 31 March 2021. This principally reflected the proceeds received from the disposal of the Group's equity accounted investee and other non-core investments and was partially offset by net additions to investment properties.

Cash used in financing activities

Net cash used in financing activities amounted to SAR 1,037.7 million in the nine month period ended 30 September 2023 and related mainly to the increased payment of dividend to the Company's shareholders, the repayment of loans and borrowings, together with the payment of finance costs over loans and borrowings in the nine month period ended 30 September 2023.

Net cash used in financing activities amounted to SAR 471.2 million in the nine month period ended 30 September 2022 and related mainly to the payment of dividends to the Company's shareholders and the payment of lease liabilities in the nine month period ended 30 September 2022.

Net cash used in financing activities amounted to SAR 480.6 million in the nine month period ended 31 December 2022 and related mainly to the payment of dividend to the Company's shareholders and the payment of lease liabilities in the nine month period ended 31 December 2022.

Net cash used in financing activities amounted to SAR 277.6 million in the nine month period ended 31 December 2021 and related mainly to the repayment of loans and borrowings in the nine month period ended 31 December 2021.

Net cash used in financing activities amounted to SAR 476.8 million in the year ended 31 March 2022 and related mainly to payments of dividends, payment of finance costs over loans and borrowings and repayments of lease liabilities, partially offset by proceeds received from new loans and borrowings net of amounts used in the repayment of loans and borrowings.

Net cash used in financing activities amounted to SAR 1,101.2 million in the year ended 31 March 2021 and was mainly related to the payment of dividends, the payment of finance costs on loans and borrowings, and the repayment of lease liabilities.

Net cash used in financing activities amounted to SAR 117.5 million in the year ended 31 March 2020 and mainly related to the payment of dividends, the payment of finance costs on loans and borrowings, the repayment of lease liabilities and the payment of transaction costs during the year. These outflows were partially offset by inflows representing the proceeds received from the Company's initial public offering and amounts received from new borrowings net of the repayment of existing borrowings.

Funding structure

The Company's principal source of funding is from its operating activities. In addition, the Company from time-to-time secures funding from its financing activities, including loans, borrowings and through the issuance of debt securities.

In the nine month period ended 30 September 2023, the Company generated SAR 1,061.4 million from its operating activities, compared to SAR 949.2 million for the nine month period ended 30 September 2022. Moreover, the Company received SAR 722.5 million in proceeds from loans and borrowings during the nine month period ended 30 September 2023, compared to SAR 638.3 million in the nine month period ended 31 December 2022.

In the nine month period ended 31 December 2022, the Company generated SAR 871.5 million from its operating activities and received SAR 638.3 million in proceeds from loans and borrowings. In the nine month period ended 31 December 2021, the Company generated SAR 1,005.5 million from its operating activities and received SAR 3,321.3 million in proceeds from loans and borrowings.

In the year ended 31 March 2022, the Company generated SAR 1,474.4 million from its operating activities, compared to SAR 1,034.0 million for the year ended 31 March 2021. Moreover, the Company received SAR 3,456.3 million in proceeds from loans and borrowings during the year ended 31 March 2022, compared to SAR 0 million in the year ended 31 March 2021.

The Company has a treasury department that is responsible for managing its cash flows and funding profile.

COMMITMENTS

The table below presents the Company's commitments:

	As at 30 September	As at 31 December		As at 31 March		
	2023	2022	2021	2022	2021	2020
	SAR in 000s					
Commitments for projects under construction	**2,537,166**	**3,265,050**	**3,450,315**	**3,513,756**	**3,622,612**	**3,567,294**
Commitments for acquisition of investment	--	--	--	--	**68,857**	--
Outstanding bank guarantees	10,998	13,000	304	91,076	304	--

Source: Company's (i) condensed consolidated interim financial statements as at and for the three and nine months ended 30 September 2023; (ii) audited consolidated financial statements as at and for the nine months ended 31 December 2022; (iii) consolidated interim financial statement as at and for the three and nine months ended 31 December 2021; (iv) audited consolidated financial statements as at and for the year ended 31 March 2022; and (v) audited consolidated financial statements as at and for the year ended 31 March 2021.

Commitments for projects under construction amounted to SAR 2,537.2 million as of 30 September 2023 and pertain to expenditure relating to six malls which are in the course of construction as at the end of the reporting period. These commitments were mainly related to U Walk Jeddah, U Walk Qassim, Jawharat Riyadh, Jawharat Jeddah, Jawharat Al Khobar and Murcia Mall. The Company expects these new malls to increase GLA by over 600,000 square metres. The Company opened U Walk Jeddah in December 2023.

Commitments for projects under construction amounted to SAR 3,265.1 million as of 31 December 2022 and pertain to expenditure relating to seven malls which were in the course of construction as at the end of the reporting period. These commitments were mainly related to U Walk Jeddah, U Walk Qassim, Jawharat Riyadh, Jawharat Jeddah, Jawharat Al Khobar, Murcia Mall and U-Walk Madina. The Company's contract for U-Walk Madina was cancelled following the period ended 31 December 2022 and as such, U-Walk Madina does not form part of the Company's pipeline projects for subsequent reporting periods.

Commitments for projects under construction amounted to SAR 3,450.3 million as of 31 December 2021 and pertain to expenditure relating to six malls which are in the course of construction as at the end of the reporting period. These commitments were mainly related to Najd Mall, U Walk Jeddah, U Walk Qassim, Jawharat Riyadh, Jawharat Jeddah and U-Walk Madina.

Commitments for projects under construction amounted to SAR 3,513.8 million as of 31 March 2022 and pertain to expenditure relating to seven malls which are in the course of construction as at the end of the reporting period and are expected to be completed within three years. These commitments were mainly related to Jawharat Riyadh, Najd Mall, U Walk Qassim and U Walk Jeddah.

Commitments for projects under construction amounted to SAR 3,622.6 million as of 31 March 2021 and pertain to expenditure relating to eight malls which were in the course of construction as at the end of the reporting period. These commitments were mainly related to the construction of Jawharat Riyadh, The View, Najd Mall and U Walk Jeddah.

Commitments for projects under construction amounted to SAR 3,567.3 million as of 31 March 2020, and were mainly related to Jawharat Riyadh, The View, Najd Mall, Nakheel Mall Extension Phase 1 and U Walk Jeddah.

The Company had commitments related to acquisitions of investment amounting to SAR 68.9 million as at 31 March 2021 as compared to SAR nil as at 31 March 2022. The SAR 68.9 million amount in 31 March 2021 was in relation to the Company's acquisition of a stake in VogaCloset Limited, a UK based e-commerce company.

See "*Company – Future Plans and Growth Opportunities –Plots of land for malls under development*" for additional information regarding the Company's pipeline malls that are under development together with the total constructions costs incurred as at 30 September 2023.

As at 30 September 2023, the Company had outstanding bank guarantees of SAR 10,998.4 million issued by a local bank.

INDEBTEDNESS

On 7 April 2021, the Company completed the issuance of U.S.$650 million trust certificates due 2026. On 28 July 2021, the Company issued additional trust certificates amounting to U.S.$225 million.

During the year ended 31 March 2022, the Company: (i) received SAR 3,456.3 million in proceeds from loans and borrowings; (ii) made repayments on loans and borrowings to the amount of SAR 2,656.6 million; (iii) made payments of finance costs over loans and borrowings to the amount of SAR 299.0 million and; (iv) made repayments of lease liabilities to the amount of SAR 256.7 million.

During the year ended 31 March 2022, in addition to the scheduled semi-annual payment of SAR 45 million, the Company made voluntary prepayments of SAR 202 million against the Murabaha facility, SAR 1,617 million against the Ijara facility, and SAR 750 million towards payment of the Revolving Murabaha facility.

During the nine month period ended 31 December 2022, (i) the Company utilised an additional SAR 575 million from the existing Revolving Murabaha facility; and (ii) the Company utilised an amount of SAR 63 million from a SAR 1,000 million long-term secured facility arrangement entered into with a local Saudi bank.

During the nine month period ended 30 September 2023, (i) the Company utilised an additional SAR 200 million from the existing Revolving Murabaha facility; and (ii) the Company utilised an amount of SAR 522 million from a SAR 1,000 million long-term secured facility arrangement entered into with a local Saudi bank.

As at 30 September 2023, the total amounts outstanding under (i) the existing facilities amounted to SAR 3,730.9 million; and (ii) the 2019 and 2021 Sukuk issuances amounted to SAR 5,139.1 million.

See "*Description of Certain Financing Arrangements*" for further information on the facilities and "—*Quantitative and Qualitative Disclosures about Market Risk—Liquidity Risk*" for details on the maturity profile of the Company's financial liabilities.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk

Market risk is the risk that changes in market prices, such as currency rates and interest rates that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Company has no significant commission bearing long-term assets, but has commission bearing liabilities. The Company manages its exposure to commission rate risk on these liabilities by continuously monitoring movements in commission rates.

The following table demonstrates the sensitivity of the Company to a reasonably possible change, with all other variables held constant, of the Company's profit before zakat (through the impact on floating rate borrowings):

Gain/(loss) through the consolidated statement of profit or loss	**For the Nine Months Ended 30 September**		**For the Nine Months Ended 31 December**		**For the Years Ended 31 March**		
	2023	**2022**	**2022**	**2021**	**2022**	**2021**	**2020**
				SAR			
Floating rate debt:..........							
SIBOR +100bps	(28,405,569)	(23,831,337)	(24,443,708)	(77,046,157)	(77,917,358)	(70,799,433)	(71,249,433)
SIBOR-100bps	28,405,569	23,831,337	24,443,708	77,046,157	77,917,358	70,799,433	71,249,433

Source: Company's (i) condensed consolidated interim financial statements as at and for the three and nine months ended 30 September 2023; (ii) audited consolidated financial statements as at and for the nine months ended 31 December 2022; (iii) consolidated interim financial statement as at and for the three and nine months ended 31 December 2021; (iv) audited consolidated financial statements as at and for the year ended 31 March 2022; and (v) audited consolidated financial statements as at and for the year ended 31 March 2021.

Real Estate risk

The Company has identified the following risks associated with its real estate portfolio:

- The cost of development projects may increase with delays in the planning process. The Company uses advisors who are experts in the specific planning requirements in the project's location in order to reduce the risks that may arise in the planning process.

- A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property. To reduce this risk, the Company reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises from recognised assets and liabilities which are denominated in currency that is not the Group's functional currency. The Group has certain U.S. Dollar denominated financial liabilities which it believes are not exposed to significant currency risk as the Group's functional currency is pegged to the U.S. Dollar.

Commodity price risk

Commodity price is the risk associated with changes in prices to certain commodities that the Group is exposed to and its unfavorable effect on the Group's costs and cash flow. This commodity price risk arises from forecasted purchases of certain commodities that the Group uses as raw material, which is managed and mitigated by entering into commodity derivatives.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risks from its leasing activities, including deposits with banks and financial institutions.

Credit risk is managed by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

Accounts receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, Management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and sector in which customers operate.

Each entity within the Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the entity's standard payment and delivery terms and conditions are offered. The review includes financial statements, industry information and in some cases bank references. Credits to each customer are reviewed periodically. The Group limits its exposure to credit risk by offering credit terms which are typically not longer than three months on average.

In monitoring customer credit risk, customers are grouped according to their credit characteristics trading history with the Group and existence of previous financial difficulties.

Expected credit loss assessment as at 30 September 2023

The Group uses an allowance matrix to measure the ECLs of accounts receivable from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics such as geographic region, age of customer relationship and type of product purchased.

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth and unemployment rates.

The following tables provide information about the exposure to credit risk and ECLs for accounts receivable from customers after adjusting with Loss given Default (LGD) ratio as at 30 September 2023. The ECL for accounts receivables from customers as at 31 March 2021 and 31 March 2020 are before LGD adjustment.

30 September 2023 (Reviewed)	**Gross carrying amount**	**Weighted average loss**	**Loss Allowance**
0–90 days	86,464,104	16,172,336	19%
91–180 days	87,539,963	21,564,577	25%
181–270 days	80,809,254	22,948,704	28%
271–360 days	64,756,124	22,178,109	34%
361 –450 days	63,249,546	24,695,549	39%
451 -540 days	41,671,076	18,379,110	44%
541 –630 days	27,011,536	14,067,980	52%
631 -720 days	27,815,707	15,270,789	55%
More than 720 days	126,354,302	95,517,678	76%
	605,671,612	**250,794,832**	

31 December 2022 (Audited)	**Gross carrying amount**	**Weighted average loss**	**Loss Allowance**
0–90 days	110,173,161	13,707,754	12.0%
91–180 days	99,288,349	16,421,056	16.5%

31 December 2022 (Audited)	Gross carrying amount	Weighted average loss	Loss Allowance
181–270 days	86,585,249	15,381,037	17.8%
271–360 days	44,653,878	11,210,581	25.1%
361 –450 days	44,176,668	13,460,611	30.5%
451 -540 days	36,635,522	13,984,109	38.2%
541 –630 days	33,821,347	14,963,099	44.2%
631 -720 days	29,279,546	15,327,850	52.4%
More than 720 days	75,001,342	56,944,745	75.9%
	559,615,062	**171,400,842**	

31 December 2021 (Reviewed)[(a)]	Gross carrying amount	Weighted average loss	Loss Allowance
0–90 days	57,906,345	6,893,848	11.9%
91–180 days	58,354,347	9,207,398	15.8%
181–270 days	46,837,761	8,929,105	19.1%
271–360 days	36,516,929	8,937,224	24.5%
361 –450 days	33,751,338	11,343,813	33.6%
451 -540 days	32,539,007	12,581,384	38.7%
541 –630 days	27,586,035	12,608,211	45.7%
631 -720 days	31,523,286	17,542,282	55.6%
More than 720 days	128,370,130	112,380,083	87.5%
	453,385,178	**200,423,348**	

31 March 2022 (Audited)	Gross carrying amount	Weighted average loss	Loss Allowance
0–90 days	57,043,842	9,781,339	17.1%
91–180 days	59,102,274	11,242,546	19.0%
181–270 days	54,157,620	11,215,120	20.7%
271–360 days	45,801,646	12,742,090	27.8%
361 –450 days	37,627,522	13,228,561	35.2%
451 -540 days	22,959,442	9,266,082	40.4%
541 –630 days	24,675,270	12,051,280	48.8%
631 -720 days	18,665,285	11,070,752	59.3%
More than 720 days	99,611,239	90,060,124	90.4%
	419,644,140	**180,657,894**	

31 March 2021 (Audited)	Gross carrying amount	Weighted average loss	Loss Allowance
0–90 days	64,458,039	11,979,514	18.6%
91–180 days	64,170,804	13,583,431	21.2%
181–270 days	65,728,423	15,447,076	23.5%
271–360 days	46,139,512	15,462,182	33.5%
361 –450 days	45,558,472	20,135,619	44.2%
451 -540 days	37,876,023	20,073,473	53.0%
541 –630 days	31,807,854	19,005,528	59.8%
631 -720 days	24,792,400	16,973,898	68.5%
More than 720 days	51,387,492	51,387,492	100.0%
	431,919,019	**184,048,213**	

31 March 2020 (Audited)	Gross carrying amount	Weighted average loss	Loss Allowance
0–90 days	53,440,320	3,374,520	6.3%
91–180 days	77,196,999	8,405,148	10.9%
181–270 days	81,428,407	13,146,524	16.1%
271–360 days	56,618,562	13,755,863	24.3%
361 –450 days	31,688,310	30,737,331	97.0%
451 -540 days	30,458,967	29,589,159	97.1%
541 –630 days	26,577,256	26,011,424	97.9%
631 -720 days	26,565,490	24,700,217	93.0%
More than 720 days	15,827,113	15,827,113	100.0%
	399,801,424	**165,547,299**	

Source: Company's (i) condensed consolidated interim financial statements as at and for the three and nine months ended 30 September 2023; (ii) audited consolidated financial statements as at and for the nine months ended 31 December 2022; (iii) consolidated interim financial statement as at and for the three and nine months ended 31 December 2021; (iv) audited consolidated financial statements as at and for the year ended 31 March 2022; and (v) audited consolidated financial statements as at and for the year ended 31 March 2021.

During the nine month period ended 30 September 2023, receivables amounting to SAR nil were written off compared to SAR 77.9 million for the nine month period ended 30 September 2022.

During the nine month period ended 31 December 2022, receivables amounting to SAR 77.9 million were written off compared to SAR 56.8 million for the nine month period ended 31 December 2021.

During the year ended 31 March 2022, receivables amounting to SAR 34.5 million were written off compared to SAR 86.5 million for the year ended 31 March 2021.

During the year ended 31 March 2022, accrued revenue rental amounting to SAR 25.2 million were written off compared to SAR 33.4 million for the year ended 31 March 2021.

During the year ended 31 March 2021, receivables amounting to SAR 86.5 million were written off compared to SAR 98.3 million for the year ended 31 March 2020.

During the year ended 31 March 2021, accrued revenue rental amounting to SAR 33.4 million was written off compared to nil for the year ended 31 March 2020.

Due from related parties

An impairment analysis is performed at each reporting date on an individual basis for the major related parties. The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from related parties. The Company does not hold collateral as a security. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operates. The Company evaluates the risk with respect to dues from related parties as low, as majority of the related parties are owned by the same shareholders as the Company.

Credit risk related to financial instruments and cash deposit

Credit risk from balances with banks and financial institutions is managed by Saudi FAS Holding Company's treasury in accordance with the Company's policy. Cash is substantially placed with national banks with sound credit ratings. The Company does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Management believes that the Company is not exposed to significant risks in relation to liquidity because its current liabilities (excluding amounts due to related parties as these could be deferred during liquidity crunch situations) and its current assets are substantially matched in maturity terms. The Company also maintains different lines of credit.

Capital management

Capital is equity attributable to the shareholders of the Company. The Company's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

Management's policy is to maintain an efficient capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Board monitors the return on capital, which the Company defines as its result from operating activities divided by total shareholders' equity.

Management also monitors the level of dividends to the shareholders. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Company's net debt to capital ratio at the end of the reporting periods was as follows:

	30 September	31 December	31 March	
	2023	2022	2022	2021
Total liabilities	13,154,840,863	11,808,258,279	12,500,581,523	11,602,359,786
Less: cash and cash equivalents	(415,780,998)	(610,445,796)	(556,127,750)	(635,669,921)
Net debt	12,739,059,865	11,197,812,483	11,944,453,773	10,966,689,865
Equity attributable to Shareholders of the Company	**13,770,271,787**	**14,019,117,922**	**5,782,250,918**	**6,051,098,938**
Debt to adjusted capital ratio	92.5%	79.9%	206.6%	181.2%

Source: Company's (i) condensed consolidated interim financial statements as at and for the three and nine months ended 30 September 2023; (ii) audited consolidated financial statements as at and for the nine months ended 31 December 2022; and (iii) audited consolidated financial statements as at and for the year ended 31 March 2022.

SIGNIFICANT ACCOUNTING POLICIES

The preparation of the Group's financial statements in compliance with IFRS-KSA requires the Group to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses. Those estimates and judgments are based on historical experience, available information, future expectations and other factors and assumptions that the Group believes are reasonable under the circumstances. The Group reviews its estimates and judgments on an ongoing basis and revises them when necessary. Actual results may differ from the original or revised estimates. A description of the Group's most critical policies, which the Group believes involve a significant degree of judgment or complexity or are areas where assumptions and estimates are significant to the preparation of its financial statements is set forth in Note 5 (*Significant accounting Estimates, Assumptions and Judgements*) to the Financial Statements for the periods ended 30 September 2023 and 31 December 2022.

DESCRIPTION OF THE COMPANY

OVERVIEW OF THE COMPANY AND ITS BUSINESS ACTIVITIES

Arabian Centres Company (trading as Cenomi Centers) ("**ACC**" or the "**Company**") is the largest owner, developer and operator of shopping malls in Saudi Arabia, with properties located in ten key cities across Saudi Arabia, including Riyadh, Jeddah, Dammam, Mecca and Dhahran, which together represent the majority of the total population of Saudi Arabia. The Company's core operating portfolio comprises 22 shopping malls (the "**malls**") as at 31 December 2023 (21 malls as at 30 September 2023), which are located strategically throughout Saudi Arabia and are designed to appeal, through their tenant mix and retail environment, to a broad spectrum of visitors. As at 31 March 2022, the Company's malls had a total gross leasable area ("**GLA**") of approximately 1.335 million square metres, 4,726 occupied retail units and a period-end like-for-like occupancy rate of 92.4%. As at 30 September 2022, the Company's malls had a total GLA of approximately 1.344 million square metres, 4,869 occupied retail units and a period-end like-for-like occupancy rate of 94.2%. As at 30 September 2023, the Company's malls had a total GLA of approximately 1.327 million square metres, 4,704 occupied retail units and a period-end like-for-like occupancy rate of 90.3%, rising to 92.9% as at 31 December 2023. Based on a market study conducted by Colliers, as at 31 January 2023, the Company held a 17.6% overall market share of shopping mall GLA in the major cities of Saudi Arabia (i.e. Jeddah, Dammam and Riyadh), compared to 16.5% at 31 December 2021. As at 31 December 2023, the Company also has a number of strategic projects to support its growth, including a pipeline of six additional malls (one of which – Jubail Marina Mall – will be managed under an operational agreement) by 2027, which the Company expects will increase its GLA by approximately 600,000 square metres. On 17 November 2021, the Company obtained the "Qualification Certificate of the Real Estate Developer" from the Off-Plan Sale or Rent Committee ("**WAFI**"), one of the initiatives of the Ministry of Municipal and Rural Affairs and Housing, thereby providing the Company with the ability to develop lands, residential projects and mixed-use lands directly in Saudi Arabia and not through third-party developers. The Company is thereby permitted to sell and rent units off-plan, thereby boosting its financial flexibility. See "*—Corporate Strategy —Maximise returns from existing portfolio*".

The Company operates some of the most iconic malls in Saudi Arabia, including the Mall of Arabia (Jeddah), Mall of Dhahran and Nakheel Mall (Riyadh). The Company generated revenue of SAR 2,197.3 million, SAR 1,856.4 million and SAR 2,037.5 million for the years ended 31 March 2020, 2021 and 2022, respectively. The Company generated revenue of SAR 1,655.9 million, SAR 1,687.5 million and SAR 1,709.8 million for the nine month periods ended 30 September 2022, 31 December 2022 and 30 September 2023, respectively. For the year ended 31 March 2021, footfall for the Company's malls was 63.2 million and for the year ended 31 March 2022 footfall for the Company's malls reached 80.8 million. For the nine month period ended 31 December 2022, the footfall for the Company's malls reached 84.2 million, increasing to 95.2 million for the nine month period ended 30 September 2023 and 124 million for the year ended 31 December 2023.

The Company believes that it has one of the highest quality portfolios of large shopping malls in Saudi Arabia. Supported by a highly experienced management team, the Company seeks to continuously attract a premium mix of tenants. As at 30 September 2023 more than 1,000 international, regional and local retail brands, including Centrepoint, Zara, Danube, Virgin Megastores and Panda, were tenants of the Company's properties. The Company has strong relationships with 24 large, strategic Key Account Tenants (as defined below), each of which holds retail unit leases in a number of its malls. These strong tenant relationships have allowed the Company to pre-lease a significant portion of the GLA for new malls and achieve an average first year occupancy of 70% to 75% for each of its new malls since 2017. As at 31 December 2023, the Company's 22nd mall, U Walk Jeddah has secured approximately 80% pre-let occupancy from tenants. In addition, since 2019, the Company has focused on expanding the entertainment and lifestyle offerings in its malls and had introduced cinemas at 17 of its 22 malls as at 31 December 2023.

On 29 June 2022, following the CMA's decision to allow listed companies to utilise the fair value model or the re-evaluation model for valuing their assets for financial periods starting 2022, the Company's Board of Directors approved the use of the fair value model or the re-evaluation model for valuing the Company's properties. The financial impact of adopting this new valuation model became effective from the financial period ended 31 December 2022, and, as a result, the value of the Company's net assets increased by SAR 7.6 billion, from SAR 18.3 billion as at 31 March 2022 to SAR 25.9 billion as at 31 December 2022. In addition, in 2022 the Company changed its fiscal year end from 31 March to 31 December.

The Company commissioned an external valuation by independent valuers of its investment properties as at 30 September 2023. Based on the valuation, the fair value of the Company's investment properties as at 30 September 2023 was SAR 23.9 billion. The valuers had appropriate qualifications and experience in the valuation of properties at the relevant locations and the valuation was prepared in accordance with Royal Institution of Chartered Surveyors ("**RICS**") Global Standards 2020 which comply with the international valuation standards. The fair value hierarchy for the investment properties for financial statement disclosure purposes is level 3, with the significant unobservable inputs including transparency of retail rental payment terms; discount rates; and capitalisation rate (yields).

The Company is headquartered in Saudi Arabia. Its shares are listed on the Saudi Stock Exchange under ticker symbol 4321. As at 31 December 2023, the Company had a market capitalisation of SAR 9.9 billion, including 29.1% in free float.

COMPETITIVE ADVANTAGES, STRENGTHS AND STRATEGIES OF THE COMPANY

Corporate Strategy

The Company pursues a disciplined optimisation and growth strategy structured around five strategic pillars, which include: (i) maintaining the Company's leadership position in the Saudi retail sector by selectively expanding its mall portfolio; (ii) ensuring product excellence by enhancing visitor experience, optimising the tenant mix, onboarding landmark brands and strengthening the Company's brand awareness; (iii) delivering on operational excellence in order to maximise returns from the Company's existing operating portfolio, including through the non-core asset sale program amongst other initiatives; (iv) organisational enhancement through building world class teams and capabilities to drive organisational change; and (v) sustainability leadership by establishing and implementing an ambitious sustainability agenda and roadmap.

Operational excellence to maximise returns from existing portfolio

The Company maintains a strong focus on active asset management and intends to continue to build upon its successful track record of actively managing its mall portfolio. To achieve this, the Company has introduced a number of key initiatives, which include:

- *Non-core asset sale program*: In November 2021, the Company obtained the WAFI Qualification, one of the initiatives of the Ministry of Municipal and Rural Affairs and Housing, thereby providing the Company with the ability to develop lands, residential projects and mixed-use lands directly in Saudi Arabia and not through third-party developers. Through the WAFI Qualification, the Company is authorised to develop, rent and sell units off-plan including in relation to its portfolio of non-core landbank assets. In October 2022, the Company's Board of Directors approved a program for selling an identified portfolio of the Company's non-core landbank assets, with an estimated market value of approximately SAR 2 billion (the "**Non-Core Asset Sale Program**"). The Non-Core Asset Sale Program forms part of the Company's aim to focus on its strategic priority of developing, managing and operating a best-in-class portfolio of flagship retail destinations, whilst divesting from assets that no longer form part of its strategic objectives. As of the date of this Offering Circular, four assets have been successfully divested pursuant to the Non-Core Asset Sale Program, generating over SAR 1.14 billion in proceeds. These include the sale of: (i) a land plot in the Olaya district of Riyadh for SAR 230.5 million in October 2022; (ii) a land plot in the Al Raed district of Riyadh for SAR 644.5 million in December 2022; (iii) a land plot in the Granada district of Al Ahsa for SAR 62.5 million in October 2023; and (iv) Sahara Plaza, a single-tenant shopping centre, for SAR 200 million in February 2024.

  The Company intends to divest additional land plots in the near future to further optimise its portfolio alignment. The anticipated income generated from the Non-Core Asset Sale Program is expected to strengthen the Company's liquidity and assist its expansion plans, including its pipeline of six additional malls by 2027, which the Company expects will increase its GLA by approximately 600,000 square metres.

  Moreover, the Company aims to utilise the WAFI Qualification to develop its surplus lands, including a freehold plot held by the Company in 1.2 million square metres of land in Buraidah, Qassim (known as the "**Qassim Land Project**"). The Company plans to develop basic infrastructure at the Qassim Land Project and to subdivide the land into retail residential and commercial plots. The Company estimates a net saleable space at the Qassim Land Project of approximately 600,000 square metres. As at the date of this Offering Circular, the Company has completed infrastructure and development works on the Qassim Land Project site and has commenced off-plan sales. The Company estimates that the net proceeds from the sale of residential plots on the Qassim Land Project site will amount to approximately SAR 442.0 million.

- *Increasing occupancy rates*: A key asset management objective for the Company is to increase occupancy rates across its entire portfolio. The Company has a short-term target of 94% to 95% and a long-term target of 98% average occupancy across its malls; its period-end like-for-like occupancy rate was 92.9% 90.3% and 92.4% as at 31 December 2023, 30 September 2023 and 31 March 2022, respectively. One initiative employs the introduction of short-term lettings, which enables the Company to temporarily mitigate the effect of vacancies until long-term, permanent occupiers are secured. The Company believes that leasing vacant retail units at a discount to estimated rental values in the short term, combined with its GLA optimisation initiatives, will help achieve its occupancy targets. The Company sees both short- and medium-term benefits to increasing occupancy: in the short-term, the Company will collect incremental revenues, and in the medium-term, the Company will achieve greater pricing tension in negotiations with existing tenants.

  In addition, as part of its efforts to enhance efficiency and increase returns, in 2014, the Company first introduced a turnover rent component to certain lease contracts as an add-on to the minimum base rent that is charged to tenants under their lease contracts. The turnover rent charge in respect of any financial period is calculated as the higher of (i) a minimum fixed rate of rent or (ii) a certain percentage of sales revenue generated by the tenant over that period. As at 30 September 2023, 31 March 2022, 31 March 2021 and 31 March 2020, 90% of the Company's lease contracts included a turnover rent component. In the initial years following the implementation of turnover rent, such rents were not actively collected due to difficulties in collecting data. Turnover-based rent accounted for 3.1%, 1.6% and 2.9% of the Company's net rental revenue for the years ended 31 March 2020, 2021 and 2022 respectively. For the nine month periods ended 30 September 2023 and 31 December 2022, turnover-based rent accounted for 3.1% and 2.6% of the Company's net rental revenue respectively.

  Collection of turnover rent enables the Company to benefit when tenants' businesses are performing well, with the base rent being protected in more challenging times. The Company plans to increase collection of turnover rent, in part by integrating its IT systems with the point-of-sale (POS) systems of tenants, which will allow the Company to monitor tenants' sales, which are the basis for determining the amount of turnover rent. During the year ended 31 March 2021, the Company collected sales data from approximately 2,425 contracts, as compared to 2,725 contracts for the year ended 31 March 2020. During the year ended 31 March 2022, the Company collected sales data from approximately 3,060 contracts, as compared to 2,425 contracts for the year ended 31 March 2021. During the nine months ended 30 September 2023, the Company collected sales data from approximately 2,866 contracts, as compared to 3,127 contracts for the nine months ended 30 September 2022.

  The Company has also implemented a systematic data-driven approach to lease renewals (aided through the collection of sales data) which involves confirming that the "affordability ratio" of the tenant (calculated as rent paid by the tenant divided by the sales generated by the tenant in the same period) does not exceed a pre-determined economic benchmark. The Company also periodically undertakes a proactive rotation of tenants within its malls with the aim of curating the optimal mix of brands and experiences for visitors.

- *Optimising lease rates*: The Company is also seeking to improve lease rates across its portfolio as macroeconomic conditions improve in Saudi Arabia. The Company increases lease rates by efficiently managing tenant lease maturities, through a combination of renewing lease contracts at higher rental rates and reconfiguring the leased space upon lease maturity. This involves various approaches, such as giving more space to tenants that are willing to pay higher rents per square metre, introducing stronger tenants, or implementing varying degrees of refurbishment.

  The Company's tenants leases typically have no automatic lease extension, which provides the Company with greater flexibility with reallocating leasable area more optimally. The lease agreements with tenants typically include annual rent escalation clauses (5% per annum for most tenants and 10% for Anchor Stores) as well as additional charges for store closures, early terminations and late openings. Moreover, the Company usually enters into medium to long-term lease agreements with its tenants with typical lease terms ranging between three and five years for most categories of tenant, other than Anchor Store tenants, which typically have lease terms of approximately 10 to 15 years.

The Company aims to further to maximise lease revenue by minimising any rental pricing inefficiencies due to lower than market rates being charged and implementing a more consistent approach to rental pricing. In 2017, the Company began standardising lease contract templates for all tenant categories by (among other things) standardising lease durations and prices (including with respect to discounts). This clearly defined pricing framework has helped to reduce discounts and ensure a systematic application of the Company discount policy, which the Company believed contributes to yields increase.

- *Optimising space*: The Company has identified opportunities to implement design improvements to deliver incremental GLA and thus increase rental income. Specifically, the Company plans to remeasure units, reconfigure/split units, optimise special design, improve seating spaces, and add lettable "island" spaces in common areas or identify other areas that can be leased to additional tenants. The Company believes these changes have the potential to add space of approximately 50,000 square metres across its existing portfolio of malls, equivalent to one additional regional mall. The Company has determined that reconfiguring units by applying L-shape and T-shape stores will improve space utilisation while still maximising eye appeal for customers walking through its malls. These store shapes ensure that storefronts are comparable in size, but certain stores will be shallower while others will be deeper and wider. This allows for larger areas without having shop fronts that are disproportionately large.

- *Adopting an asset-light and efficient model*: The Company seeks to adopt an asset-light and efficient model with an increased focus on partnerships and lease-manage-maintenance agreements. The Company's asset light model is effective in boosting cost optimisation and provides the Company with the financial flexibility required to scale its operations and launch new centres, thereby ensuring its broad geographic footprint. As at 31 December 2023, 11 of the Company's malls were located on leasehold land, with one being held under an operational agreement. In October 2020, the Company renegotiated its lease-manage-maintenance agreements for two of its major developments: U Walk Jeddah (formerly Zahra Mall) and Jeddah Park. Pursuant to the agreement with the landlord of Jeddah Park, the Company will lease, manage, operate and carry out maintenance works at Jeddah Park on behalf of the landlord in return for a percentage of Jeddah Park's annual revenue. The Company also successfully concluded negotiations with its landlords at the Company's 22nd mall, U Walk Jeddah, which reduced the total value of rent payments over the lifetime of the lease contract by SAR 620 million from SAR 1.785 billion to SAR 1.075 billion and postponed the beginning of the lease period to 1 August 2021 by settling an amount of SAR 90 million rentals for the period up to 31 July 2021. The Company received SAR 76.7 million in rental concessions on leases during the year ended 31 March 2021 compared to SAR 370 thousand during the year ended 31 March 2020 and SAR nil during the year ended 31 March 2022. During the nine month periods ended 30 September 2023 and 30 September 2022, the Company received SAR 2.8 million and SAR 1.9 million respectively in rental concessions on leases. Management believes that these agreements with landlords provide the Company with flexibility and enables the Company to share costs and risk with its landlord and to increase returns, particularly in light of the current COVID-19 pandemic. In addition, the Company maintains an ongoing dialogue with the landlords of its head leases with a view to extending or renewing such leases for its malls on favourable terms.

  Moreover, on 14 June 2022, the Company signed two agreements with Riyad Capital for the establishment of two closed-ended real estate funds valued at SAR 6.2 billion and which are funded through project finance facilities on a fully non-recourse basis. The funds were established for the purpose of developing Jawharat Riyadh and Jawharat Jeddah, two major projects in the Company's investment pipeline, situated in Riyadh and Jeddah respectively. The funds are financed through senior facilities provided by external lenders with the special purpose vehicles of the Jawharat Jeddah and Jawharat Riyadh funds serving as the relevant borrowers. The senior facilities are secured by way of mortgages over the Jawharat Jeddah and Jawharat Riyadh project sites, pledges over accounts and other assets of the relevant funds, with no guarantees provided by the Company, nor any recourse to the assets of the Company. Drawdown under the facilities are based on the progress of the relevant projects. The Company is the sole unit holder of the funds whilst Riyad Capital serves as the fund manager. Jawharat Riyadh and Jawharat Jeddah are intended to form a significant part of the Company's pipeline of flagship retail destinations, offering a next generation retail experience to visitors. The newly established funds acquired the Company's Riyadh and Jeddah land plots for the purpose of advancing the above-mentioned projects. The Riyadh-focused fund will focus on continuing the development of the Jawharat Riyadh project, which lies on a 623,400 square metres land plot in Al-Raed District in Riyadh. According to a valuation conducted by Nata Real Estate Valuation Company ("**Nata**"), the Jawharat Riyadh land plot held a total market value of SAR 2.2 billion as of 31 December 2022. The Riyadh land plot held a total market value of SAR 2.2 billion as of 31 December 2022. The Jeddah-focused fund will focus on continuing the development of the Jawharat Jeddah project, which lies on a 170,700 square metres land plot in Al-Muhammadiyah District in Jeddah. According to Nata, the Jawharat Jeddah land plot held a total market value of SAR 1.2 billion as of 31 December 2022. The Company retains the full rights of ownership to the units in the respective funds, whilst Riyad Capital has been mandated to manage the funds. Moreover, the Company retains the rights to manage and operate the Jawharat Riyadh and Jawharat Jeddah centres upon the completion of development works.

- *Boosting non-GLA revenues from media sales, kiosks, and other revenue-generating services*: To supplement GLA-based revenue (i.e. revenue generated from leasing retail space), the Company frequently seeks opportunities to create new revenue streams from non-GLA sources, including specialty leasing and media sales. For example, the Company rezones leasable space to offer additional lettable areas such as pop-up retail units (utilising vacant spaces for temporary leasing), trollies and food carts and ATMs. The Company uses a clear zoning strategy to ensure these spaces are occupied by offerings that complement and do not compete with those of existing tenants. The Company seeks to enhance occupancy of events and promotion space leasing. The Company also provides tenants with access to its digital platform for advertising and its branding initiatives, including, for example, media advertising (digital screens, in-mall megascreens and totems), events, naming rights and physical advertising in its malls such as branded baby changing rooms.

- *Other business efficiency initiatives*: The Company has launched a number of other initiatives to improve the efficiency of its operations by reducing overheads, increasing automation, investing in IT, and optimising facility management and rent collections. These initiatives are expected to result in significant improvements in the Company's business processes and operations. For example, the Company has completed the implementation of a property management system, Yardi, which introduced industry best practice standards, policies, processes and procedures, facilitating the efficient management of all of the Company's malls while enabling the Company to better engage with and serve tenants.

Product excellence to enhance visitor experience, drive footfall and strengthen brand awareness

The Company continually reviews and adjusts the tenant mix and categories of tenants within its malls in line with changing consumer preferences. In doing so, the Company periodically evaluates the financial performance of tenants, assesses footfall trends, observes changes in consumer tastes and preferences, conducts tenant exit surveys, demographic research, and tenant satisfaction surveys.

The Company seeks to enhance the visitor experience and drive footfall through a number of initiatives, which include:

- *Expanding entertainment offering*: The Company seeks to increase its focus on entertainment offerings within its malls, including indoor theme parks, virtual reality experiences, theatrical performances, gyms, and cinema offerings. The Company believes that there is consumer demand for leisure, entertainment and lifestyle options, partially driven by modernisation. The Company seeks to enhance the attraction of its malls to position them as vibrant social "family" destinations, and extend visit times of customers.

  In December 2017, Saudi Arabia announced that it would lift the prohibition on cinemas, and the first new cinema opened in Saudi Arabia in April 2018. In August 2019, the Company opened its first cinema at Mall of Arabia (Jeddah) and has cinemas at 17 of its malls as at 31 December 2023. Moreover, in October 2020, the Company launched one of the largest cinemas in Saudi Arabia at the Mall of Dhahran. The Company plans to further expand the cinema network in its pipeline mall portfolio, with the expected average GLA allocated to cinemas within each mall being approximately 3,000 square metres. The cinemas offering is expected to drive footfall at the Company's malls.

The Company is also looking to increase its focus on entertainment and food and beverage offerings within its malls, while decreasing its grocery offerings. The Company recognises that malls are increasingly becoming a "lifestyle destination", with mid and higher-end food and beverage options being key "lifestyle" features and therefore important drivers of footfall traffic. Within the food and beverage segments, the Company seeks to increase its offerings for casual dining, fine dining, coffee and light dining. The Company believes that malls with a greater proportion of food and beverage options outperform shopping-only environments by improving visit times and retail sale densities. At the same time, the Company anticipates that some of its GLA currently allocated to grocery offering will be reduced in the future and re-allocated to better performing and/or more rent-generating categories of tenants.

As at 30 September 2022, 16.3% and 11.0% of the Company's total GLA was allocated to entertainment offerings, and food and beverage offerings, respectively, whereas the retail offerings and grocery offerings accounted for 61.2% and 8.6% of the Company's total GLA, respectively, during the same period. Moreover, as at 30 September 2023, 16.4% and 10.2% of the Company's total GLA was allocated to entertainment offerings, and food and beverage offerings, respectively, whereas the retail offerings and grocery offerings accounted for 62.8% and 7.2% of the Company's total GLA, respectively, during the same period.

- *Introducing new retail concepts*: The Company seeks opportunities to introduce new retail concepts across its mall portfolio (wherever feasible), to optimise the offering mix and to maximise value for both tenants and the Company through enhancing occupancy, capturing rental uplift and implementing new offerings (e.g., through pop up stalls). The Company seeks to provide state of the art design and themes for its stores, housing the largest flagship locations of select brands, with the widest ranges of products, acting as a showcase for the brand and focusing on the customer experience. The Company is specifically seeking to target additional luxury retail, health and beauty shops and fashion and sports shops. In the year ended 31 December 2023, the Company onboarded 160 brands, whilst in the years ended 31 March 2022, 31 March 2021 and 31 March 2020, the Company onboarded 160, 237 and 128 brands, respectively. The international brands onboarded during the year ended 31 December 2023 include Dyson, Under Armour, Dunkin' Donuts, Lulu Hypermarket, Victoria's Secret, amongst others.

- *Digital Innovation*: The Company also seeks to innovate in the digital and online space with the rollout of its digital initiatives, which will promote increased visitor engagement and enhance tenants' experiences. These initiatives include enhanced digital services at the Company's malls, including through the availability of wi-fi and other amenities designed to create a better mall experience together with the development of a tenant portal to assist with simplifying engagements with the Company's retailers. Moreover, the Company intends to launch a new website during 2024 which it expects to include up to date information regarding the Company's malls and retailers to assist with simplifying and optimising the ways in which customers may engage with the Company's malls and services. In Jeddah, where the Company has seven malls with an additional mall in the pipeline as at 31 December 2023, there is a "collect" point within a 15 to 30 minute drive of anywhere in the city. The Company expects that this digital platform will help attract more customers into the stores through the gradual transitioning of the Company's shopping centres into part-fulfilment centres for online purchases whereby customers are provided with pickup, delivery and local return services. The digital platform is also expected to help maintain high GLA levels since more inventory can be kept within the stores and the Company will be able to offer additional leasable areas that are not currently utilised by its tenants for the purpose of facilitating click-and-collect storage and delivery services. The Company also plans to launch a mobile app, which will include an e-wallet and loyalty programmes, thereby offering consumer's rewards for shopping at the Company's malls and at participating merchants.

  Moreover, the Company is seeking to implement an integrated strategy that combines digital shopping with the in-store experience. As part of this integrated strategy, the Company is also pursuing digital initiatives related to e-commerce, loyalty programmes and consumer finance offerings. The Company made its entry into the e-commerce space in 2021 with the acquisition of VogaCloset, a UK-based online platform providing fashion brands to consumers in Saudi Arabia and the broader Middle East. The VogaCloset acquisition is aimed at accelerating the implementation of the Company's digitisation strategy and increasing the Company's ability to serve the growing demand for integrated retail experiences that reflect the evolving preferences of consumers in Saudi Arabia. The Company is leveraging the VogaCloset's proposition to provide its visitors with a specialized and advanced loyalty programme and a suite of simplified consumer finance solutions. During the year ended 31 March 2022, VogaCloset completed its first full year of operations with a focus on expanding the number of brands represented on its e-commerce platform. By 31 March 2022, VogaCloset onboarded 66 of the Company's tenant brands. In January 2022, FAS Labs, a subsidiary jointly owned by the Company and Fawaz Abdulaziz Alhokair Co. received preliminary approval from the Saudi Central Bank to establish a consumer microfinance platform, FAS Finance. FAS Finance is jointly owned by FAS Labs and ValU S.A.E, and will provide the Company's visitors with a broad range of microfinance solutions. In July 2023, FAS Finance received a license from the Saudi Central Bank to provide consumer microfinance solutions. FAS Finance will aim to leverage the Company's established presence in Saudi Arabia to serve a fast-developing consumer finance market.

Management anticipates that these digital initiatives will enable the Company's business model to remain relevant by reflecting changing consumer trends and preferences, which were accelerated by COVID-19, and further improving the customer experience, regardless of the channel or device being used. Coupled with the insights provided by the digital platforms, the Company expects that these efforts will capture critical consumer data, allowing the Company to take a data-driven approach to analysing and anticipating changes in customer demand.

- *Improving existing mall facilities*: Moreover, the Company aims to enhance the customer experience and convenience through the facilities in its malls, such as through organised parking with clear traffic signage, main gate drop-off, waiting rooms for drivers, appropriate lighting for its parking areas and valet parking. The Company is also conscious of the aesthetic and design features within its malls which can help drive visitor footfall. In particular, the Company regularly invests in its facilities in order to ensure that the appearance of its malls remains modern, of high standard and up-to-date. For example, the Company invested in a major refurbishment of U-Walk Riyadh, which is still ongoing and expected to be completed in 2024 and will include renovated food courts, entrances, facades, parking, flooring and landscaping. The Company also seeks to ensure consistent branding and "look and feel" across its mall portfolio, whereby the Company's corporate identity and logo feature clearly in the external signage of all its malls, and other elements are unified across the Company's mall portfolio, such as furniture, external painting designs and information desk availability, further enhancing brand awareness. The Company also carried out refurbishments to Yasmin Mall in connection with the construction of a cineplex which opened in January 2022 and is currently undertaking refurbishment works at Salaam Mall Jeddah, Nakheel Plaza and Noor Mall as at the date of this Offering Circular. These refurbishments include improvements to the mall exteriors, shorefronts, food courts, car parking, landscapes, flooring, wet areas, lighting and signage.

- *Brand sponsorships*: In September 2019, with a view to promoting the Company's brand and increasing brand awareness locally and internationally, the Company signed a sponsorship agreement with Almeria, a Spanish football club, as part of which the Company's branding was featured in the club's stadium and pitch side advertising.

- *Corporate rebranding*: On 5 December 2022, the Company's Board of Directors approved the change of the Company's trading name from 'Arabian Centres Company' to 'Cenomi Centers', in alignment with the full rebranding to 'Cenomi' initiated by the Company's parent company, the 'Fawaz Alhokair Group' and its subsidiaries. The rebranding to 'Cenomi Centers' is solely in relation to the Company's trading name, whilst the Company's legal name remains as 'Arabian Centres Company'.

In connection with the rebranding, on 5 December 2022, the Company announced the launch of 'Cenomi Rewards', the Company's first loyalty program which offers customers the ability to earn points following purchases made at participating brands across the Company's malls. The Company also further announced its intention to launch an e-commerce marketplace called 'Cenomi.com' which will offer its customers in Saudi Arabia with a range of fashion, beauty and lifestyle retail options.

The rebranding to 'Cenomi Centers', the launch of 'Cenomi Rewards' and the proposed establishment of 'Cenomi.com' forms part of the Company's aim of enhancing customer experience and improving the Company's digital, physical and lifestyle retail offerings.

Maintaining leadership position in the Saudi retail sector by selectively expanding its mall portfolio

The Company added two new malls to its portfolio, Jeddah Park and The View (previously named Khaleej Mall) in the year ended 31 March 2022. Jeddah Park and The View commenced their operations in the second and third quarters of the fiscal year ending on 31 March 2022, respectively and increased the Company's GLA by approximately 120,000 and 56,300 square metres, respectively.

As at 31 December 2023, the Company also has a number of strategic projects to support its growth, including a pipeline of six additional malls (one of which – Jubail Marina Mall – will be managed under an operational agreement) by 2027, which the Company expects will increase its GLA by approximately 600,000 square metres. These projects include three Super Regional Malls (Jawharat Riyadh (Riyadh), Jawharat Al Khobar and Jawharat Jeddah) and two Regional Malls (U Walk Qassim and Murcia Mall). As at the date of this Offering Circular, construction works are in progress for Jawharat Riyadh and Jawharat Jeddah. The land, zoning and building permits and concept designs are in place, pending the commencement of construction for each of remaining sites. With its new development projects, the Company is focused on pre-letting a high percentage of GLA in advance of operations and targeting easily accessible locations with limited nearby competition.

The Company seeks to further diversify its tenant mix by increasing its lifestyle offering, including food and beverage spaces, gyms, spas, clinics, cinemas and other entertainment to further optimise its GLA. By developing its shopping centres as lifestyle destinations, the Company aims to satisfy the expectations of the young and vibrant Saudi society and attract tourists.

The Company also plans to introduce new retail concepts in Saudi Arabia. With U-Walk in Riyadh, the Company has introduced an open-air boulevard concept spread along the road lengthways, which incorporates design features such as an auditorium and natural green areas surrounding casual dining areas and a varied retail mix.

The Company also continuously evaluates the malls in its portfolio and seeks to turnaround underperforming malls through, for example, investments in renovations and refurbishments to improve the visitor experience, or where necessary to exit from non-performing malls.

Sustainability leadership through establishing and implementing an ambitious sustainability agenda and roadmap

The Company is committed to sustainability leadership through the establishment and implementation of an ambitious sustainability agenda and roadmap. This commitment is reflected in the development of a comprehensive ESG policy aimed at reducing carbon emissions and promoting environmental stewardship. Leveraging technology and energy efficiency solutions, such as LEED building standards and solar energy, the Company seeks to minimize its environmental footprint across its portfolio of shopping centers. Initiatives such as water recycling, waste management systems, and the installation of Building Management Systems (BMS) further underscore the Company's dedication to tracking and mitigating its environmental impact. Additionally, the Company aims to create transparency and accountability in pursuing its long-term sustainability objectives through the publication of its inaugural sustainability report in 2022.

In line with its environmental objectives, the Company is committed to operating and constructing malls using environmentally friendly and sustainable methods, where possible. By utilizing sustainable materials and implementing sustainable, monitoring, adaptive, responsive and technologically advanced ("**SMART**") systems to enhance energy efficiency, the Company aims to meet high environmental standards. Initiatives to further these objectives include the installation of solar power plants, including the 2-megawatt plant on the roof of Hamra Mall. The Company also seeks to adhere with guidelines by several organizations including the American Society of Heating and Air-Conditioning Engineers (ASHRAE) in order to advance its goal of positive environmental stewardship.

In December 2023, the Company entered into a renewable energy development agreement with FAS Energy and Marubeni Corporation to install solar panels across 13 of the Company's malls, including roofs and carports, with a proposed total capacity of 52-megawatt peak. Once fully deployed, the solar panel installations are expected to reduce the Company's carbon dioxide emissions by 53,000 tons annually and generate up to 15% of its electricity consumption. Pursuant to the agreement, solar panels will be deployed for a twenty-year period on the roofs of the selected malls. The Company plans to initiate the installation process in phases, starting with sites in Riyadh in 2024, followed by additional locations across the Kingdom throughout 2024 and 2025.

Moreover, the Company aims to foster community development by supporting various local initiatives. Through programs like the Mall Proof of Concept program, the Company provides training and development opportunities to young Saudi nationals, fostering entrepreneurship and career advancement. Collaborations with institutions and organizations, including the Ministry of Human Resource and Social Development, further underscore the Company's commitment to addressing social issues and supporting workforce development initiatives.

Governance forms a cornerstone of the Company's sustainability leadership, with a robust framework in place to ensure effective oversight and compliance. The Company's Board of Directors and board committees play a significant role in supervising operations and managing risks, while internal controls are maintained to uphold the highest standards of corporate governance. The Company has also developed a corporate governance manual in order to ensure alignment with global best practices and the relevant regulatory requirements. Through the above concerted efforts, the Company aims to establish itself as a leader in sustainability, driving positive impact across environmental, social, and governance domains.

Competitive Advantages and Strengths of the Company

Management believes the Company's principal competitive advantages and strengths are as follows:

Saudi Arabia's Largest Shopping Mall Owner and Operator

The Company believes that, as at 30 December 2023, it was the largest shopping mall owner, developer and operator in Saudi Arabia by GLA, with a portfolio of 22 malls with a total GLA of 1.362 million square metres, compared to a total GLA of approximately 600,000 held by the Company's next largest competitor. On 15 December 2023, the Company initiated the soft-opening of its 22nd mall, U Walk Jeddah, followed by a grand opening on 15 February 2024. The Company has strong local positioning in the major cities of Saudi Arabia, with a market share of shopping mall GLA as at 31 January 2023 of 30.0% in Jeddah, 19.0% in Dammam and 10.0% in Riyadh according to a market study conducted by Colliers. Since opening its first shopping mall in Riyadh in 2002, the Company has cemented its position as the market leading developer and operator of high-quality retail spaces in Saudi Arabia. As at 30 September 2023, the Company's portfolio included strategically located assets in key urban areas across Saudi Arabia, including the 10 largest cities across Saudi Arabia, which together represent the majority of the total population of Saudi Arabia. Between 2016 and 2022 the Company's total GLA increased at a compound annual growth rate ("**CAGR**") of 5.6% from approximately 1.0 million square metres to approximately 1.3 million square metres.

The Company's strength is underpinned by a shopping mall portfolio that includes Super-Regional, Regional and Community Malls, with each of its malls uniquely positioned in terms of location, size, design and retail offering. The Company maintains a broad and varied retail unit mix within its shopping malls, which is designed for each mall's target demographic. The Company's malls are further enhanced by dining, entertainment and leisure offerings, including cinemas, at 15 of its 21 malls, which accounted for 26.5% of the total GLA as at 30 September 2023. These offerings contribute to the creation of a visitor experience that enhances the appeal of the Company's malls.

For the year ended 31 March 2020, annual footfall for the Company's malls was 115.0 million. For the year ended 31 March 2021, annual footfall decreased to 63.2 million, almost entirely due to COVID-19 related restrictions and lockdowns. For the year ended 31 March 2022, annual footfall for the Company's malls increased to 80.8 million, reflecting a return to normal operations following the relaxation of COVID-19 related restrictions. Further growth in footfall was recorded in the periods that followed, with 84.2 million footfall for the nine month period ended 31 December 2022,95.2 million footfall for the nine month period ended 30 September 2023 and 124 million footfall for the year ended 31 December 2023. As at 30 September 2023, the Company's malls featured over 1,000 brands, including many leading fashion and apparel brands such as Centrepoint, Zara, Danube, Virgin Megastores and Panda. The Company appeals to its tenants by offering multiple locations, high footfall, combined pricing across various malls and proximity to other leading retail brands, which collectively provide the Company with the ability to negotiate favourable rents and other tenancy terms.

Large Retail Market with Long-term Growth Prospects

Saudi Arabia is the largest retail market in the GCC, with a 47.4% market share as of 31 December 2022, compared to the second largest retail market, the United Arab Emirates, which had a 28.6% market share at the same date according to a report by Euromonitor International. The Saudi market benefits from favourable demographics and lifestyle trends that have helped drive retail demand in the country, including strong population growth, a young population and a steadily increasing work force. Moreover, within Saudi Arabia there is a cultural predisposition towards gift giving, and shopping is a key activity for leisure as well as for family outings. The limited availability of other (i.e. non-mall) retail offerings, coupled with Saudi Arabia's hot climate, also supports a high level of demand for indoor, air-conditioned mall environments as a leisure destination, driving consistently high footfall levels throughout the year. Saudi Arabia has comparatively low organised retail (i.e. organised retail businesses such as malls and large supermarkets) relative to other GCC and international markets, but is shifting away from traditional retail (i.e. less organised retail businesses such as open-air stores and street vendors) to organised retail following reforms backed by the government, which the Company believes are conducive to the business model of large mall operators.

The Saudi government announced its "Vision 2030" strategy in 2016, which sets forth a comprehensive agenda of socio-economic reforms which the Company believes will positively impact the retail sector in which it operates. One of the key objectives of Vision 2030 is the diversification of Saudi Arabia's economy and reduced reliance on oil-related revenues. As part of Vision 2030, special emphasis is placed on the retail sector with the objective of creating an additional one million jobs for Saudi nationals. This is expected to be achieved by facilitating the growth of the retail sector by attracting local, regional and international brands and increasing the contribution of modern retailers. Vision 2030 has also focused on female empowerment, with a target to increase the participation of women in the workforce from 22% to 30% by 2030, which is expected to boost their purchasing power and in turn lead to an increase in discretionary spend. In addition, Vision 2030 seeks to promote the entertainment sector through reforms such as the lifting of the ban on cinemas, which is expected to increase household spend on cultural and entertainment related activities. As a result, and in line with Vision 2030, the Saudi General Entertainment Authority has been set up to promote entertainment opportunities and shopping malls in the country that are well placed to become entertainment destinations and thereby attract a higher footfall. One of Vision 2030's objectives is also increasing tourism, and the Saudi retail market has benefited from increased tourism in recent years. Tourism levels are expected to continue to increase, driven by a number of factors, which include ongoing significant investments in infrastructure, hotels and retail facilities.

Predictable and Stable Income Profile Backed by Robust Portfolio of Assets and Leases

The Company has delivered strong operational performance through the development of new malls and the enhancement in performance of its existing malls. The Company has adopted a disciplined approach to its operations, with a focus on value creation and financial performance. It has a strong track record across key financial performance and operating metrics, with Company revenues remaining stable at SAR 1,709.8 million for the nine month period ended 30 September 2023 and SAR 1,687.5 million for the nine month period ended 31 December 2022. The Company's revenues decreased during the year ended 31 March 2021, from SAR 2,197.3 million in 2020, to SAR1,856.4 million, mainly due to the amortisation of SAR 241 million in COVID-19 related rental discounts, aimed at addressing the impact of COVID-19 on the Company's tenants. The Company's revenues increased to SAR 2,037.5 million in the year ended 31 March 2022, mainly due to an increase in rental income and turnover rent during the ongoing recovery from the COVID-19 pandemic. The Company believes its financial strength and flexibility provides it with an advantage over many of its competitors and allowed it to demonstrate resilience in response to the COVID-19 pandemic. The Company benefits from robust income from its large existing asset base due to its resilient occupancy rate, controlled cost structure, and low tax rates. The Company's like-for-like period end occupancy was 92.9% as at 31 December 2023 (as compared to 90.3% as at 30 September 2023, to 92.4% as at 31 March 2022, 91.9% as at 30 September 2021, 92.3% as at 30 June 2021, 92.1% as at 31 March 2021, 90.2% as at 31 December 2020, 90.5% as at 30 September 2020, 91.4% as at 30 June 2020 and 93.1% as at 31 March 2020). For the year ended 31 March 2021, the Company posted EBITDA of SAR 1,081.4 million, with EBITDA margins and net profit margins of 73.6% and 26.2%, respectively. For the year ended 31 March 2022, the Company's EBITDA was SAR 1,092.0 million, with EBITDA margins and net profit margins of 67.0% and 21.3%, respectively. For the nine month period ended 30 September 2023, the Company's net profit margins were 59.6%.

The Company's strong operational performance and financial profile have enabled it to weather the challenges presented by COVID-19. The Company entered the COVID-19 crisis with a strong liquidity profile, having recently completed a refinancing that led to a significant reduction in secured debt as a proportion of total debt and provided the Company with increased financial flexibility amongst other support measures. With the aim of alleviating the impact of COVID-19 and the temporary closure of tenants' stores, the Company amortised COVID-19 related discounts to tenants amounting to SAR 241 million and SAR 174 million in the years ended 31 March 2021 and 31 March 2022, respectively.

The Company believes it is well positioned to leverage its existing tenant base as it further expands its mall portfolio. The Company has been successful in implementing a strong pre-leasing model, whereby it has been able to pre-lease approximately 50% of its recent new malls three to six months ahead of the start of their operations, thus allowing the Company to reduce the risk associated with new developments and achieve the optimum level of occupancy more quickly. For example, U-Walk Riyadh had a pre-leasing level of 76% when it opened on 1 September 2019 which contributed towards an occupancy level of 96.7% as at 31 March 2022. Similarly, Nakheel Mall (Riyadh) had a pre-leasing level of 75% during its launch in the year ended 31 March 2015, which contributed to occupancy levels of 92%, 92% and 96% in the years ended 31 March 2016, 2017 and 2018, respectively. As at 31 December 2023, the Company's 22nd mall, U Walk Jeddah has secured a pre-leasing level of approximately 80% from tenants. This has allowed the Company to mitigate some of the risks associated with new developments and achieve a quicker ramp up of its new malls in terms of generating optimum occupancy levels and driving footfall.

In addition, as part of its efforts to enhance efficiency and increase returns, the Company had introduced a turnover rent component to 90% of its lease contracts as at 31 March 2022 under which tenants are obliged, in respect of any financial period, to pay the higher of (i) a minimum fixed rate of rent or (ii) a certain percentage of sales revenue generated by the tenant over that period. In addition, the leases into which the Company enters typically have no automatic lease extension, to allow the Company the flexibility to reallocate leasable area more optimally, and include annual rent escalation clauses (5% per annum for most tenants and 10% for Anchor Stores, although no escalations were enforced in 2020 and 2021 due to COVID-19) as well as additional charges for store closures, early terminations and late openings. The Company believes that such terms provide the potential to access incremental cash flows.

Experienced Management Team and Supportive Controlling Shareholders

The Company has a highly experienced management team with a total of more than 100 years of combined experience across several leading organisations including in the commercial real estate, finance and retail industries. The management team is responsible for the Company successfully becoming the largest mall owner and operator in Saudi Arabia. Under the continuous leadership of the existing, as well as previous members of its management team, the Company has successfully developed five new malls in addition to an extension to Nakheel Mall and also managed the redevelopment and enhancement of existing malls in the last five years, increasing total GLA by approximately 23.5% from 2018 to 2023. The team also oversaw the Company's successful IPO on the Saudi Stock Exchange in May 2019.

Under the leadership of the current management team, the Company has aimed to enhance its ability to deliver its flagship offerings through the creation of several regional Chief Operating Officer roles. Moreover, in recent years, the Company has hired new senior managers for its health, safety & environment ("**HSE**") and information technology functions, with the aim of further bolstering the operation and management of these divisions. The current management team are also responsible for establishing and overseeing the Company's strategy aimed at reinforcing its reputation as the premier developer and operator of lifestyle destinations in Saudi Arabia with a focus on five core strategic pillars. See "—*Corporate Strategy*" below.

The Controlling Shareholders, who are the founding shareholders of the Company, are pioneers of the retail industry in Saudi Arabia and have been instrumental in bringing international fashion brands, including Zara, Miss Selfridge and Wallis, to Saudi consumers in the late 1990s, following which the Company opened its first mall in 2002. The Controlling Shareholders continue to support the Company and the management team through their retail market insight and knowledge of the real estate sector. The Company has a longstanding relationship across the value chain with other entities owned by the Controlling Shareholders, including Fawaz Abdulaziz Alhokair Co. and Lynx Contracting Company.

Competitive Advantage Supported by an Integrated Ecosystem of Related Parties

The Company is a fully integrated mall owner, developer and operator with over 500 employees acting in core in-house functions such as design and delivery management, portfolio and asset management, leasing, operations and digital/marketing services, as well as support functions such as finance, human resources, legal and information technology.

The Company believes that it benefits from significant competitive advantages due to its close and longstanding relationships with its key related parties.

One of the key related parties, Fawaz Abdulaziz Alhokair Co., which is also owned by the Company's Controlling Shareholders, is a leading franchise retailer and one of the largest retail companies in Saudi Arabia and, as at 30 September 2023, had over 1,340 retail stores in 10 countries. Its brand portfolio includes over 65 brands, including Zara, Massimo Dutti, Aldo, Gap and New Yorker, which are among the leading international brands operating in Saudi Arabia. As at 30 September 2023, Fawaz Abdulaziz Alhokair Co. had 502 retail units (not including food & beverage units) across the Company's 21 malls and accounted for 17.8% of the Company's average total occupied GLA for the nine months ended 30 September 2023. In recent years, Fawaz Abdulaziz Alhokair Co. has typically pre-leased between 20% and 25% of the GLA of each new mall opened by the Company, which the Company believes helps to attract other tenants.

Another key related party is Innovative Union Company (part of Fawaz Abdulaziz Alhokair Co.), which leased approximately 9,886 square metres of GLA (0.9% of the total GLA of the Company) across the Company's malls as at 30 September 2023. Innovative Union Company is a large restaurant franchise owner and operator and food retailer in Saudi Arabia with a brand portfolio of 9 brands and has been in operation since 2000.

The leading Saudi cinema brand, Next Generation Co L.L.C. (otherwise known as MUVI), is another key related party. As at 30 September 2023, MUVI had a presence in 15 of the Company's shopping malls occupying more than 59,000 square metres of GLA. This includes a large movie theatre located at Mall of Dhahran, which has 18 screens, 2,368 seats, and occupies nearly 10,000 square metres of GLA. MUVI plans to further expand its cinema offering across the Company's future network of malls..

Given the Company's strong relationships with these related parties, the Company believes that it is well-positioned to create integrated shopping, entertainment, cinema and dining experiences in its malls.

The Company also benefits strategically from its relationship with Lynx Contracting Company, a specialist mall design and construction company in Saudi Arabia owned by the Controlling Shareholders. Lynx Contracting Company has developed and constructed 19 of the Company's existing 22 malls, and, as at 31 December 2023 the Company had contracted Lynx Contracting Company to develop six new sites. The Company benefits from its relationship with Lynx Contracting Company in that it has a reliable construction partner given their long history of successfully working together to efficiently deliver mall projects.

RECENT DEVELOPMENTS

Key recent developments occurring after 30 September 2023 include the following:

Ratings update

In February 2024, Moody's announced a downgrade of the Company's corporate family rating and the ratings of trust certificates issued by Arabian Centres Sukuk Limited and Arabian Centres Sukuk II Limited from Ba2 to Ba3. However, Moody's adjusted the Company's outlook to stable from negative. Moody's noted that the new stable outlook reflects the expectation that the Company will be able to maintain its credit metrics commensurate with the current rating and there will be no deterioration in the Company's liquidity. Whilst Moody's highlighted the positive long-term fundamentals for shopping mall operators in Saudi Arabia and the Company's operational improvements and strong market positioning, the rationale provided for the ratings downgrade was primarily the weakening in the Company's credit metrics driven by lower Moody's adjusted EBITDA (calculated excluding proceeds from the Company's Non-Core Asset Sale Program) and higher Moody's adjusted gross and net debt as the Company continues to deliver on its investment program with the two flagship projects Jawharat Jeddah and Jawharat Riyadh, expected to open in 2025. Moody's noted that the Company's new senior facilities will contribute towards supporting its short term liquidity requirements and the Company is expected to refinance its 2019 Sukuk maturing in November 2024 in the very near term, however, it was highlighted that the Company retains a tight liquidity profile given its investment program and its commitment to its historic dividend payment levels. Fitch retained their ratings of the Company and the previous trust certificate issuances at BB+ with a stable outlook.

Sale of Sahara Plaza

In February 2024, the Company completed the SAR 200 million sale of Sahara Plaza, a single-tenant department store located in Riyadh, which previously formed part of the Company's portfolio of malls. The sale of Sahara Plaza was conducted in line with the Company's Non-Core Asset Sale Program which intends to divest the Company of a pre-identified portfolio of assets that are not aligned with the Company's strategic direction. The sale, which was based on the fair value of Sahara Plaza as at 30 September 2023, generated approximately SAR 79 million in profit for the Company which will be recognized in the Company's financial results for the three month period ended 31 March 2024.

Opening of U Walk Jeddah

On 15 December 2023, the Company initiated the soft-opening of its 22nd mall, U Walk Jeddah. U Walk Jeddah marked its grand opening and became fully operational on 15 February 2024. U Walk Jeddah is a leasehold development built on an area of 161,500 square metres with a total GLA of 61,000 square metres. U Walk Jeddah features an indoor retail boulevard, a leisure district, a nearly 2 kilometre long open-air promenade with landscaped gardens and a choreographed fountain system. Approximately 136 shops can be situated within U Walk Jeddah and the mall mix is expected to comprise of predominantly retail spaces and food and beverage spaces, with the rest comprising of entertainment spaces, including a cinema as well as indoor and outdoor entertainment. As at 31 December 2023, U Walk Jeddah has secured approximately 80% pre-let occupancy from tenants.

Solar Panel installation agreement with FAS Energy and Marubeni Corporation

In December 2023, the Company entered into a renewable energy development agreement with FAS Energy and Marubeni Corporation to install solar panels across 13 of its malls, including roofs and carports, with a proposed total capacity of 52 megawatt peak. Once fully deployed, the solar panel installations are expected to reduce the Company's carbon dioxide emissions by 53,000 tons annually and generate up to 15% of its electricity consumption. This initiative forms part of the Company's sustainability strategy and its commitment to ESG innovation in Saudi Arabia. Pursuant to the agreement, solar panels will be deployed for a twenty-year period on the roofs of the selected malls. The Company plans to initiate the installation process in phases, starting with sites in Riyadh in 2024, followed by additional locations across the Kingdom throughout 2024 and 2025.

Suspended merger discussions with Fawaz Abdulaziz Alhokair Co

On 7 May 2023, the Company announced that it was in early-stage discussions with Fawaz Abdulaziz Alhokair Co. (a related party to the Company) in relation to a potential transaction to combine the businesses of the two companies. However, on 21 December 2023, the Company announced that the board of directors of the two companies have agreed to suspend the discussions until further notice as prevailing market conditions were not ideal for such transaction.

HISTORY

Arabian Centres Company was established as a limited liability company and registered in the commercial register in Riyadh under commercial registration certificate number 1010209177, dated 07/04/1426H (corresponding to 15/05/2005). It was established with a capital of SAR 1,000,000 divided into 1,000 shares with a nominal value of SAR 1,000 per share, fully paid in cash by the subscribing shareholders.

On 21 May 2019, the Company completed its initial public offering (the "**IPO**") and its ordinary shares were listed on Tadawul. In connection with the IPO, the Company issued 95,000,000 of its ordinary shares for a cash payment.

On 28 December 2022, following an Extraordinary General Assembly of the Company's shareholders, the Company's Board of Directors approved the amendment of its Bylaws resulting in a change of the end of its fiscal year from 31 March to 31 December. Following the approval, the Company's fiscal year shall begin on the first day of January and end on the last day of December of each year. Accordingly, starting from the first quarter of the 2023 calendar year, the Company commenced issuing all of its financial statements in accordance with the regulatory publishing deadlines applicable to companies with fiscal years ending on 31 December.

Year	Event/Development
2002	Opening of the Company's first mall, the Sahara Plaza
2004	Opening of Nakheel Plaza in Qassim and Khurais Mall in Riyadh
	Total GLA reaches over 100,000 m^2
2005	Company established as a limited liability company with a capital of one million (1,000,000) SAR
	Opening of Aziz Mall in Jeddah, Salaam Mall in Riyadh and Mall of Dhahran in Dhahran
2006	Total footfall reaches over 20,000,000
2008	Opening of Mall of Arabia in Jeddah and Noor Mall in Madinah
	Total GLA reaches over 500,000 m^2
	Total footfall reaches over 30,000,000
2009	Opening of Mall of Dhahran extension
2010	Opening of Ahsa Mall in Hofuf
	Total footfall reaches over 50,000,000
2011	Opening of Haifaa Mall in Jeddah and Makkah Mall in Makkah
	Total GLA reaches over 600,000 m^2
	Total footfall reaches over 60,000,000
2012	Opening of Salaam Mall in Jeddah
	Received Saudi Excellence in Tourism Awards 2012 for Mall of Dhahran
	Received Gold Award for 2012 Middle East and North Africa Shopping Centre Awards from International Council for Shopping Centres
2013	Received Guinness World Record for the largest soft play area in the world achieved by Billy Beez at Mall of Dhahran
	Total GLA reaches over 800,000 m^2
	Received Best Special Shopping Experience award for Mall of Dhahran, Saudi Excellence in Tourism Awards
2014	Opening of Tala Mall in Riyadh, Nakheel Mall in Riyadh and Salma Mall in Hail
	Total footfall reaches over 88,000,000
2015	Opening of Jubail Mall in Jubail and Jouri Mall in Taif
	Received Gold Award at the 2015 Middle East and North Africa Shopping Centre Awards
	Total footfall reaches over 90,000,000

Year	Event/Development
2016	Opening of Yasmin Mall in Jeddah and Al Hamra Mall in Riyadh
	Total GLA reaches over 1,000,000 m^2
	Total footfall reaches over 96,000,000
2018	Total footfall reaches over 108,000,000
2019	20% of the issued share capital of the Company was admitted to trading on the Saudi Stock Exchange
	Opening of U-Walk in Riyadh and Nakheel Mall Dammam
2020	Total footfall reaches approximately 115,000,000
	MUVI opens one of the largest cinemas in Saudi Arabia in Mall of Dhahran
	Opening of Nakheel Mall Extension Phase 1
	Renegotiation of two major developments (U Walk Jeddah (formerly Zahra Mall) and Jeddah Park)
2021	Opening of Jeddah Park Mall in Jeddah and The View Mall in Riyadh, which resulted in an additional 176,000 m^2 of GLA
	Total footfall reaches 63,200,000
2022	Company rebrands its trading name to "Cenomi Centers"
	Company receives the WAFI Qualification Certificate of the Real Estate Developer
	Total GLA reaches 1,335,000 m^2
	Cineplexes have been inaugurated at 15 of the Company's 21 malls
	Total footfall reaches 80,800,000
2023	Received Gold Award at the MENA Conference for Shopping Centres and Retail Shops
	Opening of U Walk Jeddah, the Company's 22nd mall
	Total footfall reaches 124,000,000

OVERVIEW OF THE COMPANY'S PRINCIPAL ACTIVITIES

The Company owns, develops and operates shopping malls in Saudi Arabia and generates revenue by:

- leasing retail space in its malls to a variety of tenants operating under a broad mix of international, regional and local brands, which accounts for over 90% of its yearly revenue; and
- selling media and promotional space within its malls to a variety of media agencies.

The Company believes that, as at 31 December 2023, it was the largest shopping mall owner, developer and operator in Saudi Arabia by GLA, with a portfolio of 22 malls with a total GLA of 1.362 million square metres, compared to a total GLA of approximately 600,000 held by the Company's next largest competitor according to Colliers. Based on a market study conducted by Colliers as at 31 January 2023, the Company held a 17.6% overall market share of shopping mall GLA in the major cities of Saudi Arabia (i.e. Jeddah, Dammam and Riyadh), compared to 16.5% at 31 December 2021.

The Company provides tenants and visitors with a full range of high-quality retail malls at international standards. Its malls are located in key urban areas across Saudi Arabia, including 10 of the largest cities in

Saudi Arabia (such as Riyadh, Jeddah, Dammam and Dhahran), which together represent the majority of the total population of Saudi Arabia.

The map below illustrates the location and distribution of the Company's malls as at 30 September 2023:

The Company generated total revenue of SAR 2,197.3 million for the year ended 31 March 2020, SAR 1,856.4 million for the year ended 31 March 2021 and SAR 2,037.5 million for the year ended 31 March 2022. For the nine months ended 30 September 2023, 30 September 2022 and 31 December 2022, the Company generated total revenue of SAR 1,709.8 million, SAR 1,655.9 million and SAR 1,687.5 million respectively. With a GLA of approximately 1.327 million square metres featuring 4,704 occupied retail units across 21 malls as at 30 September 2023 the Company provides commercial retail space to over 1,000 international, regional and local retail brands, including Centrepoint, Zara, Danube, Panda and Virgin Megastores. The Company generated footfall of approximately 115.0 million for the year ended 31 March 2020, 63.2 million for the year ended 31 March 2021 and 80.8 million for the year ended 31 March 2022, followed by 84.2 million for the nine month period ended 31 December 2022, increasing to 95.2 million for the nine month period ended 30 September 2023 and 124 million for the year ended 31 December 2023.

The net rental revenue generated by leasing retail space for the years ended 31 March 2020, 2021 and 2022 as a percentage of the Company's total revenue for those financial periods was 91.3%, 92.6% and 90.6%, respectively. For the nine month periods ended 30 September 2022 and 30 September 2023, the net rental revenue generated by leasing retail space as a percentage of the Company's total revenue for those financial periods was 89.5% and 91.4%, respectively. The remaining portion of revenue for those financial periods was generated through various non-leasing related activities, including selling media and promotional space within the malls.

OVERVIEW OF MALL OWNERSHIP AND OPERATIONS

The Company classifies its malls into three categories: (i) "**Super-Regional Mall**", for which the GLA is above 74,000 square metres; (ii) "**Regional Mall**", for which the GLA is above 37,000 square metres but less than 74,000 square metres; and (iii) "**Community Mall**", for which the GLA is above 10,000 square metres but less than 37,000 square metres. These categories are prescribed by the International Council of Shopping Centres, a global trade association.

The Company considers "Super-Regional Malls" and "Regional Malls" as "lifestyle destinations" where customers enjoy a variety of shopping, leisure, entertainment and dining options, and "Community Malls" as proximity malls providing retail offerings for the local population. As of 30 September 2023, the Company had five Super-Regional Malls, twelve Regional Malls and four Community Malls.

The following table sets out key information in respect of each of the Company's malls for the nine month period ended 30 September 2023:

Overview of the Company's Malls

	Location	GLA as at 30 September 2023 (sqm)	Net rental revenue for the nine month ended 30 September 2023 (SAR)	Occupancy Rate as at 30 September 2023	Launch Date
Super-Regional					
Mall of Dhahran	Dammam	151,777	208,414,758	97.1%	2005
Salaam Mall	Jeddah	124,449	91,175,185	83.6%	2012
Mall of Arabia	Jeddah	111,217	178,973,937	97.5%	2008
Jeddah Park	Jeddah	122,136	n/a	69.9%	2021
Nakheel Mall	Riyadh	77,937	187,021,400	95.9%	2014
Regional(1)					
Aziz Mall	Jeddah	67,846	72,655,402	76.4%	2005
Noor Mall	Madinah	68,224	85,660,154	93.0%	2008
Nakheel Mall Dammam	Dammam	61,550	108,195,314	96.8%	2019
Yasmin Mall	Jeddah	61,089	89,167,303	93.8%	2016
U-Walk	Riyadh	54,411	56,712,215	90.7%	2019
Hamra Mall	Riyadh	56,089	79,224,923	95.7%	2016
Salaam Mall	Riyadh	47,460	46,763,044	93.9%	2005
Jouri Mall	Taif	48,604	75,938,185	95.4%	2015
Ahsa Mall	Hofuf	46,208	28,114,428	79.1%	2010
Mecca Mall	Mecca	37,491	97,891,011	96.2%	2011
The View	Riyadh	56,911	68,583,888	92.4%	2021
Nakheel Plaza	Qassim	42,401	32,718,396	90.6%	2004
Community					
Haifa Mall	Jeddah	34,142	21,505,716	77.6%	2011
Tala Mall	Riyadh	21,009	19,924,545	86.1%	2014
Jubail Mall	Jubail	21,517	10,204,676	56.0%	2015
Sahara Plaza	Riyadh	14,722	3,478,726	100.0%	2002

Source: Company information

(1) *The Company opened an additional regional mall, U Walk Jeddah, on 15 December 2023.*

Tenants of the Company

Overview of Tenant Mix of the Malls

Each of the Company's Super Regional and Regional malls includes a variety of retail units and dining, entertainment and leisure offerings which collectively aim to position the malls as "destinations of choice" for visitors and retailers alike. The Company carefully manages the tenant mix for any particular mall to ensure that it reflects the mall concept and is appropriate for the mall's target demographic. The correct tenant mix is crucial for generating visitor traffic and maximising revenue generation.

In formulating a mall's tenant mix, the Company assesses its new tenants on whether the tenant's brand is consistent with the market positioning of the relevant mall; the strength and quality of the tenant's brand(s); whether the tenant strategically adds value to the existing mall portfolio; the tenant's brand's general availability in the Saudi Arabian market; and the category of the tenant's brand and its performance in the market. In addition, the Company takes a range of other key factors into account, which include (among other things) the following:

- **Concept** – The first factor is whether the mall is a Super-Regional Mall, Regional Mall or Community Mall. The mix of fashion retail units in Super-Regional Malls is usually weighted towards including premium fashion brands, compared to Community Malls, which generally have a larger selection of affordable brands. The share of GLA by price-point is different for each of the three categories of mall. Due to their size, Super-Regional Malls have a large GLA and more retail units per mall and therefore offer a wider range of retail categories and a wider range of retailers for each retail category, but with a focus on premium brands.

- **Target Demographic** – The demography of the area in which a mall is situated is one of the most important factors affecting tenant mix. The mix in the price-points of the retailers depends upon the demographics of the mall's catchment area. The age, average monthly income, purchasing power and expenditure appetite of the local residents of the surrounding catchment area provide the Company with the relevant data and insights on which brands are most suitable for a particular area.

- **Location** – Location is critical in setting an optimal tenant mix. In particular, location is relevant in assessing whether a mall is located in an area where all or certain brands are already present in other nearby malls as well as accessibility. The Company believes that part of its success is attributable to its early entry into the market as a developer of malls in Saudi Arabia. The Company also considers that a key factor behind the Company's success has been its ability to identify and secure locations that are attractive to retailers. In addition, the Company seeks to identify site locations in areas with high development potential, including those areas that are expected to undergo urban regeneration.

For the nine month period ended 30 September 2023, the largest 20 brands of the Company's tenants occupied 30.3% of the Company's total GLA and represented 17.7% of its net rental revenue. In addition, for the same period, international and local brands contributed 67.1% and 32.9% of the Company's occupied GLA, respectively. On 27 January 2021, the Company signed an agreement with the Alshaya Group, a leading brand franchise operator to onboard several global brands, including Starbucks, H&M, Jo Malone and American Eagle. As at 30 September 2023, the Company has successfully onboarded seven brands to its malls pursuant to the agreement with the Alshaya Group.

The breakdown of tenants by tenant type across all of the Company's malls is as follows:

The Breakdown of Tenants by Tenant Type

		Rental revenue (SAR millions)							
No.	**Tenant Type**	**9M Sep 2022**	**9M Sep 2023**	**FY 2020**	**FY 2021**	**FY 2022**	**Percentage of total GLA (30 September 2023)**	**Typical lease term (years)**	**Average Rental Revenue in SAR per sqm (30 September 2023)**
1	Apparel, Shoes, Accessories..........	647.3	662.7	1,011.7	807.7	841.7	41.8%	3	1,916.2
2	Department Store.....	31.2	42.4	37.6	32.4	17.6	5.1%	5	1,014.0
3	Entertainment	91.4	99.6	75.9	80.8	119.7	16.5%	5	729.1
4	Food & Beverages ...	196.8	185.0	221.7	226.2	241.3	9.3%	3	2,413.1
5	Furniture and Home Fashions..............	37.7	38.7	66.0	48.1	44.4	4.4%	10	1,073.0
6	Health & Personal care.....................	214.9	231.4	284.5	246.3	276.6	7.5%	3	3,726.1
7	Home Electronics and appliances	12.9	16.8	9.2	12.5	18.4	1.0%	3	2,032.8
8	Hypermarket/Super market..................	26.1	23.7	45.9	45.6	45.6	7.0%	10	410.1
9	Services	20.8	24.8	24.7	26.9	27.4	3.0%	3	1,008.5
10	Sport & Leisure	51.8	54.6	72.5	61.2	69.3	3.1%	3	2,130.2
11	Kiosks.....................	152.7	182.7	156.2	130.5	143.4	1.5%	1	-
	Total	**1,482.7**	**1,562.3**	**2,005.9**	**1,718.1**	**1,845.4**	**100.0%**	**-**	**1,887.8**
External Tenants and Internal Tenants (see below)									
1	External Tenants......	1,091.7	1,176.5	1,492.1	1,296.3	1,337.1	62.0%	-	2,291.2
2	Internal Tenants.......	391.0	385.9	513.8	421.8	508.3	38.0%	-	1,228.4
	Total	**1,482.7**	**1,562.3**	**2,005.9**	**1,718.1**	**1,845.4**	**100.0%**	**-**	**1,887.8**

Source: Company information

For the Company's existing malls, the appropriate tenant mix typically changes over time depending on various factors such as the financial performance of the tenants, changing demographics with respect to a mall's location, visitor preferences and the change in the competitive landscape.

Tenant Categories

Tenants are generally categorised according to revenue contribution, GLA and by whether they are a related party.

Key Account Tenants

As at 30 September 2023 the Company had 24 "**Key Account Tenants**", which the Company defines as any tenant that generates rental revenue for the Company of at least SAR 10 million over any one financial year. Collectively, these 24 Key Account Tenants generated approximately 48.3% of the Company's revenue for the nine month period ended 30 September 2023.

Key Account Tenants are typically companies with large portfolios of well-known brands, which lease multiple retail units across several of the Company's malls. These Key Account Tenants are also often Anchor Stores (as described further below) occupying a significant portion of the GLA within one or more of the Company's malls and are used to attract footfall and other tenants. In light of their central importance to the Company's success and future prospects, the Company considers its Key Account Tenants to be strategic partners in achieving the appropriate tenant mix for existing malls and supporting the development of new malls through anticipated occupancy levels.

The relationships between the Company and its Key Account Tenants are also particularly close, committed and well established, with the average length of relationship being seven years (as compared to the average length of relationship of four years for other tenants). Most of the leasing terms and conditions with respect to each Key Account Tenant are substantially similar for all retail units held by the relevant Key Account Tenant across the Company's malls.

The following table provides an overview of the Company's top ten Key Account Tenants during the applicable financial periods:

Overview of top 10 Key Account Tenants

Key Account Tenant	Key Brands	Commencement of relationship	Revenue Contributions For nine months ended		Number of malls
			30 Sep 2022	30 Sep 2023	
Fawaz Al Hokair and Co.[1]	Zara, Massimo Dutti, Bershka, Aldo, Clarks, GAP, La Senza, Mango, Zara Home, US Polo, Accessorise	2002	22.7%	21.3%	19
Landmark Arabia Co.	Centrepoint, Koton, Steve Madden, City Max	2002	3.7%	4.2%	14
Leather Corner Trading Co.	Calvin Klein, Sketchers, Athletic Co., Inglot, Crocs, Naturalizer, BHPC	2010	2.2%	2.4%	18
Farouk Contracting and Trading Co. ...	Sephora, Dior, Fendi, Lacoste, Tumi Wojooh, L'Occitane, Ghawali, Swarovski	2002	3.8%	3.5%	18
Kamal Othman Jamjoom Trading Co..	Mikiyaji, Nayomi, ELC, The Body Shop	2009	1.9%	1.9%	18
Abdulmohsin Al Hokair Co.................	Sparky's, Fun Time, Entertainment City	2004	1.2%	1.2%	8
Azizia Panda United Company Ltd.	Panda Hypermarket	2009	1.0%	0.8%	5
Al Abdulkarim Trading Co	Terranova, RINA, ALCOTT	2004	1.3%	1.4%	17

Key Account Tenant	Key Brands	Commencement of relationship	Revenue Contributions For nine months ended		Number of malls
Sun and Sand Sports LLC	Sun & Sand Sports, NIKE, Under Armour, Vans, Timberland	2004	1.4%	1.4%	11
Al Futtaim Group Company................		2014	1.5%	1.2%	9
Total		-	**40.7%**	**39.4%**	-

Key Account Tenant	Key Brands	Commencement of relationship	Revenue Contributions For year ended 31 March:			Number of malls
			2020	**2021**	**2022**	
Fawaz Al Hokair and Co.(1)	Zara, Massimo Dutti, Bershka, Aldo, Clarks, GAP, La Senza, Mango, Zara Home, US Polo, Accessorise	2002	26.1%	25.1%	25.6%	21
Landmark Arabia Co...............	Centrepoint, Koton, Steve Madden, City Max	2002	4.0%	4.3%	3.5%	15
Leather Corner Trading Co.	Calvin Klein, Sketchers, Athletic Co., Inglot, Crocs, Naturalizer, BHPC	2010	2.9%	2.3%	2.4%	17
Farouk Contracting and Trading Co...........................	Sephora, Dior, Fendi, Lacoste, Tumi Wojooh, L'Occitane, Ghawali, Swarovski	2002	3.1%	2.9%	2.9%	18
Kamal Othman Jamjoom Trading Co...........................	Mikiyaji, Nayomi, ELC, The Body Shop	2009	2.3%	2.3%	1.9%	18
Abdulmohsin Al Hokair Co......	Sparky's, Fun Time, Entertainment City	2004	1.3%	1.2%	1.5%	12
Azizia Panda United Company Ltd.	Panda Hypermarket	2009	1.7%	2.0%	1.7%	6
Al Abdulkarim Trading Co	Terranova, RINA, ALCOTT	2004	1.2%	1.1%	1.1%	17
Sun and Sand Sports LLC	Sun & Sand Sports, NIKE, Under Armour, Vans, Timberland	2004	1.6%	1.6%	1.5%	11
Al Futtaim Group Company.....		2014	1.4%	1.4%	1.4%	6
Total		-	**45.5%**	**44.1%**	**43.5%**	--

Source: Company information

(1) *Fawaz Al Hokair and Co. is an Internal Tenant (as defined below) and includes AlHokair Fashion Retail, Innovative Union Company, Abdulmohsin Al Hokair Co among others.*

The aggregate contribution to the Company's total revenue from its top ten Key Account Tenants has generally been stable over the three years ended 31 March in each of 2020, 2021 and 2022. For the nine month periods ended 30 September 2022 and 30 September 2023, the aggregate total revenue contribution to the Company's from its top ten Key Account Tenants contracted slightly. The aggregate contribution to the Company's total revenue from its top ten Key Account Tenants for the nine month period ended 30 September 2023 is 39.4%.

Internal Tenants and External Tenants

The Company also categorises its tenants into "**Internal Tenants**" (which are related parties of the Company, including Fawaz Abdulaziz Alhokair Co.) and "**External Tenants**" (which are not related parties of the Company). For the year ending 31 March 2021, the weighted average occupied GLA split between the Internal Tenants and the External Tenants was 382,822 square metres and 676,436 square metres, respectively, with the net rental revenues for the same period amounting to SAR 421.8 million and SAR 1,296.3 million, respectively. For the year ended 31 March 2022, the weighted average occupied GLA split between the Internal Tenants and the External Tenants was 431,266 square metres and 673,685 square metres, respectively, with the net rental revenues for the same period amounting to SAR 508.3 million and SAR 1,337.1 million, respectively. Moreover, for the nine month period ended 30 September 2023, the weighted average occupied GLA split between the Internal Tenants and the External Tenants was 481,180 square metres and 684,629 square metres, respectively, with the net rental revenues for the same period amounting to SAR 385.9 million and SAR 1,176.5 million, respectively.

Set out in the following table is an overview of the revenue contribution as between Internal Tenants and External Tenants in recent periods.

Overview of the Revenue Contributions

Revenue contribution	During the nine month period ended		During the year ended		
	30 Sep 2022	30 Sep 2023	31 March 2020	31 March 2021	31 March 2022
Internal Tenants..........	26.4%	24.7%	25.6%	25.0%	27.5%
External Tenants	73.6%	75.3%	74.4%	75.0%	72.5%

Other Tenant Categories

To supplement GLA based revenue, the Company generates revenue streams from non-GLA sources. These include, among others, kiosks, ATMs, promotions, event spaces, trollies and food carts. Tenants leasing non-GLA space for these purposes are categorised by the Company as other tenants.

Tenancy maturity, terms and renewals

The Company's revenue generated from leasing retail space primarily comprises rental payments received from tenants, where terms typically require payment of three to six months' rent in advance. In 2014, the Company introduced a turnover rent arrangement in some of its lease contracts with tenants under which tenants are obliged, in respect of any financial period, to pay the higher of (i) a minimum fixed rate of rent or (ii) a certain percentage of sales revenue generated by the tenant over that period. In addition, the Company receives service charges from its tenants to cover mall common area expenses such as maintenance and repairs, insurance, lighting and cleaning costs. Service charge payments are accounted for as part of rental revenues, with net rental revenue comprising the total rental received less the service charge element.

Lease contract maturity profile

The Company usually enters into medium to long-term lease contracts with its tenants with typical lease terms ranging between three and five years for most categories of tenant, other than Anchor Store tenants, which typically have lease terms of approximately 10 to 15 years. The following table summarises the Company's scheduled lease expirations for tenancy leases in place as at 30 September 2023.

Lease Expiry Schedule

Year of expiration	Occupied GLA expiry (square metres)*	% of total rental revenues*
2023	183,167	10.2%
2024	468,608	44.1%
2025	207,464	19.1%
2026	131,771	14.4%
2027	46,691	3.5%
2028 and beyond	85,651	8.7%
Total	**1,123,352**	**100%**

Source: Company information

* *On a like-for-like basis*

Lease contract renewal profile

As set out in the tables below, in the nine month period ended 30 September 2023, the Company renewed 1,768 leases that were due to expire, representing nearly all leases that were set to expire during that period.

In the year ended 31 March 2022, the Company renewed 868 leases that were due to expire, representing, nearly all leases that were set to expire during that year.

Lease Renewal Rate

Lease Metri c	During the nine month period ended		During the year ended		
	30 Sep 2022	30 Sep 2023	31 March 2020	31 March 2021	31 March 2022
Number of leases renewed	1,529	1,768	2,044	1,767	868
Percentage of leases falling due for renewal that were actually renewed.....................	97%	95%	90%	98%	90%
Total GLA of renewed leases (m^2)............	136,375	164,284	315,374	223,555	98,579

Lease contract terms

A typical lease contract commonly contains terms covering, among other things:

- rent payment terms, which may include turnover rent provisions (rent is ordinarily collected by the Company in advance on a semi-annual basis);
- the date for commencement of tenant's operations in the relevant mall;
- penalties for suspension of operations before the lease term ends;
- annual rent escalation provisions (further details of which are set out below);
- a requirement for most External Tenants to pay a security deposit of 10% of the total rent for the first annual rental period; and
- contractual grace period discounts for between three and six months, where tenants are facing difficulty or are unable to meet rental payments when they become due.

Rent escalation provisions

As at 30 September 2023, approximately 90% of the Company's lease contracts with its tenants included agreed upon rent escalation provisions over the term of the lease. Subject to the Company's discount policy, a majority of the Company's lease contracts are subject to an average annual increase of 5% in rent payable (save for large Anchor Stores, which are typically subject to an increase of approximately 10% in rent payable once every five years). The increase is applicable to gross rent payable prior to any discount. The Company determines such increases in view of considerations that include, but are not limited to, the Company's estimates of expected market rental prices, the strength of the tenant's brand, the competitive position of the tenant in the market, the prevailing annual increase rate at that time in rental values, and the relative negotiating position of the Company and the tenant.

The above rent escalation mechanism historically existed in all the Company's lease contracts although recent reductions in rental rates were mainly due to renegotiations of certain tenancy leases during more challenging economic conditions, coupled with the Company also granting special discounts to its tenants in the form of grace periods and/or lower rent. The Company suspended enforcement of all rent escalation provisions for the calendar years 2020 and 2021 in response to COVID-19 and to offset the impact of the VAT increase from 5% to 15% which took effect from 1 July 2020 on tenants.

Notwithstanding the suspension of rent escalations in 2020 and 2021, the Company targets between 2% to 4% in like-for-like rent escalation across its mall portfolio from its existing tenants via indexation as economic conditions improve in the foreseeable future. The Company expects rent escalations for renewals to be higher, in particular for top performing tenants. In addition, the Company can mitigate non-renewal risk by increasing the duration of its leases for terms longer than three to five years and granting short-term extensions to provide more time for the Company to negotiate lease contracts with its tenants.

The Company also maintains flexibility to not renew lease contracts with tenants in situations where market conditions evolve and extending such lease contracts is no longer in the Company's best interest.

Turnover rent provisions

As at 30 September 2023, approximately 92% of the Company's lease contracts with its tenants contained turnover rent provisions. Under these provisions the amount of rent payable over a financial period is the higher of (i) a minimum fixed level of rent and (ii) a percentage of the tenant's annual sales.

Termination provisions

The Company as a landlord typically has a right to terminate a lease contract immediately if a tenant (i) fails to commence operations in its leased premises by a specified date, (ii) fails to pay rental payments, or (iii) uses leased premises for a different purpose than that set out in the lease contract. In addition, a typical lease contract provides that if a tenant delays commencing operations for a period of more than one month then the Company has a right to request the payment of monies owed under such lease. The Company also typically has the right to evict a tenant for non-payment of amounts due under the lease contract.

Discount policy

The Company has a discretionary discount policy for its tenants, which takes into account tenants' sales and occupancy cost ratios. The policy is intended to help retain well-performing tenants during challenging economic periods and seeks to attract high quality tenants. The discount policy also enables the Company to adjust rent in situations where tenants were overcharged for rent in previous periods.

The policy provides that discounts will be applied to tenants based on their total GLA across all the Company's malls. The discounts apply to tenants for no more than 12 months, at which time the level of discount will be re-assessed to determine whether the level of discount should still apply in view of any changes in the total GLA leased by a tenant or changes in other factors, including market conditions.

In the year ended 31 March 2021 the Company's weighted average rental revenue per square metre decreased compared to the previous year, primarily driven by the amortisation of SAR 241 million in COVID-19-related discounts to tenants. In the year ended 31 March 2022, the Company's weighted average rental revenue per square metre increased compared to the corresponding period in 2021, primarily driven by a decrease in the Company's weighted average rental discount rate and an increase in occupancy rates. In the nine month period ended 30 September 2023, the Company's weighted average rental revenue per square metre increased compared to the corresponding period in 2022, primarily driven by increases in net rental revenue.

In the year ended 31 March 2020 the Company's weighted average rental revenue per square metre decreased compared to the previous year, primarily driven by the COVID-19-related discounts given during the fourth quarter of year ended 31 March 2020, together with other support measures.

The Company granted COVID-19-related discounts to its tenants in order to maintain the performance of its malls during challenging market conditions. It based its decisions to grant such discounts on multiple factors, including the relevant tenant's quality and brand portfolio in order to maintain tenants that are critical in attracting footfall. Other factors included the relevant tenant's size and overall contribution to the Company's portfolio, as well as contribution to pre-leasing and attracting other tenants into the Company's malls. The Company also amortised discounts to tenants in response to COVID-19 and the temporary closure of tenants' stores, amounting to SAR 241 million and SAR 174 million in COVID-19-related discounts in the years ended 31 March 2021 and 2022, respectively.

As at the date of this Offering Circular, the Company has ceased its policy of granting COVID-19-related discounts to its tenants.

Rent free periods

The Company typically grants rent-free periods of between three and six months to tenants during the pre-letting phase of new malls ahead of opening and tenants are generally eligible for grace periods in connection with any fit outs, which can vary between one and six months depending on the size of the retail unit. There are typically no further grace periods provided on lease extension or renewal.

If a tenant's operations and/or activities are significantly affected by any disruption, then the Company may grant a rent-free period of between one and three months. For example, as a result of the COVID-19 pandemic and related lockdown restrictions, the Company offered all tenants a waiver on contractual base rent and service charges for a period of six weeks, and tenants whose stores were mandatorily closed by the government received further rent relief.

Store Categories

The stores in the Company's malls are generally categorised according to GLA.

An overview of Anchor Stores, Junior Anchor Stores and Line Stores (each as defined below) by GLA and average rental revenue per square metre as at 30 September 2023 is set out below.

Overview of Stores by GLA

No.	Store Category	Aggregate GLA (m²)[1]	Percentage of total GLA	Average GLA per tenant (m²)	Average Annual rental revenue per m²
1	Anchor Stores	378,102	34.3%	4,555	718
2	Junior Anchor Stores	255,752	23.2%	958	1,310
3	Line Stores	469,585	42.6%	122	3,143

Source: Company information

(1) *The aggregate GLA figures in this table do not add up to the total GLA figures of the Company as at 30 September 2023 as the GLA figures in this table are only in respect of occupied GLA (and exclude vacant GLA).*

Anchor Stores

"**Anchor Stores**" are those stores that lease a retail unit that occupies more than 2,000 square metres of GLA of any single mall. As at 30 September 2023, the Company had 83 retail units leased to Anchor Stores across its mall portfolio, comprising 34.3% of total GLA. Anchor Stores play a critical role in generating visitor traffic and are predominantly located at the corners of malls to facilitate the circulation of footfall. The types of Anchor Stores vary but they are typically large apparel department stores, homeware stores, hypermarkets or major fashion brands. The number of Anchor Stores and their activities depend on the type and location of the mall.

Junior Anchor Stores

"**Junior Anchor Stores**" are those stores that lease a retail unit that occupies between 500 and 1,000 square metres of GLA of any single mall. Junior Anchor Stores typically occupy medium to large sized retail units and have an intermediate level of visibility and role in driving footfall and visitor traffic. As at 30 September 2023, the Company had approximately 267 retail units leased to Junior Anchor Stores, comprising 23.2% of total GLA. Junior Anchor Stores may hold retail units covering more than one retail unit category and they are present in all types of malls.

Line Stores

"**Line Stores**" are those stores that lease a retail unit that occupies less than 500 square metres of GLA of any single mall. As at 30 September 2023, the Company had approximately 3,854 retail units leased to Line Stores, comprising 42.6% of total GLA, which include food court units for various international, regional and local brands. Line Stores are usually specialist stores with respect to certain retail unit categories and are present in all mall types, comprising in aggregate the substantial portion of a mall's GLA. Line Stores usually benefit from the footfall created by Anchor Stores and Junior Anchor Stores.

Project Development Model and Construction

The Company added an additional 176,000 square metres of GLA in the 2021 calendar year through the inauguration of The View Mall in Riyadh and Jeddah Park in Jeddah. On 15 December 2023, the Company opened its 22nd mall, U Walk Jeddah, a leasehold development with a total GLA of 61,000 square metres. The Company also has a number of strategic projects to support its growth, including a pipeline of six additional malls by 2027, which the Company expects will increase its GLA by approximately 600,000 square metres. The Company expects to manage one of these malls – Jubail Marina Mall – under an operational agreement. These projects include three Super Regional Malls (Jawharat Riyadh, Jawharat Al Khobar and Jawharat Jeddah) and two Regional Malls (U Walk Qassim and Murcia Mall). Three of these projects are on freehold land, with the remaining two on leasehold land.

All new design and construction projects undertaken by the Company follow a development process with rigorous standards, ensuring consistent oversight so that all development projects are executed in line with the Company's overall strategy and represent economically sound investments. The Company's project development model is a five-stage process which is followed for the development of all new malls. The average total delivery time for this process is between one and three years. The expertise of the Company's business and project development functions is employed at each step of the Company's five-stage process set out below.

Lynx Contracting Company has managed the design and construction of 19 of the Company's malls as at 31 December 2023. Lynx Contracting Company is owned by the Controlling Shareholders and accordingly is a related party of the Company. ECHO Architecture, also a related party of the Company, works with Lynx Contracting Company for the architectural design of the Company's malls. Historically, deviation between the Company's actual development costs for its malls against the scheduled budget has generally been 5% (taking into account any changes in design and specifications).

The average time for delivery of a new mall depends on the size and design of the mall being constructed. For example, a Regional Mall between 50,000 and 60,000 square metres takes approximately 12 to 18 months from design to delivery. In addition, the average construction costs for a mall within the Company's existing portfolio (excluding land costs) has historically ranged between SAR 2,800 and SAR 5,000 per square metre of built-up area depending on the type of mall, which excludes land costs that vary significantly across the mall categories on the basis of location and catchment specifics. The Company's construction cost for recently built malls has been close to the higher end of this range. Going forward (excluding all new malls currently under construction), the Company expects that construction costs (excluding land costs) will be between SAR 5,500 and SAR 7,500 per square metre as a result of inflation, together with changes in the design features and the quality of offerings in the respective malls.

(1) **Stage 1: Site Identification and Feasibility**

The first stage principally involves potential site identification and the preparation and approval of a due diligence scope and budget for each new potential development site. During this stage, the delivery and development division of the Company prepares a project design brief, which is discussed and approved by the Board. The feasibility study is updated at each later stage of the project.

(2) **Stage 2: Pre-design Phase**

During the second stage following site identification, the design and delivery division receives approval from the Board to proceed with the acquisition of the relevant site (on either a freehold or leasehold basis). During this phase, a more detailed feasibility study is undertaken. This study is subsequently validated by a third-party real estate consultant. The business and financial plan is subject to approval from the Board. Once approved, the Company approaches Lynx Contracting Company for a request to submit a commercial design and build proposal for the project. This commercial proposal is then validated by a minimum of two independent cost consultants.

(3) **Stage 3: Design Development Phase**

During this stage, ECHO Architecture and Lynx Contracting Company provide detailed drawings of concept designs to the development and delivery division for approval, together with final architectural drawings and the relevant documents for submission to obtain a building permit from the municipality. The full cycle of the design development phase is conducted over a period of three to nine months. A preliminary leasing plan is prepared and a project development brief containing all relevant data in relation to the proposed project is presented to the Board for approval. Commitments from Key Account Tenants and/or Anchor Stores are also sought at this stage. During this stage, the Company agrees with prospective tenants (many of which are typically also tenants in other Company malls) on locations and letters of interest are subsequently provided to the Company from prospective tenants.

(4) **Stage 4: Construction Phase**

During this stage, project construction is undertaken by Lynx Contracting Company in accordance with the detailed designs prepared under the direction of the development and delivery division.

During this stage, the leasing process continues and space is allocated and pre-leased within the mall to certain tenants, with the average occupancy rate in the first year for the Company's malls being between 70% and 75%. The fit-out of the new mall also occurs in this stage. Fit-out is the process by which new retail units are prepared for trading in a new retail premises within a mall's guidelines. Upon completion of a project by Lynx Contracting Company, a series of post-completion evaluations and tests are conducted for the project on the handover date, which is overseen by the development and delivery division.

(5) **Stage 5: Handover**

Commissioning of systems, equipment and utilities is carried out in accordance with the project management plan and system requirements prior to handing over the project. The Company's development and delivery division coordinates with Lynx Contracting Company for the rectification of any defects or deficiencies identified during the commissioning. The Company takes over the mall from Lynx Contracting Company only when all work is completed in accordance with the contract, a handover certificate is issued and all required documentation is submitted. The fit-out management process also continues after construction and the handover process as there are ongoing activities to be undertaken, including developing new retail units, the modification of existing retail units and the replacement of existing tenants and handover process to new tenants.

Renovation of Existing Malls

From time to time, the Company renovates its existing malls. Based on historical trends, major renovation is required when a mall has been in operation for on average between 8 and 10 years. Whether or not a renovation is required typically depends on several factors, including the extent to which new malls developed by competitors are more modern and better cater to the current market, and the availability of equipment in the malls for any renovation and/or refurbishments. The Company believes that the renovation works do not generally impact the Company's available GLA because the malls remain operational during renovation. The Company also carries out renovations as part of its strategy to turnaround underperforming malls.

Historically, the maintenance expenditure for the Company's existing malls has been approximately 2% of its revenue per annum, and an average of between SAR 60 million to SAR 80 million per annum has been spent in total, including light renovations.

Operational Management of Malls

The Company's mall operations management is structured on a decentralised, individual mall basis, with dedicated teams responsible for managing the day-to-day operations within each mall. Each mall is treated as a separate business unit, and the operations function at each mall is managed in-house, although certain services (including with respect to cleaning and security) are outsourced to third party contractors.

The operations management function of each mall is responsible for sales, collection and specialty leasing in each mall. It is also responsible for overseeing the day-to-day management of the mall. Its responsibilities include, among other things, budgeting, financial and general ongoing operational matters for the mall. Each mall manager is responsible for setting the mall's operational budget in close coordination with the Company's head office. Each mall manager is also responsible for ensuring that the property is well maintained through regular checks and inspections, as well as overseeing staff and applying all related guidelines in accordance with the Company's applicable policies and procedures.

In April 2017, the Company completed the implementation of its property management system, Yardi, which introduced industry best practice standards, policies, processes and procedures, facilitating the efficient management of all malls within its portfolio while enabling the Company to better engage with and serve tenants. Since its introduction, Yardi has almost fully automated the Company's rental revenue recognition process.

The management functions for each mall include:

(1) **Leasing and Tenant Relationships**

Each mall manager manages day-to-day communications and ongoing dialogue with tenants in coordination with the Company's head office.

(2) **Marketing and Media Sales**

The Company's marketing and media sales team focuses on creating and managing in-mall marketing campaigns, designed to engage visitors and drive footfall. The team also plays a significant role in positioning the malls as leisure and entertainment destinations to diversify visitor offerings across the Company's malls portfolio. The Company outsources its digital marketing and media function (with the rest of its marketing and media sales being undertaken in-house). Entertainment events are typically arranged in conjunction with the operations management teams at the malls, where a variety of attractions are offered to visitors.

(3) **Quality Assurance**

The Company has three quality assurance teams covering the Central, Eastern and Western regions of Saudi Arabia, respectively. Each team is responsible for regularly monitoring matters relating to hygiene, health, safety and documentation checks at malls within its region, including the enhanced cleaning procedures implemented in response in COVID-19, during trading hours as well as out of hours checks.

(4) **Facilities Management**

The Company's facilities management function oversees the maintenance of the Company's malls and includes technicians, ranging from air conditioning technicians to plumbers and masons, among others. Certain major services and functions are outsourced to third party contractors, including escalators, elevators, travellators, firefighting, fire alarm and CCTV maintenance. The Company's management function also looks after all utilities for the malls.

(5) **Guest Services**

The Company's guest service teams provide helpdesk services to all tenants and visitors of the Company's malls.

(6) **Security**

The Company's security arrangements are outsourced to TNS (a related party of the Company which is 100% controlled by Salman Abdulaziz Alhokair, a Director of the Company), which is responsible for the security in all its malls. The security arrangements comply with the requirements of each mall and the relevant local police department. The TNS security services cover, among other things, the manned guarding of all mall entrances, security patrols within malls, external patrols outside malls (both on foot and with security vehicles), as well as manning the control rooms within malls, which includes CCTV and alarm systems monitoring. These services are provided 24 hours per day, seven days a week across all malls within the Company's portfolio.

(7) **Cleaning**

The Company's cleaning arrangements are outsourced to third parties including TNS. The cleaning services provided by the Company's contractors extend only to the common areas of each mall.

(8) **Specialty Leasing**

In addition to its retail unit leasing, the Company also manages an extensive specialty leasing program offering leasing options for carts, pop up retail units and kiosks and other services. The aim of this specialty leasing program is to enhance the Company's retail offering by providing complementary local and niche merchandising in the common areas of the malls as well as the activation of spaces within malls for seasonal offers. Each mall's operations management is responsible for structuring and managing its specialty leasing department.

Ownership of Properties by the Company

As at 30 September 2023, the Company's active real estate portfolio comprises 21 malls, one head office and one property which is not classified as a mall but which also generates revenue (Nakheel Plaza Extension in Qassim). On 15 December 2023, the Company opened its 22nd mall, U Walk Jeddah, situated on leasehold land. In addition, the Company has six new malls under construction, with three malls being developed on freehold land, two malls on leasehold land and one mall to be held under an operational agreement. See "*—Future Plans and Growth Opportunities*".

As at 31 December 2023, with respect to the Company's 22 malls, 11 malls operate on leased land, 10 malls operate on freehold land and 1 mall (Jeddah Park) operate under an operational agreement. For the malls operating on leasehold land, the head leases allow for the construction of malls and the subsequent operation of those malls by the Company upon completion.

As at 31 December 2023, the Company had entered into 18 head leases with various lessors. Save in the case of U-Walk Riyadh, none of the head leases provide the Company with a right of automatic renewal upon expiry of the initial term or make provision for compensation to the Company for improvements on the land, namely the malls, upon expiry of the initial term of the lease or upon termination. For the nine month period ended 30 September 2023 the Company's land lease cost was SAR 199.1 million, being 11.6% of total revenues. The Company maintains an ongoing dialogue with the landlords of its head leases with a view to extending or renewing such leases for its malls on favourable terms. The Company actively engages in negotiations with the landlords of its head leases before the expiry of the relevant head lease.

The Company's existing head lease termination dates as at 31 December 2023 are set out in the following table:

Head Lease Termination Dates

No.	Mall (held under Head Lease)	Term Expiry Date
Existing malls		
1	Mall of Dhahran	Main Head Lease 10/08/1446H (corresponding 09/02/2025)
		Extension Head Lease 17/10/1447H (corresponding 06/04/2026)
2	Salaam Mall (Jeddah)	22/04/1454H (corresponding 30/07/2032)
3	Aziz Mall	29/01/1469H (corresponding 29/11/2046)
4	Nakheel Mall (Riyadh)	06/05/1456H (corresponding 23/07/2034)
5	Yasmin Mall	14/09/1456H (corresponding 25/11/2034)
6	Jouri Mall	30/12/1456H (corresponding 11/03/2035)
7	Nakheel Plaza (Qassim)	30/07/1451H (corresponding 06/12/2029)
8	Haifa Mall	29/12/1453H (corresponding 12/04/2032)
9	Tala Mall	16/12/1450H (corresponding 30/04/2029)
10	U-Walk Riyadh	27/09/1468H (corresponding 31/07/2046)
11	Nakheel Mall (Riyadh) Extension Phase 1	20/12/1459H (corresponding 27/01/2038)(1)
12	Jeddah Park	13/09/1472H (corresponding 03/06/2050)(2)
13	U Walk Jeddah	05/12/1474H (corresponding 31/07/2052)(3)
Lands for Future Development		
14	Nakheel Mall (Riyadh) Extension Phase 2	20/12/1459H (corresponding 27/01/2038)
15	Murcia Mall	26/05/1462H (corresponding 09/06/2049)
16	Jubail Marina	26/11/1454H (corresponding 27/03/2033) (2)
17	Jawharat Al Khobar	03/11/1474H (corresponding 30/06/2052)

Source: Company information

(1) *Nakheel Mall (Riyadh) Extension Phase 1 and Phase 2 both relate to Nakheel Mall although separate head leases have been entered into for the land used for the relevant extensions.*

(2) *Jeddah Park and Jubail Marina are managed under operational agreements.*

(3) *U Walk Jeddah opened in December 2023.*

The Company believes it is in a strong negotiating position with respect to extending and renegotiating head leases, benefitting not only from strong relationships with its landlords but also from its ability to offer commercially attractive rents in return for significantly longer lease terms. Most recently, the Company has entered into and renegotiated two agreements:

- In November, 2020, the Company renegotiated its lease contract with the landlord of U Walk Jeddah, which reduced the total value of rent payments over the lifetime of the lease contract by SAR 620 million from SAR 1.785 billion to SAR 1.075 billion and postponed the beginning of the lease period to 1 August 2021 by settling an amount of SAR 90 million rentals for the period up to 31 July 2021.

- In October 2020, the Company negotiated a management, operation and maintenance agreement with the landlord of Jeddah Park. The agreement replaced the first ten years of the initial lease contract reserving the right to switch back to the initial lease contract upon the end of third year of the new agreement.

In addition, while the Company has certain tenancy leases whose term expires after the expiry of the Company's head leases, management believes that there is limited risk of any tenancy expiry occurring after the expiration date of the head lease because in practice the Company normally extends head lease terms long before the expiry of their terms (as it did with the lease term extensions with respect to Aziz Mall in 2017 and Nakheel Plaza in 2019, for example).

Management actively engages in negotiations with the landlords of its head leases and typically commences leasehold extension negotiations approximately eight to ten years before the expiry of the relevant head lease. Negotiations commonly last one to two years and include discussions on key terms, including lease term length and rental rates, with management aiming to achieve large extensions to existing leases and incentivising landlords with attractive rental rates. Management believes that malls which are subject to newly extended head lease terms will provide enhanced revenue in the longer term, offsetting any increases in rental rates.

The Company's head lease agreements for Salma Mall and Khurais Mall expired in December 2021 and January 2022 respectively and were not renewed. Consequently, both Salma Mall and Khurais Mall were handed over back to the landlord upon expiry of their respective head lease agreements.

Overview of Portfolio of Malls

The following section provides an overview of each of the Company's 22 malls in operation as at 31 December 2023.

Super-Regional Malls

Mall of Dhahran (Dhahran)

The Mall of Dhahran is the Company's leading mall based on revenue, with total revenue of SAR 224.2 million for the nine month period ended 30 September 2023, or 13.1% of the Company's total revenue. For the year ended 31 March 2022, the Mall of Dhahran generated SAR 293.4 million, which accounted for 14.4% of the Company's total revenue.

As at 30 September 2023 the Mall of Dhahran had 263 tenants which collectively occupied 491 retail units. The average occupancy rate and footfall for the nine month period ended 30 September 2023 was 89.7% and 8.3 million, and 95.4% and 4.8 million, respectively, for the year ended 31 March 2022.

Mall of Dhahran is the largest shopping mall in the Eastern Province of Saudi Arabia by GLA according to a report by Colliers and has one of the largest cinemas in Saudi Arabia. Given its size, it presents one of the Company's broadest retail mixes through a combination of diverse international fashion brands, leisure outlets and a wide range of dining options. In addition, the mall's tenants include a hypermarket, furniture franchises, entertainment facilities, such as an indoor children's play area, and several large-scale vendors that enhance and complement the other retailers.

On 15 May 2022, a fire incident occurred in a part of the Mall of Dhahran Extension, leading to its temporary closure. The mall reopened on June 7, 2022, with restoration ongoing in certain affected areas as at the date of this Offering Circular. The impact of the fire incident was factored in by the valuers in the most recent fair valuation of the mall.

An overview of the tenant mix of Mall of Dhahran is set out in the table below:

Overview of the Tenant Mix of Mall of Dhahran (Dhahran)

		Rental revenue (SAR millions)					
		Nine month ended		Year ended			
No.	**Tenant Type**	**30 Sep 2022**	**30 Sep 2023**	**31 Mar 2020**	**31 Mar 2021**	**31 Mar 2022**	**% of total GLA (30 September 2023)**
1	Apparel, Shoes, Accessories.....	88.5	86.2	147.2	124.5	121.2	33.2%
2	Department Store......................	7.7	8.3	4.4	4.7	4.9	7.3%
3	Entertainment...........................	9.5	12.5	12.8	12.7	19.9	12.9%
4	Food & Beverages....................	25.0	20.6	35.5	29.7	33.6	7.1%
5	Furniture and Home Fashions...	11.8	11.0	15.5	15.7	15.0	15.5%
6	Health & Personal care............	28.4	31.2	37.6	30.9	35.3	7.9%
7	Home Electronics and appliances	1.7	1.9	2.3	3.0	4.0	0.7%
8	Hypermarket/Supermarket........	4.5	5.7	6.2	3.3	6.0	9.9%
9	Services....................................	1.2	1.1	4.9	2.7	2.9	0.8%
10	Sport & Leisure........................	8.8	8.7	16.4	10.7	11.1	3.9%
11	Kiosks	19.5	21.2	22.0	15.6	16.9	0.9%
	Total	**206.7**	**208.4**	**304.9**	**253.5**	**270.8**	**100.0%**
External Tenants and Internal Tenants							
1	External Tenants.......................	169.4	172.3	241.8	201.1	211.7	77.2%
2	Internal Tenants........................	37.3	36.1	63.2	52.5	59.1	22.8%
	Total	**206.7**	**208.4**	**304.9**	**253.5**	**270.8**	**100.0%**

Mall of Arabia (Jeddah)

The Mall of Arabia is the Company's third largest mall based on revenue, with total revenue of SAR 194.0 million for the nine month period ended 30 September 2023 or 11.3% of the Company's total revenue. For the year ended 31 March 2022, the Mall of Arabia generated a total revenue of SAR 228.6 million, which accounted for 11.2% of the Company's total revenue.

As at 30 September 2023 the Mall of Arabia had 214 tenants which collectively occupied 383 retail units. The average occupancy rate for the nine month period ended 30 September 2023 was 98.8% with a footfall of 7.9 million, and for the year ended 31 March 2022, the average occupancy rate was 96.5% with a footfall of 9.0 million.

Mall of Arabia is distinguished by its broad tenant mix which features a variety of leading international fashion brands, several department stores, a hypermarket and various dining options (including fine dining and casual dining). The mall also features a number of entertainment facilities, including an indoor soft play area and children's entertainment area.

An overview of the tenant mix of Mall of Arabia is set out in the table below:

Overview of the Tenant Mix of Mall of Arabia (Jeddah)

		Rental revenue (SAR millions)					
		Nine month ended		Year ended			
No.	**Tenant Type**	**30 Sep 2022**	**30 Sep 2023**	**31 Mar 2020**	**31 Mar 2021**	**31 Mar 2022**	**% of total GLA (30 September 2023)**
1	Apparel, Shoes, Accessories ..	70.3	76.1	127.2	89.4	96.3	35.1%
2	Department Store	5.8	6.4	11.2	5.8	2.2	5.6%
3	Entertainment.........................	17.6	17.6	19.4	15.9	22.8	26.6%
4	Food & Beverages..................	22.8	23.1	27.3	26.2	27.9	9.3%
5	Furniture and Home Fashions	2.4	3.3	6.0	5.9	3.7	4.6%
6	Health & Personal care	18.8	19.6	27.4	21.8	24.6	4.7%
7	Home Electronics and appliances	1.0	1.3	1.1	0.9	1.3	0.6%
8	Hypermarket/Supermarket	2.3	2.3	2.8	3.0	3.0	6.6%
9	Services.................................	1.8	2.4	2.3	2.2	2.0	1.0%
10	Sport & Leisure.....................	11.1	11.9	13.5	11.9	14.2	5.2%

11	Kiosks	12.1	15.1	12.1	11.0	10.5	0.6%
	Total	**166.0**	**179.0**	**250.2**	**194.1**	**208.6**	**100.0%**
External Tenants and Internal Tenants							
1	External Tenants	116.5	127.8	182.0	139.1	143.1	56.0%
2	Internal Tenants	49.5	51.1	68.2	55.0	65.5	44.0%
	Total	**166.0**	**179.0**	**250.2**	**194.1**	**208.6**	**100.0%**

Salaam Mall (Jeddah)

Salaam Mall is the Company's sixth largest mall based on revenue, with total revenue of SAR 101.0 million for the nine month period ended 30 September 2023 or 5.9% of the Company's total revenue. For the year ended 31 March 2022, Salaam Mall generated a total revenue of SAR 140.8 million, which accounted for 6.9% of the Company's total revenue.

As at 30 September 2023 Salaam Mall had 199 tenants which collectively occupied 308 retail units. The average occupancy rate for the nine month period ended 30 September 2023 was 87.5% with a footfall of 5.6 million, and for the year ended 31 March 2022, the average occupancy rate was 79.6% with a footfall of 5.9 million.

Salaam Mall is distinguished by its blend of high-end retail and leisure facilities, which include Zara and Home Centre. It has a central, triple floor food court with an entertainment area in the centre of the mall.

An overview of the tenant mix of Salaam Mall is set out in the table below:

Overview of the Tenant Mix of Salaam Mall (Jeddah)

		Rental revenue (SAR millions)					
		Nine month ended		**Year ended**			
No.	**Tenant Type**	**30 Sep 2022**	**30 Sep 2023**	**31 Mar 2020**	**31 Mar 2021**	**31 Mar 2022**	**% of total GLA (30 September 2023)**
1	Apparel, Shoes, Accessories	40.2	33.8	80.5	54.8	51.8	33.1%
2	Department Store	3.7	3.0	0.4	2.9	1.7	4.7%
3	Entertainment	2.5	6.1	0.0	0.6	10.9	14.7%
4	Food & Beverages	8.8	9.1	18.8	12.7	12.3	6.2%
5	Furniture and Home Fashions	4.7	4.4	17.8	8.5	6.5	6.3%
6	Health & Personal care	12.7	12.9	23.9	16.3	17.4	6.7%
7	Home Electronics and appliances	0.6	0.5	-0.1	1.0	1.1	0.3%
8	Hypermarket/Supermarket	4.8	4.9	6.7	6.5	6.5	14.7%
9	Services	2.3	2.8	0.2	0.9	1.5	9.4%
10	Sport & Leisure	1.9	2.5	6.4	3.5	3.6	2.3%
11	Kiosks	9.1	11.1	13.0	11.0	11.7	1.7%
Total		**91.3**	**91.2**	**167.6**	**118.7**	**125.1**	**100.0%**
External Tenants and Internal Tenants							
1	External Tenants	76.1	80.3	141.8	102.0	97.6	75.0%
2	Internal Tenants	15.2	10.9	25.8	16.7	27.5	25.0%
Total		**91.3**	**91.2**	**167.6**	**118.7**	**125.1**	**100.0%**

Jeddah Park (Jeddah)

Located in Jeddah, Jeddah Park opened in 2021. Jeddah Park generated total revenue of SAR 13.1 million for the nine month period ended 30 September 2023 or 0.8% of the Company's total revenue. Jeddah Park generated total revenue of SAR 14.8 million for the year ended 31 March 2022 or 0.7% of the Company's total revenue.

As at 30 September 2023 Jeddah Park had 127 tenants which collectively occupied 248 retail units. The occupancy rate for the nine month period ended 30 September 2023 was 69.9% with a footfall of 7.1 million. The period end occupancy rate for the year ended 31 March 2022 was 73.4% with a footfall of 1.4 million.

The Company entered into a head lease agreement for Jeddah Park on 4 March 2019 (for both the building and the land). Jeddah Park is a mall located in Jeddah which was not constructed by the Company. In

October 2020, the Company re-negotiated this lease agreement into an operational management agreement and under its terms, the Company is entitled to receive a specified percentage of the annual net revenue generated from Jeddah Park.

Jeddah Park provides a food and beverage offering which includes various fine dining options, which are complemented by a wide range of entertainment choices, including a cinema.

Nakheel Mall (Riyadh)

Located in Riyadh, Nakheel Mall opened in 2014 and is the Company's second largest mall based on revenue with total revenue of SAR 206.7 million for the nine month period ended 30 September 2023 or 12.1% of the Company's total revenue. For the year ended 31 March 2022, Nakheel Mall generated a total revenue of SAR 233.1 million, which accounted for 11.4% of the Company's total revenue.

As at 30 September 2023 Nakheel Mall had 201 tenants that collectively occupied 378 retail units. The average occupancy rate for the nine month period ended 30 September 2023 was 97.1% with a footfall of 8.9 million, and for the year ended 31 March 2022, the average occupancy rate was 91.8% with a footfall of 9.1 million.

Nakheel Mall is anchored by Zara and Virgin Megastores. Its retail units offer a broad blend of international brands. There is also a double floor height food court, fine dining and casual dining options as well as an entertainment area (including an indoor soft play area). In September 2020 the Nakheel Mall Extension Phase 1 opened, bringing an additional 16,000 square metres of GLA. This extension included a 13-screen cinema and additional commercial outlets.

An overview of the tenant mix of Nakheel Mall is set out in the table below:

Overview of the Tenant Mix of Nakheel Mall (Riyadh)

		Rental revenue (SAR millions)					
		Nine month ended		Year ended			
No.	**Tenant Type**	**30 Sep 2022**	**30 Sep 2023**	**31 Mar 2020**	**31 Mar 2021**	**31 Mar 2022**	**% of total GLA (30 September 2023)**
1	Apparel, Shoes, Accessories	81.1	92.0	103.0	96.9	108.7	44.7%
2	Department Store	2.6	2.8	0.0	0.0	0.0	2.4%
3	Entertainment	10.3	7.8	4.5	6.2	8.2	15.6%
4	Food & Beverages	24.0	21.6	18.4	25.9	29.6	13.4%
5	Furniture and Home Fashions	3.0	3.4	2.7	2.1	1.8	1.8%
6	Health & Personal care	25.1	26.1	27.5	28.3	32.9	7.5%
7	Home Electronics and appliances	0.9	2.9	0.0	2.5	2.4	2.6%
8	Hypermarket/Supermarket	0.0	0.0	0.0	0.0	0.0	0.0%
9	Services	1.5	1.5	1.4	1.6	1.4	4.2%
10	Sport & Leisure	8.3	8.8	8.6	9.0	10.9	5.0%
11	Kiosks	18.3	20.1	13.3	9.9	13.2	2.8%
Total		**175.1**	**187.0**	**179.2**	**182.5**	**209.0**	**100.0%**
External Tenants and Internal Tenants							
1	External Tenants	115.2	126.1	113.4	117.8	138.6	46.2%
2	Internal Tenants	59.9	60.9	65.8	64.7	70.3	53.8%
Total		**175.1**	**187.0**	**179.2**	**182.5**	**209.0**	**100.0%**

Regional Malls

Aziz Mall (Jeddah)

Located in Jeddah in the densely populated Al Faysaliyah District, Aziz Mall opened in 2005 and is the Company's eleventh largest mall based on revenue, with total revenue of SAR 79.1 million for the nine month period ended 30 September 2023 or 4.6% of the Company's total revenue. For the year ended 31 March 2022, Aziz Mall generated a total revenue of SAR 113.9 million, which accounted for 5.6% of the Company's total revenue.

As at 30 September 2023 the Aziz Mall had 168 tenants that collectively occupied 248 retail units. The average occupancy rate for the nine month period ended 30 September 2023 was 78.6% with a footfall of

4.3 million, and for the year ended 31 March 2022, the average occupancy rate was 95.3% with a footfall of 5.7 million.

Aziz Mall is anchored by a first floor hypermarket and includes a diverse selection of international brands. The mall also features a food court that is anchored by a large family entertainment centre (which includes Billy Beez and Sparky's entertainment) and a diverse selection of coffee retail units.

Noor Mall (Madinah)

Located in the Sultanah District in Madinah, Noor Mall is the Company's eighth largest mall based on revenue, with total revenue of SAR 91.2 million for the nine month period ended 30 September 2023 or 5.3% of the Company's total revenue. For the year ended 31 March 2022, Noor Mall generated a total revenue of SAR 108.9 million, which accounted for 5.3% of the Company's total revenue.

As at 30 September 2023, Noor Mall had 159 tenants that collectively occupied 251 retail units. The average occupancy rate for the nine month period ended 30 September 2023 was 96.0% with a footfall of 5.2 million, and for the year ended 31 March 2022, the average occupancy rate was 92.2% with a footfall of 4.4 million.

Noor Mall has a blend of international retail brands and a large combination of entertainment and dining options (including casual dining as part of its food court). The mall also features an entertainment centre area and a hypermarket.

Yasmin Mall (Jeddah)

Situated in the north-east region of Jeddah, Yasmin Mall opened in 2016 and as at 30 September 2023 had 182 tenants that collectively occupied 287 retail units. The average occupancy rate for the nine month period ended 30 September 2023 was 95.3% with a footfall of 4.6 million, and for the year ended 31 March 2022, the average occupancy rate was 89.4% with a footfall of 4.9 million.

Yasmin Mall includes a range of international retail brands as well as a food court (with casual dining), fine dining options and a supermarket. The mall also features a number of entertainment facilities, including Octo, an amusement park.

Hamra Mall (Riyadh)

Located along a major transverse highway in Riyadh, Hamra Mall opened in 2016 and as at 30 September 2023 had 132 tenants that collectively occupied 223 retail units. The average occupancy rate for the nine month period ended 30 September 2023 was 97.2% with a footfall of 4.1 million, and for the year ended 31 March 2022, the average occupancy rate was 96.2% with a footfall of 5.5 million.

Hamra Mall features a variety of leading retail brands, a food court (providing casual dining) as well as an entertainment area (featuring Billy Beez). Its key brands include Zara and Centrepoint.

Ahsa Mall (Hofuf)

Ahsa Mall is a major shopping mall located in the eastern district of Hofuf city. Ahsa Mall opened in 2010 and as at 30 September 2023 had 106 tenants that collectively occupied 152 retail units. The average occupancy rate for the nine month period ended 30 September 2023 was 86.3% with a footfall of 2.5 million, and for the year ended 31 March 2022, the average occupancy rate was 77.8% with a footfall of 2.5 million.

Ahsa Mall features a broad tenant mix, which features local and international brands serving a diverse range of shopping needs. The mall also features a 10-metre high entertainment area for soft play as well as a food court providing casual dining.

Salaam Mall (Riyadh)

Located in the south-western district of Riyadh, Salaam Mall opened in 2005 and as at 30 September 2023 had 107 tenants that collectively occupied 164 retail units. The average occupancy rate for the nine month period ended 30 September 2023 was 95.1% with a footfall of 4.0 million, and for the year ended 31 March 2022, the average occupancy rate was 99.9% with a footfall of 2.1 million.

Salaam Mall (Riyadh) features a hypermarket as its principal Anchor Tenant, together with many other retail units such as Zara and Lefties, a wide coffee outlets selection, a food court and an entertainment zone for children.

Jouri Mall (Taif)

Located on the eastern side of Taif, Jouri Mall opened in 2015 and as at 30 September 2023 had 151 tenants that collectively occupied 229 retail units. The average occupancy rate for the nine month period ended 30 September 2023 was 96.1% with a footfall of 4.3 million, and for the year ended 31 March 2022, the average occupancy rate was 98.1% with a footfall of 3.4 million.

Jouri Mall features a broad range of retail brands, as well as a number of entertainment facilities including a Billy Beez soft play area and indoor children's entertainment area. The mall also has a food court providing casual dining.

Makkah Mall

Located in Makkah, Makkah Mall opened in 2011 and as at 30 September 2023, had 187 tenants that collectively occupied 281 retail units. The average occupancy rate for the nine month period ended 30 September 2023 was 99.1% with a footfall of 3.9 million, and for the year ended 31 March 2022, the average occupancy rate was 97.8% with a footfall of 4.1 million.

Makkah Mall is one of the largest malls in Makkah by GLA. Anchored by a diverse selection of international brands and featuring a hypermarket, food court (providing casual dining) and a Billy Beez soft play park area, the mall represents an attractive destination for Makkah residents and religious tourists. Makkah Mall also functions as a shopping hub and an entertainment centre for many locals in the city due to its convenient location, premier brands and entertainment options for families.

The View Mall (Riyadh)

Located in a prime, strategic location in Riyadh, The View opened in November 2021. As at 30 September 2023, it had 125 tenants that collectively occupied 193 retail units. The average occupancy rate for the nine month period ended 30 September 2023 was 89.8% with a footfall of 4.3 million, The average occupancy rate for the year ended 31 March 2022 was 24.6% with a footfall of 0.1 million.

The View Mall generated total revenue of SAR 73.4 million for the nine month period ended 30 September 2023 or 4.3% of the Company's total revenue. For the year ended 31 March 2022, the View Mall generated a total revenue of SAR 20.9 million, which accounted for 1.0% of the Company's total revenue.

The View provides a modern shopping and entertainment experience for residents in central and eastern Riyadh. It houses 170 commercial units and a wide range of international and local brands. The mall features indoor and outdoor seating area, a large Cineplex, together with integrated entertainment and food and beverage spaces.

Nakheel Mall (Dammam)

Located in King Fahd Road, Dammam, Nakheel Mall opened in 2019 and as at 30 September 2023, had 182 tenants that collectively occupied 314 retail units. The average occupancy rate for the nine month period ended 30 September 2023 was 96.4% with a footfall of 6.9 million, and for the year ended 31 March 2022, the average occupancy rate was 93.4% with a footfall of 4.0 million.

Nakheel Mall is one of the largest malls in Dammam and the eastern province of Saudi Arabia. It has a broad tenancy mix and it houses a wide variety of international and domestic retail chains. The mall features a Cineplex, a food court and entertainment spaces.

U-Walk (Riyadh)

Located in Prince Turki Al-Awal street in Riyadh, U-Walk mall opened in 2019 and as at 30 September 2023, had 49 tenants that collectively occupied 96 retail units. The average occupancy rate for the nine month period ended 30 September 2023 was 90.1% with a footfall of 4.9 million, and for the year ended 31 March 2022, the average occupancy rate was 94.3% with a footfall of 3.5 million.

U-Walk features a broad range of retail offerings, together with a Cineplex, fitness centre and several entertainment and food spaces.

Nakheel Plaza (Qassim)

Strategically located in the centre of Qassim, Nakheel Plaza was opened in 2004 and as at 30 September 2023, the mall had 99 tenants that collectively occupied 140 retail units. The average occupancy rate for the nine month period ended 30 September 2023 was 90.9% with a footfall of 2.2 million, and for the year ended 31 March 2022, the average occupancy rate was 92.6% with a footfall of 2.4 million.

Nakheel Plaza offers a mix of retail, food and entertainment (including a Sparky's entertainment park) facilities and is considered a key family destination in Qassim. The brand selection provides a blend of local and international retailers. The main Anchor Stores for the mall are City Max and Zara.

U Walk Jeddah (Jeddah)

On 15 December 2023, the Company initiated the soft-opening of U Walk Jeddah. U Walk Jeddah marked its grand opening and became fully operational on 15 February of 2024. U Walk Jeddah is a leasehold development built on an area of 161,500 square metres with a total GLA of 61,000 square metres. U Walk Jeddah features an indoor retail boulevard, a leisure district, a nearly 2 kilometre long open-air promenade with landscaped gardens and a choreographed fountain system. Approximately 136 shops can be situated within U Walk Jeddah and the mall mix is expected to comprise of predominantly retail spaces and food and beverage spaces, with the rest comprising of entertainment spaces, including a cinema as well as indoor and outdoor entertainment.

As at 31 December 2023, U Walk Jeddah has secured approximately 80% pre-let occupancy from tenants.

Community Malls

Haifa Mall (Jeddah)

Strategically located in Jeddah's famous Palestine Street and Madina Road, Haifa Mall opened in 2011 and as at 30 September 2023, Haifa Mall had 96 tenants that collectively occupied 138 retail units. The average occupancy rate for the nine month period ended 30 September 2023 was 83.7% with a footfall of 2.6 million, and for the year ended 31 March 2022, the average occupancy rate was 77.8% with a footfall of 2.5 million.

Haifa Mall is anchored by leading fashion brands and features entertainment facilities (including a Billy Beez soft play area) and a palm lined central plaza with coffee retail units. The mall also features a supermarket and a food court (providing casual dining).

Tala Mall (Riyadh)

Strategically situated in the centre of Riyadh, the Company leased and redeveloped Tala Mall in 2014. As at 30 September 2023, Tala Mall had 74 tenants that collectively occupied 102 retail units. The average occupancy rate for the nine month period ended 30 September 2023 was 89.0% with a footfall of 2.6 million, and for the year ended 31 March 2022, the average occupancy rate was 84.7% with a footfall of 3.3 million.

Tala Mall features a mix of international and local brands. It provides a broad range of facilities. The mall also includes a food court with casual dining options as well as family entertainment areas like Billy Beez and Sparky's.

Jubail Mall (Jubail)

Located near the Jubail famous roundabout, Daowwal al Kareeb and Jubail Mosque, Jubail Mall opened in 2015 and as at 30 September 2023, had 45 tenants that collectively occupied 76 retail units. The average occupancy rate for the nine month period ended 30 September 2023 was 57.8% with a footfall of 0.8 million, and for the year ended 31 March 2022, the average occupancy rate was 82.6% with a footfall of 0.5 million.

Jubail Mall features a variety of leading fashion brands, a supermarket, a food court (providing casual dining) as well as entertainment facilities including a Billy Beez soft play area.

Sahara Plaza (Riyadh)

Located in the King Fahad neighbourhood in Riyadh, Sahara Plaza is the Company's first mall, having opened in 2002 in Riyadh, which was transferred to the Company in 2005.

As at 30 September 2023, Sahara Plaza had 2 tenants that collectively occupied 2 retail units. The average occupancy rate for the nine month period ended 30 September 2023 and for the year ended 31 March 2022 was 100% and 100% respectively.

The mall features a variety of fashion retail outlets, a food court, cafeteria and a children's playground.

FUTURE PLANS AND GROWTH OPPORTUNITIES

Malls Under Construction

As at the date of this Offering Circular, the following projects are under development or construction and are expected to be completed and become operational by the date shown in the tables below.

Malls under construction

	Location	Expected GLA	Expected Opening Date
Jawharat Riyadh	Riyadh	183,000	2025
Jawharat Jeddah	Jeddah	109,000	2025
Jubail Marina Mall	Jubail	30,000	2024
U Walk Qassim	Qassim	70,000	2026
Murcia Mall Riyadh	Riyadh	45,000	2027
Jawharat Al Khobar	Khobar	160,000	2027

Source: Company information

Jawharat Riyadh

Jawharat Riyadh is a freehold development intended to be the Company's flagship shopping and urban lifestyle destination, aimed at offering a next generation retail experience for visitors. Approximately 370 shops can be situated within the development, which is expected to extend across over 183,000 square metres, comprising approximately 55% in GLA allocated towards food and beverage and entertainment spaces, with the remaining 45% being attributed towards retail spaces. Jawharat Riyadh will feature a luxury district, leisure district and several pavilions. Moreover, the Company intends to provide elevated levels of service to visitors of Jawharat Riyadh, which shall include, amongst others, concierge, valet and personal shopping offerings.

Jawharat Jeddah

Jawharat Jeddah is a freehold development intended to be one of the Company's flagship malls, aimed at offering a next generation retail experience for visitors. Approximately 190 shops can be situated within the development, which is expected to extend across over 109,000 square metres, comprising approximately 30% of GLA in retail spaces, 18 to 20% in luxury spaces and the remaining 50% in food and beverage and entertainment spaces. Jawharat Jeddah will feature a public area, modern landscaping and entertainment spaces, together with a large cinema. Moreover, the Company intends to provide elevated levels of service to visitors of Jawharat Jeddah, which shall include, amongst others, concierge, valet and personal shopping offerings.

Jubail Marina Mall

Jubail Marina Mall is a mixed-use development that will be held under an operational management agreement. Pursuant to a management and operation agreement signed in April 2022, the Company has undertaken to lease, manage, operate and carry out maintenance works at Jubail Marina Mall on behalf of

Alghanim International and to its account, in accordance with the generally accepted professional standards in the field, in return for a percentage of the centre's annual revenues. It will offer several anchor stores, a cinema, gaming hub and several food and beverage options. Moreover, the development will include several yacht berths, hotel facilities, residential and commercial spaces, all extending across over 30,000 square metres.

U Walk Qassim

U Walk Qassim is a freehold development that will consist of a mixture of indoor and outdoor retail spaces extending over 70,000 square metres. Approximately 135 shops can be situated within the development which is expected to comprise approximately 50% of GLA in retail spaces, with the remaining 50% allocated towards food and beverage and entertainment spaces.

Murcia Mall Riyadh

Murcia Mall is a leasehold development which the Company will operate and manage pursuant to a joint venture with the National Housing Company ("**NHC**"), Saudi Arabia's largest real estate developer. On 18 June 2022, the Company and NHC agreed to establish the joint-venture with a paid-in capital of SAR 130 million and a term of 28 Gregorian years. NHC has leased the designated land plot to the joint-venture for the purpose of development, with the lease valued at approximately SAR 340 million and to be paid in annual instalments. Murcia Mall is expected to have 45,000 square metres of GLA and will host 150 commercial units. A cineplex, hypermarket, and other services will also be available, together with approximately 3,500 parking spaces.

Jawharat Al Khobar

Jawharat Al Khobar is a leasehold development intended to be one of the Company's flagship malls. Approximately 380 shops can be situated within the development, which is expected to extend across over 160,000 square metres located north of Al-Khobar city in Al-Kurnaish district. Jawharat Al-Khobar will offer a range of retail and lifestyle experiences including access to premium facilities, luxury retail brands, a broad range of dining concepts and entertainment offerings.

Land plots for Malls under Development

In relation to the malls under development, the Company either: (i) owns; (ii) has leased on a long-term basis; or (iii) has entered into joint-venture arrangements for the purposes of acquiring plots of land for the construction of five additional malls expected to open over the course of the next three years. In addition, the Company will manage another mall (Jubail Marina Mall) under an operational agreement. All of these additional projects and arrangements are expected to increase the Company's total GLA by approximately 600,000 square metres.

The table below shows certain information in relation to the new malls being built on the five additional plots of land (excluding Jubail Marina Mall), including their expected opening dates as at the date of this Offering Circular.

Plots of land for malls under development

Land and Name	Location	Project Land Area	Expected GLA	Expected opening date	Owned/Leased	Lease Amount	Lease End Date	Construction costs incurred (30 September 2023) (excluding land cost)	Project status (Stage 1 – 5)
U Walk Qassim	Qassim	400,000	70,000	2026	Freehold	n/a	n/a	187,918,480	Stage 4 (Construction Phase)
Jawharat Riyadh(1)	Riyadh	524,500	183,000	2025	Freehold	n/a	n/a	722,071,887	Stage 4 (Construction Phase)
Jawharat Jeddah(2)	Jeddah	170,750	109,000	2025	Freehold	n/a	n/a	247,581,280	Stage 3 (Design Development)
Murcia Mall	Riyadh	179,504	45,000	2027	Leasehold	n/a	26/05/1462H (corresponding 09/06/2049G)	3,743,212	Stage 3 (Design Development)

Land and Name	Location	Project Land Area	Expected GLA	Expected opening date	Owned/Leased	Lease Amount	Lease End Date	Construction costs incurred (30 September 2023) (excluding land cost)	Project status (Stage 1 – 5)
Jawharat Al Khobar	Khobar	300,000	160,000	2027	Leasehold	879,778,125	03/11/1474H (corresponding 30/06/2052)	n/a	Stage 3 (Design Development)

Source: Company information

(1) *The Jawharat Riyadh plot has been acquired by the Riyad Real Estate Development Fund – Jawharat AlRiyadh, pursuant to a joint venture between the Company and Riyad Capital.*

(2) *The Jawharat Jeddah plot has been acquired by the Riyad Real Estate Development Fund – Jawharat Jeddah, pursuant to a joint venture between the Company and Riyad Capital.*

COMPETITION

The commercial retail leasing industry in Saudi Arabia is competitive, and the Company expects competition to continue to increase and intensify in the future. The Company faces significant competition in various aspects of its business. There is strong competition for prime properties that are suitable for shopping centres from both existing mall operators and potential new entrants, especially from those offering new competing forms of entertainment, including cinemas. The Company also competes with other mall operators for tenants and to attract visitors to its malls.

The Company's largest competitors are other operators owning portfolios of mall properties. Other operators' properties may be weighted more towards one category of mall (for example, most of the properties of the Company's next-largest competitor are weighted towards regional centres, and several competitors have multiple properties in the neighbourhood mall category) or have a different focus (for example, one smaller competitor focuses more on supermarket and hypermarket tenants than fashion and retail).

See "*Risk Factors—Risks Relating to the Company's Business and Activities— The Company operates in a highly competitive environment, and the Company may not be able to compete effectively in the future*".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Framework

The Company has developed an ESG policy for the implementation of technology and energy efficiency solutions, LEED building standards, solar energy, water recycling, water treatment systems and waste management systems to reduce carbon dioxide omissions. The ESG policy aligns with the Company's efforts under a coherent framework that targets educational and career development for the communities in which it operates, including investing in young Saudi nationals through its Mall Proof of Concept program (described below). The new ESG policy aims to provide access to well-paying and fulfilling employment through training and development, and enhance workplace environments for safe, productive and satisfying careers.

The new framework will also include new methods of tracking environmental impact, including, for example, measuring the Company's carbon footprint through the installation of BMS across its entire portfolio of shopping centres to efficiently monitor its power and lighting systems, heating, ventilation and air conditioning systems, plumbing and firefighting. Moreover, in 2022, the Company published its inaugural sustainability report detailing the strategy, objectives and progress made by the Company's towards its long-term sustainability ambitions.

Environmental

The Company aims to operate its existing malls and construct new developments using environmentally friendly and sustainable methods. The Company uses sustainable materials and SMART system that contribute to energy efficiency. The Company also implements environmental solutions (including recycling, greywater recycling and using trash compactors and cardboard bailers) and intends to use solar energy in its new mall developments. The Company has completed the implementation of a solar power plant on the roof of Hamra Mall, generating 2 megawatts of energy. The Company seeks to adhere to high environmental standards as well as the guidelines set by the ASHRAE. Moreover, in December 2023, the

Company entered into a renewable energy development agreement with FAS Energy and Marubeni Corporation to install solar panels across 13 of its malls, including roofs and carports, with a proposed total capacity of 52 megawatt peak. Once fully deployed, the solar panel installations are expected to reduce the Company's carbon dioxide emissions by 53,000 tons annually and generate up to 15% of its electricity consumption. Pursuant to the agreement, solar panels will be deployed for a twenty-year period on the roofs of the selected malls. The Company plans to initiate the installation process in phases, starting with sites in Riyadh in 2024, followed by additional locations across the Kingdom throughout 2024 and 2025.

Social

The Company pursues a number of social initiatives. For example, in 2019 and 2020 the Company cooperated with a variety of institutions to provide training programs to local youth across its operational footprint, including its Mall Proof of Concept program, which was delivered to young Saudi entrepreneurs. The program offers insights into experimental entrepreneurial concepts in shopping centres and dedicates platforms for Saudi start-ups that enable them to present new ideas. In addition, the Company partners with a variety of organisations, including the Ministry of Human Resource and Social Development, to address a variety of social issues including through the provision of work experience placements for Saudi nationals. The Company also collaborated with Al-Eradah Society for Talented Special Needs Individuals by providing spaces inside its malls to host the society's events and activities.

Governance

In terms of governance, the Company maintains a robust framework by which it directs and supervises its operations. The Company relies on its Board of Directors and board committees to oversee operations, with the welfare of all stakeholders in mind, to maintain tight internal controls, ensure compliance with all relevant laws and regulations and govern the Company through risks and against corruption. In 2020, a corporate governance manual was prepared in line with CMA regulations and benchmarked against globally recognised governance frameworks and practices. The manual includes the following policies, procedures and regulations:

- Board of Directors policies and procedures;
- Board of Directors conflict of interest policy;
- Board of Directors committee principles and policies;
- Monitoring, assessment, internal and external audit and internal control policies;
- General Assembly policies;
- Dividend distribution policy;
- Shareholder communication policies;
- Disclosure and transparency policies;
- Audit Committee charter;
- Nomination and Remuneration Committee charter; and
- Corporate social responsibility policy.

See "*Management, Corporate Governance and Principal Shareholders*".

The Company has also adopted a related party transactions policy to ensure compliance with its legal obligations with respect to related party transactions and to promote best practice standards of corporate governance and transparency. This policy requires that all related party transactions are subject to a process of internal review involving management, the Company's internal audit function, the Audit Committee and the Board (with only "non-interested" Directors being entitled to vote) before being recommended for approval by a majority of the non-interested Shareholders at a General Assembly of the Company. See "*Related Party Transactions—Related Party Transactions Policy*".

The Company also maintains effective channels for grievance communications, including multiple routes for staff across the business to communicate and raise issues with members of the senior management team. There is also a whistle-blowing policy in place that provides routes through which staff are able to raise concerns.

ENVIRONMENTAL MATTERS AND SAFETY

Under various laws, ordinances and regulations in Saudi Arabia, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws can result in a party being obliged to pay for greater than its share, or even all, of the liability involved. Such liability may also be imposed without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. As at the date of this Offering Circular, the Company is not aware of any contamination by hazardous or toxic substances on its properties. See "*Risk Factors—The Company faces risks relating to environmental, health or occupational safety matters*".

EMPLOYEES

As of 30 September 2023, the Company had 699 employees, all of whom were permanent employees.

The following table outlines the Company's total number of employees for each of the below periods:

Employees	As of 30 Sep 2022	As of 31 Dec 2022	As of 30 Sep 2023	As of 31 Mar 2020	As of 31 Mar 2021	As of 31 Mar 2022
Permanent employees..............................	694	706	699	575	579	684

Compliance with Saudisation requirements is a local regulatory requirement providing that all companies active in Saudi Arabia, including the Company, employ and maintain a certain ratio of Saudi personnel among their staff. The percentage of Saudi workers varies on the basis of a company's activities. The Company has been classified under the "Green" category, which means that the Company complies with the current Saudisation requirements, which allow compliant companies to secure work visas. As at 30 September 2023, 72.2% of employees of the Company were Saudi nationals. The Company has obtained the relevant certificate to this effect from the Ministry of Human Resources and Social Development.

INTELLECTUAL PROPERTY

The Company and its Subsidiaries have registered a number of trademarks on which they rely as a brand for their respective businesses. The Company and its Subsidiaries rely on these trademarks to ensure the success of their businesses and support their competitive position in the market. Therefore, if the Company or its Subsidiaries fail to protect their trademarks or any of them is forced to take legal action necessary to protect the same, this could, if the action is not successful, have an adverse effect on their ability to use them, which would affect their businesses and results of operations. See "*Risk Factors— The competitive position of the Company depends on its ability to continue using certain trademarks on which it relies and to protect its rights related to such trademarks against any illegal use of such trademarks by third parties*".

As at the date of this Offering Circular, the "Arabian Centres", "Cenomi Centers" trademark and certain other trademarks derived from the "Arabian Centres" and "Cenomi Centers" brands have been registered. The Company has registered a number of internet domain names, including for each of its malls.

In addition to its proprietary trademarks, the Company relies on licensing agreements for various external software applications for the management of its operations. This includes, Yardi, a property management system which the Company utilises for facilitating the efficient management of all of the Company's malls while enabling the Company to better engage with and serve tenants. Other software utilised by the Company under license include, Microsoft Office Suite, OneDrive, Infor and Azure, amongst others.

INSURANCE

The Company maintains insurance policies covering different types of risks to which it may be exposed, including comprehensive general liability insurance, money insurance, property insurance and insurance against terrorism and sabotage. The Company believes that its current insurance coverage is appropriate for its business, in respect of its level and applicable excesses and deductibles. The Company does not have any material outstanding insurance claims.

LEGAL PROCEEDINGS

The Company is not involved in any litigation, lawsuits, actual or possible complaints, or existing investigations, which would, individually or collectively, have a material effect on the Company or its Subsidiaries, nor is it aware of any threatened or pending material litigation, or any facts which may, individually or collectively, give rise to a risk of material litigation. See "*Risk Factors—Real estate ownership in Saudi Arabia gives rise to a number of issues, in particular disputes over ownership and title given the absence of a centralised land registry*."

MANAGEMENT, CORPORATE GOVERNANCE AND PRINCIPAL SHAREHOLDERS

BOARD OF DIRECTORS

Under the Company's bylaws, the Board of Directors shall be comprised of 9 directors appointed by the General Assembly by means of cumulative voting. The Companies' Law, corporate governance regulations, and the Company's bylaws and corporate governance manual determine the duties and responsibilities of the Board of Directors.

The following table sets out the names of the Board of Directors as at the date of this Offering Circular:

Company's Board of Directors

Name	Age	Position	Responsibility
Fawaz Abdulaziz Fahad Alhokair	59	Chairman of the Board	Non-Executive
Salman Abdulaziz Fahad Alhokair	56	Vice Chairman of the Board	Non-Executive
Mohamad Rafic Mourad	49	Managing Director	Executive
Abdulrahman Abdulaziz Al Tuwaijri	68	Independent Non-Executive Director	Non-Executive
Abdulmajid Abdullah Albasri	37	Non-Executive Director	Non-Executive
Kamel Badih Al Qalam	58	Non-Executive Director	Non-Executive
Johan Henri Brand	62	Independent Non-Executive Director	Non-Executive
Khalid Abdullah Alsweilem	67	Independent Non-Executive Director	Non-Executive
Turki Saud Al-Dayel	39	Independent Non-Executive Director	Non-Executive

Source: Company information

The following is a brief description of the experience of the Company's directors:

Fawaz Abdulaziz Alhokair

Fawaz Abdulaziz Alhokair is the chairman of the Board of Directors. He is the founder of the Fawaz Alhokair Company and serves in a variety of roles, including board chairman at Saudi FAS Holding Company and Marakez Egypt. Since 1991, he has served as an executive at a number of companies operating in the trading, real estate investment, contracting and technology sectors. He received a Bachelor's degree in economics and accounting from Loughborough University in 1989 and an honorary doctorate degree in economics and accounting from Loughborough University in 2008.

Salman Abdulaziz Alhokair

Salman Abdulaziz Alhokair is the vice chairman of the board and managing director of the Company. He leads the Fawaz Alhokair Company's real estate business. He has held numerous executive and board positions in the retail, trading, construction, real estate and food and entertainment sectors, among others since 1992. He received his Bachelor's degree in architectural engineering from King Saud University in 1990.

Mohamad Rafic Mourad

Mohamad Rafic Mourad is the managing director and served as interim chief executive officer of the Company until 20 August 2022. Previously, he served for nearly 10 years at Google as the Managing Director for the Middle East and North Africa, before taking on a global role at Google headquarters in Silicon Valley. More recently, he served as a Vice President at Instacart, a leading on-demand e-commerce company in North America. Prior to that, he was in management consulting at Booz & Company (now Strategy&), focusing on M&A and Corporate Development. He has an in-depth knowledge of the Saudi Arabian market, having spent more than 10 years in Saudi Arabia and served the market across various regional and global roles. He received a Bachelor of Science with Honours from Lebanese American University, Lebanon in 1994 and an MBA from INSEAD, France in 2001.

Abdulrahman Abdulaziz Al Tuwaijri

Abdulrahman Abdulaziz Al Tuwaijri is a director of the Company. He currently owns Doctor Abdulrahman Al Tuwaijri Economic Consulting Office, which operates in the consulting sector. He is also currently chairman of the board of Al Hanaf United Trading Company, which operates in the capital investments sector. In the past he has worked at King Saud University, the Golf Cooperation Council, the International Monetary Fund, the Supreme Economic Council, Aramco, the Board of the Middle East Financial Investment Company and the CMA. He received a Bachelor's degree in economics from King Saud University in 1978 and a Doctorate in economics from Iowa State University in 1985.

Abdulmajid Abdullah Albasri

Abdulmajid Abdullah Albasri is a director of the Company. He has more than 17 years of experience in auditing, financial analysis, portfolio management and financial management. He is currently the chief financial officer at Fawaz Abdulaziz Alhokair Co., operating in the real estate development sector. He previously served as the treasurer at Fawaz Abdulaziz Alhokair Co. and as a portfolio manager at SAMBA Capital. He received a Bachelor's degree in Business Administration from James Madison University, a Masters in economics from the University of Connecticut and a Masters of applied financial mathematics from the University of Connecticut.

Kamel Badih Al Qalam

Kamel Badih Al Qalam is a director of the Company. He is currently the managing director at Fawaz Abdulaziz Alhokair and Co. Real Estate, operating in the real estate development sector. He also serves on the board for various entities primarily in the real estate, engineering and entertainment sectors, including FAS Saudi Holding, Marakez for Real Estate Investment and Support Human Resources Company. He received a Bachelor's degree in architectural engineering from the University of North Carolina in 1988 and a Master's degree in civil engineering from the University of North Carolina in 1990.

Johan Henri Brand

Johan Henri Brand is a director of the Company. He has more than 36 years of experience in the fields of marketing management, executive search and leadership advisory. He is currently the managing director of Johan Brand Leadership Advisory DWC-LLC., a management advisory company. He previously served as a partner and consultant at Egon Zehnder, head of marketing at Pepsi Cola International and as a brand manager at P&G Benelux. He attended Erasmus University Rotterdam where he received a Master's in private law and corporate law in 1985 and a Master's in business economics in 1986.

Khalid Abdullah Alsweilem

Khalid Abdullah Alsweilem is a director of the Company. He has more than 31 years of experience in economics and investment banking. He is currently the chairman of the board of directors at Ashmore Saudi Arabia, a non-resident fellow at the Belfer Center, Harvard Kennedy School and a visiting scholar at Stanford University. He previously served as the chief counsellor and head of investment at the Saudi Arabian Monetary Agency (SAMA). He received a Bachelor's degree in industrial engineering from the University of Arizona, a Master's in economics from Boston University and a PhD in economics from the University of Colorado, Boulder.

Turki Saud Al-Dayel

Turki Saud Al-Dayel is a director of the Company. He has more than 15 years of experience in the field of investment banking. He is currently a managing director at Ninety-One Company, a global investment management company. He previously worked as the head of private equity at Raidah Investment Company, a vice president at Saudi Fransi Capital, an associate at Abraaj Capital, an associate at Riyadh Capital and an analyst at JP Morgan. He received a Bachelor's degree in finance from the King Fahd University of Petroleum and Minerals and an MBA from the University of Minnesota.

BOARD COMMITTEES

The Board of Directors have established the following board committees to improve the management of the Company. Each committee is required to adopt a charter which sets out its role, powers, responsibilities and meetings procedures for the purpose of discharging its duties.

The following is a summary of the structure, responsibilities and current members of each board committee:

AUDIT COMMITTEE

The Audit Committee consists of three members appointed by the Board of Directors for a period of three years. The current Audit Committee consists of Fahad Ibrahim Al-Khorayef (as independent chairman), Turki Saud Al-Dayel and Wissam Zouhair Mekahal.

The implementation of an effective internal control system is one of the responsibilities assigned to the Board of Directors. The main task of the Audit Committee is to verify the adequacy and effective implementation of the internal control system and to make any recommendations to the Board of Directors that would actuate and develop the system to achieve the Company's objectives. The Committee is also responsible for reviewing risk management policies, the annual risk report and risk reduction plans before presenting the same to the Board of Directors. The Committee is responsible for ensuring compliance with the Company's Corporate Governance Regulations and Practices issued by the Capital Market Authority and the Company's Corporate Governance Manual and Policy.

Members of the Audit Committee

For information on Turki Saud Al-Dayel, see "*Board of Directors—Turki Saud Al-Dayel*" above.

Fahad Ibrahim Al-Khorayef has worked in financial and business advisory services, including prior experience as Chief Risk Officer at Maceen Capital, Chief Risk Officer at Saudi Finance Company, Export Finance Manager at Al Khorayef Group and Manager at Samba Financial Group. He is currently also a member of the board of the Saudi Finance Company. He received a Bachelor's degree in Finance from King Saud University.

Wissam Zouhair Mekahal has worked in various financial services roles, including prior experience as a Manager at Arthur Andresen & Co, Partner at Deloitte Middle East and Executive Chairman (MENA) at the Macquarie Group. He has served in several board roles, including at Peninsula Real Estate, Anghami and at SALAMA – Islamic Arab Insurance Co. He received a Bachelor's degree in Business Banking and Finance from the Lebanese American University.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consists of three members appointed by the Board of Directors for a period of three years. The current Nomination and Remuneration Committee consists of Johan Henri Brand (as independent chairman), Kamel Badih Al Qalam and Abdulmajid Abdullah Albasri.

The main function of the Nomination and Remuneration Committee is to identify qualified candidates who are eligible for Board of Directors membership. The Committee is also responsible for assisting the Board in establishing a proper governance system and drafting the necessary policies and procedures.

Members of the Nomination and Remuneration Committee

For information on Johan Henri Brand, see "*Board of Directors—Johan Henri Brand*" above.

For information on Kamel Badih Al Qalam, see "*Board of Directors—Kamel Badih Al Qalam*" above.

For information on Abdulmajid Abdullah Albasri, see "*Board of Directors—Abdulmajid Abdullah Albasri*" above.

SENIOR MANAGEMENT

Senior Managers

Name	Age	Position
Alison Greer Rehill-Erguven	53	Chief Executive Officer
Frederik Foussat	51	Chief Financial Officer
Turki Al Zahrani	48	Chief Human Resources & Support Services Officer

Name	Age	Position
Ghassan Abu Mutier	48	Chief Development and Delivery Officer
Naji Fayad	57	Chief Internal Audit Officer
Khalid Al Janahi	35	Chief Leasing Officer
Lijo Kankapadan	52	Chief Technology and Information Officer
Karim Azmi	56	Chief Legal Officer
Livio Fabi	51	Chief Operating Officer – Central Region
Joao Diogo	49	Chief Operating Officer – Western Region

Source: Company information

Alison Greer Rehill-Erguven

Alison Rehill-Erguven was appointed as Chief Executive Officer of the Company effective from 21 August 2022. She has more than two decades of extensive shopping mall and real estate experience having been based in and managed in some of the world's most prominent emerging markets across Asia, Europe, and Latin America. In addition, she has more than 10 years of experience working in the US market with global industry-leading brands, General Growth Properties and Simon Property Group. Prior to joining the Company, she held the position of head of commercial real estate of Brookfield Properties based in Shanghai, China. Brookfield acquired Pradera Retail Asia (PRA), where she was formerly the CEO in 2016. Other experience also includes as Managing Director of Pradera Limited, a London-based private equity firm, specializing in retail real estate, with assets and employees across the UK, Europe, and Turkey. She received a Bachelor's degree in International Trade with honours from the Fashion Institute of Technology, State University of New York, in 1994.

Frederik Foussat

Frederik Foussat has served as the Company's Chief Financial Officer since April 2023. He has close to 30 years of experience working in the banking, audit, and corporate sectors. He previously held senior leadership roles in the commercial real estate industry with UK-based Grosvenor and UAE-based MAF Properties, where he was responsible for the finance, legal and procurement functions in the shopping malls business unit, managing a regional portfolio of operating shopping centres and development projects. Following his time at MAF Properties, he advised private holding companies on reorganization, corporate finance, and operational transformation projects. He obtained a MSc in Business Management in 1994 from the EDHEC Business School in Lille, France.

Turki Al Zahrani

Turki Al Zahrani has served as the Chief Human Resources & Support Services Officer since 2015, after joining the Company in 2009 as its Director of Human Resources. He obtained his Bachelor's degree in Business Administration from King Abdulaziz University, Saudi Arabia, in 2012. He has held several human resources positions in the past including Director of Human Resources at Geant Saudi Limited, a limited liability company established in the KSA and operating in trade sector, and Director of Administration at Al Othaim Holding Company, a closed joint stock company established in the KSA and operating in the commercial, real estate and industrial sector.

Ghassan Abu Mutier

Ghassan Abu Mutier has served as the Company's Chief Development and Delivery Officer since December 2015. From 2002 to 2015, he has previously held a position of the Manager of the Supply Chain Group at Fawaz Abdulaziz Alhokair Real Estate Company. Prior to that, he served in other operations positions at General Electric and the Saudi Binladin Group. He obtained a Bachelor's degree in Geology and Environmental Sciences from Yarmouk University, Jordan in 1997.

Naji Fayad

Naji Fayad has led the Company's Internal Audit department since August 2017, initially as the Internal Audit Director and most recently as the Chief Internal Audit Officer. He has over 23 years of experience in audit-related functions and acts as the governor of the Institute of Internal Auditors in Lebanon. He holds several academic degrees including a Bachelor's and Master's degrees in Business Administration from the American University of Beirut, Lebanon and a graduate diploma in Public Accounting from McGill University, Canada. He holds several professional qualifications including a Chartered Accountant (CA) degree from the Canadian Institute of Chartered Accountants, Canada, obtained in 1996, and a Certified Internal Auditor (CIA) degree from the Institute of Internal Auditors, the United States of America, obtained in 2003. He previously served as chairman of the Audit Committee for ARABIA Insurance Company and Audit Manager for Deloitte and Touche in Montreal, Canada.

Khalid Al Janahi

Khalid Al Janahi, the Chief Leasing Officer for the Group, has more than 8 years of experience in retail leasing, real estate development and financial advisory positions. He previously held the position of Leasing Director at SHUROOQ (Investment and Development Authority of Sharjah) and Manager of Retail Leasing at MERAAS Dubai. His previous experience also includes several positions in the real estate development and financial advisory fields, including as a consultant at Ernst & Young Bahrain. He obtained a Bachelor's degree in Business Finance from the University of Texas in 2010 and a Master's degree in Business Administration from the University of Incarnate Word in 2011.

Lijo Kankapadan

Lijo Kankapadan is the Chief Technology and Information Officer. He has over 25 years of experience in various corporate and technology positions. He previously held the position of IT Director for Malls, Hospitality & Entertainment at Emaar, Corporate Director of Information Technology at Emaar Hospitality Group LLC and Head of Information Technology at Dubai Developments. He obtained a Bachelor's degree in Computer Engineering from Madurai Kamaraj University in 1992.

Karim Azmi

Karim Azmi is the Chief Legal Officer of the Group. He has over 30 years of experience in the legal industry across various large corporates and law firms. He previously held the positions of Head of Legal at Abu Dhabi National Hotels, Head of Legal and Compliance at Abu Dhabi Cooperative Society and Head of Legal at Majid Al Futtaim. He has also had extensive experience working at law firms within the region including as Managing Partner of Azmi & Associates and as an Associate at Baker & McKenzie. He obtained a Bachelor's degree in Law from Alexandria University in 1989 and a Master's degree in Law from Université Paris Dauphine in 1993.

Livio Fabi

Livio Fabi is the Chief Operating Officer (Central Region) of the Group. He has over 20 years of experience in various roles in the asset management, retail and entertainment industry. He previously served as a Director at KAFD Development & Management Company, a Senior Asset Manager at Miral and the General Manager (Shopping Malls) for LuLu Group International. He obtained a Master's degree in Economics and Banking from Università degli Studi di Siena in 1998.

Joao Diogo

Joao Diogo is the Chief Operating Officer (Western Region) of the Group. He has over 20 years of experience across various roles in the property / asset management, retail and shopping centres industry. He previously held the positions of Iberia Managing Director for Multi Corporation Spain & Portugal, Regional Manager for Multi Mall Management Portugal and Center Manager for Sonae Sierra. He obtained a Licentiate degree in Business Administration and Management from IESF – Instituto de Estudos Financeiros e Fiscais in 1998 and a Masters of Business Administration Degree from AESE / IESE Business School in 2014.

OVERVIEW OF THE SHAREHOLDERS

Ownership of 3% or greater shareholders of the Company

As of 30 September 2023, the following persons held interests in three percent (3%) or more of the voting rights attached to the Company's share capital.

Key Shareholders

Name	Number of shares[(1)]	Ownership percentage[(2)]
Fawaz Abdulaziz Alhokair[(3)]	40,117,501	8.45%
Salman Abdulaziz Alhokair[(4)]	38,000,000	8.00%
Abdul Majeed Abdulaziz Alhokair[(5)]	37,341,499	7.86%
Al Farida Al Thania Company	19,000,000	4.00%
Al Farida Al Thalitha Company	17,937,000	3.78%
FAS Real Estate Company	182,732,322	38.47%

Source: Company information

(1) This table is based upon information supplied by principal shareholders to the Company and on information provided by such shareholders to the Saudi Stock Exchange.

(2) Unless otherwise indicated, percentages calculated based upon the number of ordinary shares of the Company outstanding as of 30 September 2023.

(3) Fawaz Abdulaziz Alhokair indirectly owns 12.43% of the shares of the Company as a result of his: (i) 31% interest in Saudi FAS Holding Company, which is the owner of 95% of the shares of FAS Real Estate Company that, in turn, is a 38.47% shareholder of the Company; (ii) 33.4% shareholding in Fawaz Alhokair and Partners Holding, which is the owner of 3.5% shareholding in Saudi FAS Holding, being the owner of 95% holding in FAS Real Estate Company, which, in turn, is a 38.47% shareholder in the Company; (iii) 31% in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF International Company that, in turn is 0.36% shareholder in the Company; (iv) 31% in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF International Company that, in turn, is a 5% shareholder in FAS Real Estate Company that, in turn, is a 38.47% shareholder of the Company; and (v) an additional indirect interest that results from the various other inter-related ownership links that include a cross-ownership between FAS Real Estate and SAAF International Company.

(4) Salman Abdulaziz Alhokair indirectly owns 16.43% of the shares of the Company as a result of his: (i) 31% interest in Saudi FAS Holding Company, which is the owner of 95% of the shares of FAS Real Estate Company that, in turn, is a 38.47% shareholder of the Company; (ii) 33.4% shareholding in Fawaz Alhokair and Partners Holding, which is the owner of 3.5% shareholding in Saudi FAS Holding, being the owner of 95% holding in FAS Real Estate Company, which, in turn, is a 38.47% shareholder in the Company; (iii) 100% shareholding in Al Farida Al Thania Company which is the owner of 4.00% shareholding in the Company; (iv) 31% in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF International Company that, in turn is 0.36% shareholder in the Company; (v) 31% in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF International Company that, in turn, is a 5% shareholder in FAS Real Estate Company that, in turn, is a 38.47% shareholder of the Company; and (vi) an additional indirect interest that results from the various other inter-related ownership links that include a cross-ownership between FAS Real Estate and SAAF International Company.

(5) Abdul Majeed Abdulaziz Alhokair indirectly owns 16.21% of the shares of the Company as a result of his: (i) 31% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in FAS Real Estate that, in turn, is a 38.47% shareholder in the Company; (ii) 33.2% shareholding in Fawaz Alhokair and Partners Holding, which is the owner of 3.5% shareholding in Saudi FAS Holding, being the owner of 95% shareholding in FAS Real Estate, which, in turn, is a 38.47% shareholder in the Company; and (iii) 100% shareholding in Al Farida Al Thalitha Company, which is the owner of 3.78% shareholding in the Company; (iv) 31% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF International Company that, in turn, is a 0.36% shareholder in the Company; (v) 31% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF International Company that, in turn, is a 5% shareholder in FAS Real Estate Company that, in turn, is a 38.47% shareholder of the Company; and (vi) an additional indirect ownership that results from the various other inter-related ownership links that include a cross-ownership between FAS Real Estate and SAAF International Company.

Neither the Company nor any of its Subsidiaries has any capital which is under option.

Fawaz Abdulaziz Alhokair

Fawaz Abdulaziz Alhokair is the chairman and founder of the Fawaz Alhokair Company. He graduated from Loughborough University in the United Kingdom with a Bachelor's degree in economics and accountancy in 1989. Management believes his vision and business strategies have helped pioneer retail franchising in Saudi Arabia. Supported by a team of experienced professionals, he continues to pursue business growth by introducing innovative fashion concepts and steering business strategies. See "*Board of Directors— Fawaz Abdulaziz Alhokair*" above.

Salman Abdulaziz Alhokair

Salman Abdulaziz Alhokair leads the Fawaz Alhokair Company's real estate business. A qualified architect from King Saud University, he continues to oversee design, construction and management of the Company's malls as well as some of the most high-profile mixed-use facilities in Saudi Arabia. See "*Board of Directors— Salman Abdulaziz Alhokair*" above.

Abdul Majeed Abdulaziz Alhokair

Abdul Majeed Abdulaziz Alhokair is a director of Fawaz Abdulaziz Alhokair Co. A graduate of King Saud University, he has a hands-on approach to running one of the largest growing networks of retail units within Saudi Arabia.

Al Farida Al Thania Company

As at the date of this Offering Circular, Al Farida Al Thania Company is 100% owned by Salman Abdulaziz Alhokair.

Al Farida Al Thalitha Company

As at the date of this Offering Circular, Al Farida Al Thalitha Company is 100% owned by Abdul Majeed Abdulaziz Alhokair.

FAS Real Estate Company

As at the date of this Offering Circular, FAS Real Estate Company is 95% owned by Saudi FAS Holding Company and 5% owned by SAAF International Company.

DIRECTORS' SHAREHOLDING

The table below sets out details of the ownership of the shares of the Company held by various members of the Board of Directors as at the date of this Offering Circular:

Shareholding by Directors

Name	Position	Responsibility	Number of shares held		Share holding	
			Direct	Indirect	Direct	Indirect
Fawaz Abdulaziz Fahad Alhokair	Chairman	Non-Executive	40,117,501	59,042,500	8.45%	12.43%
Salman Abdulaziz Fahad Alhokair	Vice Chairman	Non-Executive	38,000,000	78,042,500	8.00%	16.43%
Mohamad Rafic Mourad	Director	Executive	N/A	N/A	0.00%	0.00%
Abdulrahman Abdulaziz Al Tuwaijri	Director	Non-Executive	N/A	N/A	0.00%	0.00%
Abdulmajid Abdullah Albasri	Director	Non-Executive	N/A	N/A	0.00%	0.00%
Kamel Badih Al Qalam	Director	Non-Executive	1,824,009	N/A	0.38%	0.00%
Johan Henri Brand	Director	Non-Executive	N/A	N/A	0.00%	0.00%
Khalid Abdullah Alsweilem	Director	Non-Executive	N/A	N/A	0.00%	0.00%
Turki Saud Al-Dayel	Director	Non-Executive	N/A	N/A	0.00%	0.00%
Total Shareholding by Directors			**79,941,510**	**137,085,000**	**16.83%**	**28.86%**

RELATED PARTY TRANSACTIONS

From time to time, the Group enters into transactions with certain related parties or affiliates in the ordinary course of its business. The pricing policies and terms of these transactions are approved by the Group's management in line with the Group's related party transactions policy, as described below (see *"—Related Parties Transaction Policy*").

A description of the material transactions between the Group and its related parties in which such related parties have or will have a direct or indirect material interest are set out below.

OVERVIEW

Fawaz Abdulaziz Alhokair Co. (trading as Cenomi Retail)

Fawaz Abdulaziz Alhokair Co. is one of the Company's Key Account Tenants and leases stores in various malls owned by the Company. The Company is party to a framework agreement with Fawaz Abdulaziz Alhokair Co. dated 16 December 2018 which aims to ensure that all tenancy leases between the parties for all of the Company's malls are conducted on a basis which are approved by the Company's management and the Board of Directors. The term of the framework agreement is seven years.

Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect controlling shareholders of Fawaz Abdulaziz Alhokair Co.

On 7 May 2023, the Company announced that it was in early-stage discussions with Fawaz Abdulaziz Alhokair Co. (a related party to the Company) in relation to a potential transaction to combine the businesses of the two companies. However, on 21 December 2023, the Company announced that the board of directors of the two companies have agreed to suspend the discussions until further notice as prevailing market conditions were not ideal for such transaction.

For the nine month period ended 30 September 2023, the value of the Company's transactions with Fawaz Abdulaziz Alhokair Co. and its subsidiaries was approximately SAR 330.6 million and as at 30 September 2023, SAR 175.7 million was owed by Fawaz Abdulaziz Alhokair Co. and its subsidiaries to the Company.

Lynx Contracting Company

The Company has exclusively relied on Lynx Contracting Company for the design and construction of its shopping malls since 1 April 2018. The Company is party to a construction framework agreement with Lynx Contracting Company dated 13 December 2018 which aims to ensure that all contracts for the development of new malls entered into between the Company and Lynx Contracting Company are conducted on a basis which are approved by the Company's management and the Board of Directors. The term of the framework agreement is seven years.

Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect controlling shareholders of Lynx Contracting Company.

For the nine month period ended 30 September 2023, the value of the Company's transactions with Lynx Contracting Company was approximately SAR 415.8 million, and the Company is using Lynx Contracting Company for the design and construction of its malls for future development.

Saudi FAS Holding Company

Saudi FAS Holding Company is the ultimate parent of the Company via assignment of shares by the Company's immediate parent company (FAS Real Estate Company Limited). The Company has various transactions with its Ultimate Parent Company in relation to ongoing business support activities provided by the Ultimate Parent Company.

For the nine month period ended 30 September 2023, the value of the Company's transactions with Saudi FAS Holding Company was approximately SAR 5.8 million and as at 30 September 2023, SAR 6.8 million was owed by Saudi FAS Holding Company to the Company.

Abdul Mohsin Al Hokair Group for Tourism and Development

Abdul Mohsin Al Hokair and Tourism and Development leases space for indoor and outdoor family entertainment centres in the Company's shopping malls. These leases range from 5 to 10 years in length.

Abdul Mohsin Al Hokair and Tourism and Development is owned by a relative of the Controlling Shareholders.

For the nine month period ended 30 September 2023, the value of the Company's transactions with Abdul Mohsin Al Hokair and Tourism and Development was approximately SAR 18.3 million and as at 30 September 2023, SAR 22.9 million was owed by Abdul Mohsin Al Hokair and Tourism and Development to the Company.

Tadaris Al Najd Security Company (TNS)

TNS currently provides security services to all of the Company's shopping malls. The Company entered into a civil security services agreement with TNS on 1 April 2017 providing that TNS provides civil security services in the malls, which includes the provision of security guards and other security personnel and security vehicles. The term of the agreement was two years but was renewed on 1 April 2019 for two more years pursuant to a clause for automatic renewal by mutual consent. The agreement with TNS was further renewed on 1 April 2021 for three additional years.

Salman Abdulaziz Alhokair, as a director of the Company, is the direct sole shareholder of TNS.

For the nine month period ended 30 September 2023, the value of the Company's transactions with TNS was approximately SAR 48.4 million and as at 30 September 2023, SAR 9.8 million was owed by TNS to the Company.

FAS Holding Company for Hotels

FAS Holding Company for Hotels is a subsidiary of Saudi FAS Holding Company, the Company's Ultimate Parent Company. During the year ended 31 March 2022, as per mutual agreement between Saudi FAS Holding Company, FAS Holding Company for Hotels and the Company, FAS Holding Company for Hotels and its subsidiaries settled SAR 219.0 million due to the Company by transferring lands worth SAR 85 million to the Company and a cash payment of SAR 133 million. The title to these lands are in the name of Saudi FAS Holding Company and as of the date of this Offering Circular, all of the title deeds to the lands have been successfully transferred to the Company, except for one plot of land that is pending transfer.

For the nine month period ended 30 September 2022, the value of the Company's transactions with FAS Holding Company for Hotels and its subsidiaries was approximately SAR 66.3 million. The Company did not record any transactions with FAS Holding Company for Hotels during the nine month period ended 30 September 2023.

Salman & Sons Holding Co

Salman & Sons Holding Co and its associates are a mix of entities which lease spaces in several of the Group's shopping malls mainly for entertainment purposes. These entities are owned by the Controlling Shareholder (Salman Abdulaziz Alhokair) and their close family members.

For the nine month period ended 30 September 2023, the value of the Company's transactions with Salman & Sons Holding Co and its associates was approximately SAR 42.4 million and as at 30 September 2023, SAR 74.5 million was owed by Salman & Sons Holding Co and its associates to the Company.

Salman & Sons Holding Co and its associates includes:

- Sala Entertainment Company, an entity that leases space for an indoor soft play entertainment venue in the Company's shopping malls. The leases are typically for a term of 10 years.
- Kids Space Company, an entity that leases space in Mall of Arabia (Jeddah) for 'Kidzania', a children's interactive play centre. The term of the lease is 10 years, with automatic renewal unless one party gives notice. The lease contains turnover rent provisions and rent escalation mechanics.

- Via Media, Vida first for beverages Est., Vida Trading Est. and Fashion District Co., entities that lease spaces in several of the Group's shopping malls. The term of the leases ranges from 1 to 3 years.
- Skills Innovative Games, an entity that leases space for entertainment venues in Yasmin Mall Jeddah. The term of the lease is approximately 10 years.

Majd Al Amal Co. Limited and its associates

Majd Al Amal Co. Limited and its associates are a mix of entities which lease spaces in several of the Company's shopping malls. The term of the leases ranges from 3 to 7 years. Majd Al Amal Co. Limited and its associates are owned by close family members of the Controlling Shareholders.

For the nine month period ended 30 September 2023, the value of the Company's transactions with Majd Al Amal Co. Limited and its associates was approximately SAR 17.1 million and as at 30 September 2023, SAR 1.8 million was owed by Majd Al Amal Co. Limited and its associates to the Company.

Majd Al Amal Co. limited and its associates include Wealth Company Limited, Almuzn Foods and Sarya Al Majd Co.

Ezdihar Holding Co and its subsidiaries

Ezdihar Holding Co and its subsidiaries are a mix of entities which lease spaces in several of the Company's shopping malls mainly for trading purposes. These entities are owned by close family members of the Controlling Shareholder (Fawaz Abdulaziz Alhokair) and their close family members.

For the nine month period ended 30 September 2023, the value of the Company's transactions with Ezdihar Holding Co and its subsidiaries was approximately SAR 42.9 million and as at 30 September 2023, SAR 73.4 million was owed by Ezdihar Holding Co and its subsidiaries to the Company.

Ezdihar Holding Co and its subsidiaries includes:

- Next Generation Company Limited, an entity that currently leases cinemas and space planned for cinemas in the Company's shopping malls.
- Ezdihar Sports Co., an entity that leases space for a fitness centre in U-Walk. The term of the lease is approximately 10 years.

Other Related Party Transactions

Other related party transactions include transactions with Etqan Facilities Management, Echo Design Consultant, Cenomi E-commerce, Business Flower Company, Medical Health Development Company, Fahad Abdulaziz Al Hokair Trading EST, FAS Energy, Nail Place Trading Est and Daam Support Maintenance and Cleaning.

For the nine month period ended 30 September 2023, the value of the Company's other related party transactions was approximately SAR 5.1 million and as at 30 September 2023, SAR 19.1 million was owed by such related parties to the Company.

RELATED PARTY TRANSACTION POLICY

The Company relies upon a number of important relationships with various related parties as tenants and suppliers of construction and other services which are material to the conduct of its business. In view of the significance of these relationships, and to reflect the conflict of interest provisions contained in the Saudi Corporate Governance Regulations and Companies' Law, the Company adopted a related party transactions policy on 06/01/1440H (corresponding to 16 September 2018) to ensure that these relationships are conducted on an arms' length basis and on normal commercial terms. Related party transactions are also regulated by relevant Saudi laws and regulations regarding such transactions. The Company believes that its related party transaction policy not only assists it in fully complying with its legal obligations with respect to related party transactions, but promotes best practice standards of corporate governance and transparency in the way that it conducts its business.

The related party transactions policy requires that management conduct a review of its list of related party relationships on a periodic basis and that all related party transactions are subject to a process of internal review involving management, the Company's internal audit function, the Audit Committee and the Board (with only "non-interested" Directors, being those directors who do not have an interest in the relevant transaction) being entitled to vote before the transaction is recommended for approval by a majority of the non-interested Shareholders at a General Assembly of the Company. Non-interested Shareholders are those Shareholders through which no Director has an interest in the relevant transaction. Pursuant to the Companies' Law and the Corporate Governance Regulations, Shareholders through which a Director has an interest in the relevant related party transaction are not permitted to vote on the resolution for the approval of such transaction.

The related party transactions policy contemplates that the Company shall enter into framework agreements to govern relationships with certain related parties which are material to the conduct of the Company's business. The framework agreements are intended to establish a broad framework for the parties' relationship to ensure that transactions entered into between the Company and the related party are conducted on a basis which are approved by the Company's management and the Board of Directors. Framework agreements are not entered into with related parties where the related party transactions involved are more likely to be less material, low value and/or conducted on an *ad hoc* basis. Nevertheless, all related party transactions, whether or not conducted pursuant to a framework agreement, are subject to the review and approval procedures described above.

Related Party transactions are regulated by relevant Saudi laws and regulations regarding the entry into of such transactions. As noted above, on 06/01/1440H (corresponding to 16 September 2018) the Company's board approved a policy for dealing with Related Parties. In addition, in the case of Lynx Contracting Company, being the related party with which the Company undertakes the most material related party transactions, such transactions are entered into based upon the principles set out in the related framework agreements.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following summary of significant indebtedness does not purport to be complete and is subject to, and qualified by, the underlying documents.

EXISTING SENIOR FACILITIES

Arabian Centres Company (trading as Cenomi Centres) (the "**Company**") entered into a commercial terms agreement dated 13 February 2024 between, among others, the Company as company and The Saudi National Bank as murabaha SAR investment agent, murabaha U.S.$ investment agent, global agent, security agent and the financial institutions named therein as original participants (the "**Participants**") (the "**Commercial Terms Agreement**"), pursuant to which, the Company entered into:

(a) a term SAR murabaha facility agreement dated 13 February 2024 between the Company as purchaser and The Saudi National Bank as SAR murabaha investment agent (the "**Term SAR Murabaha Facility Agreement**"). The Term SAR Murabaha Facility Agreement (together with the Term SAR Murabaha Transaction Documents (as defined therein)) makes available to the Company a sustainability linked SAR dual tranche facility with a maturity date falling twelve years after the date of the Commercial Terms Agreement ("**SAR Term Murabaha Tranche A**" and "**SAR Term Murabaha Tranche B**") (the "**SAR Term Murabaha Facilities**");

(b) a term U.S.$ murabaha facility agreement dated 13 February 2024 between the Company as purchaser and The Saudi National Bank as U.S.$ murabaha investment agent (the "**Term U.S.$ Murabaha Facility Agreement**"). The Term U.S.$ Murabaha Facility Agreement (together with the Term U.S.$ Murabaha Transaction Documents (as defined therein)) makes available to the Company a sustainability linked U.S.$ tranche facility with a maturity date falling twelve years after the date of the Commercial Terms Agreement ("**U.S.$ Term Murabaha Tranche**") with a maturity date falling 12 years after the date of the Commercial Terms Agreement ("**U.S.$ Term Murabaha Facility**" and together with the SAR Term Murabaha Facilities, the "**Term Murabaha Facilities**");

(c) a revolving murabaha facility agreement dated 13 February 2024 between the Company as purchaser and The Saudi National Bank as murabaha U.S.$ investment agent (the "**U.S.$ Islamic Revolving Credit Facility Agreement**"), which (together with the Revolving U.S.$ Murabaha Transaction Documents (as defined therein)) documents the U.S.$ Islamic revolving credit facility (the "**U.S.$ Islamic Revolving Credit Facility**"). The U.S.$ Islamic Revolving Credit Facility makes available to the Company a sustainability linked U.S.$ revolving facility with a maturity date (subject to the exercise of the option to extend such facility by up to two years) falling four years from the date of the Commercial Terms Agreement; and

(d) a revolving murabaha facility agreement dated 13 February 2024 between the Company as purchaser and The Saudi National Bank as murabaha SAR investment agent (the "**SAR Islamic Revolving Credit Facility Agreement**"), which (together with the Revolving SAR Murabaha Transaction Documents (as defined therein)) documents the SAR Islamic revolving credit facility (the "**SAR Islamic Revolving Credit Facility**" and together with the U.S.$ Islamic Revolving Credit Facility, the "**Islamic Revolving Credit Facilities**"). The SAR Islamic Revolving Credit Facility makes available to the Company a sustainability linked SAR revolving facility with a maturity date (subject to the exercise of the option to extend such facility by up to two years) falling four years from the date of the Commercial Terms Agreement,

(items (a) – (d) together the "**Murabaha Financing Documents**", and together with the Commercial Terms Agreement, the "**Existing Senior Facilities**").

The Existing Senior Facilities provide for up to SAR 5,250 million equivalent in term and revolving *Shari'ah* compliant facilities denominated in U.S. dollars and SAR, which were provided to the Company:

(a) in relation to the Term Murabaha Facilities, for the purpose of settlement of amounts outstanding under the Company's previous existing term and revolving facility agreements and payment of fees, costs and expenses incurred in connection with the previous facilities; and

(b) in relation to the Revolving Murabaha Facilities, for general corporate and working capital purposes.

Each of the documents forming the Existing Senior Facilities are governed by English law or Saudi law (as applicable).

The facilities available under the Murabaha Financing Documents can be increased pursuant to an accordion feature included in the Commercial Terms Agreement and subject to the fulfilment of certain conditions by the Company. The amount of such increase shall be limited by the Company's compliance with its financial covenants and by its compliance with its LTV restrictions (in each case, as further described below). The maximum amount available under the Murabaha Financing Documents cannot exceed U.S.$ 550,000,000 following the increase. In addition, under the Islamic Revolving Credit Facility Agreements, the Company is able to establish ancillary facilities, by way of (i) guarantee, bonding, documentary or stand-by letter of credit facility, (ii) derivatives facility, (iii) foreign exchange facility or (iv) any other unfunded facility or accommodation required in connection with the business of the Group and which is agreed between the Company and an ancillary participant. The ancillary facility may only be provided by a participant in respect of the Islamic Revolving Credit Facility Agreements and the participation in the ancillary facility may not exceed its available participation in the Islamic Revolving Credit Facility (before taking into account the effect of the ancillary facility on that participant's available amount in relation to the Islamic Revolving Credit Facility).

The profit rate applicable to any financing made under the Term U.S.$ Term Murabaha Facility is equal to, Term SOFR (subject to a zero floor) plus an agreed margin rate per annum (subject to a margin ratchet where the level of margin may be decreased subject to the relevant sustainability-linked targets of the Group).

The profit rate applicable to any financing made under the SAR Term Murabaha Tranche A: (a) SAIBOR (subject to a zero floor) plus an agreed margin rate per annum from the date of the Commercial Terms Agreement until the date falling three years after; and (b) a specified margin rate any time after the third anniversary of the date of the Commercial Terms Agreement; and (iii) SAR Term Murabaha Tranche B: (a) SAIBOR (subject to a zero floor) plus an agreed margin rate per annum from the date of the Commercial Terms Agreement until the date falling three years after; and (b) a specified margin rate any time after the third anniversary of the date of the Commercial Terms Agreement in each case can be increased or decreased subject to the sustainability-linked targets of the Group.

The profit rate applicable to any financing made under the "**U.S.$ Islamic Revolving Credit Facility**" is equal to Term SOFR (subject to a zero floor) plus an agreed margin rate per annum (subject to a margin ratchet where the level of margin may be decreased subject to certain sustainability-linked targets of the Group).

The profit rate applicable to any financing made under the "**SAR Islamic Revolving Credit Facility**" is equal to SAIBOR (subject to a zero floor) plus an agreed margin rate per annum (subject to a margin ratchet where the level of margin may be decreased subject to certain sustainability-linked targets of the Group).

The Company also pays certain other fees and costs, including additional charges for unutilised participations commitments, and fees to each of the agents.

The Company's indebtedness under the Murabaha Financing Documents are payable in instalments as set out in each document.

Subject to certain conditions, the Company may voluntarily prepay amounts utilised and/or permanently cancel all or part of the available participations under the Existing Senior Facilities by giving five business days' prior notice (in respect of a voluntary prepayment) or three business days' notice (in respect of a cancellation) (or such shorter period as the majority participants may agree).

In addition to voluntary prepayments, the Existing Senior Facilities requires mandatory cancellation, and if applicable, prepayment in full or in part in certain circumstances, including:

(a) with respect to any participant, if it becomes unlawful for such participant to perform any of its obligations under the Existing Senior Facilities;

(b) on receipt of certain insurance proceeds;

(c) on a sale of all or substantially all of the assets of the Company and its subsidiaries;

(d) on disposal of certain assets in excess of a threshold amount;

(e) delisting from the Tadawul Stock Exchange of the Company;

(f) if the Company is to make a prepayment in respect of its financing to value ratio (as further described below) as a result of a breach of the financing to value threshold which is not cured by way of granting of security by the next annual financing to value ratio test;

(g) following a breach of certain representations and warranties and covenants in respect of anti-corruption and sanctions; and

(h) with respect to any participant, if they so elect, upon the occurrence of a Change of Control.

For the purposes of the Existing Senior Facilities, a "Change of Control" will occur if:

Fawaz Abdulaziz Al-Hokair, Salman Abdulaziz Al-Hokair and Abdulmajeed Abdulaziz Al-Hokair cease to:

(a) be the legal and beneficial owners directly of at least 51% of the share capital of the Company; or

(b) have the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

    (i) appoint or remove all, or the majority of the directors or other equivalent officers of the Company; or

    (ii) give directions with respect to the operating and financial policies of the Company with which the directors or other equivalent officers of the Company are obliged to comply.

The Existing Senior Facilities contain customary information and negative covenants (including, without limitation, a negative pledge, subject to certain agreed exceptions and materiality carve-outs).

The Existing Senior Facilities require the Company to observe certain customary affirmative covenants, subject to certain agreed exceptions and materiality carve-outs.

The covenants include the following financial covenants (all terms are as defined in the Commercial Terms Agreement):

(a) *Cashflow Cover*: cashflow cover in respect of the applicable relevant period shall not be less than 1.25:1.

(b) *Profit Cover*: the ratio of EBITDA to finance charges in respect of any relevant period shall not be less 2.5:1.

(c) *Tangible Net Worth*: consolidated tangible net worth shall not at any time during the relevant period be less than SAR 12,000,000,000.

(d) *Gearing*: the ratio of total liabilities to consolidated tangible net worth shall not at any time exceed 1:1.

These financial covenants are tested on each quarter date (being each of March 31, June 30, September 30 and December 31 of each financial year of the group) from 31 December 2022 onwards (except where compliance is required at any time and where testing is required upon incurrence) in arrears based on the previous 12 months, by reference to the financial statements delivered and/or each compliance certificate delivered.

In addition to the financial covenants set out above, the Company is required to ensure that its LTV Ratio does not exceed the LTV Ratio Threshold (all terms are as defined in the Commercial Terms Agreement). If the Company is in breach of this ratio it may either make a voluntary prepayment to cure such breach or grant additional security over assets provided that until such security is granted and perfected the Company shall deposit an amount in cash into the LTV account (and in respect of such security or cash, with such value sufficient to ensure that if the LTV test occurred immediately after the granting of such security, no LTV event would occur) in favour of the Security Agent. Such security may be subsequently released by the Security Agent subject to certain thresholds being met.

The Existing Senior Facilities are secured pursuant to the security agreements set out below. As at the date of this Offering Circular, each of the security documents are in the process of perfection and registration with the appropriate registry in Saudi Arabia to the extent possible:

(a) a first priority pledge over the insurance policies and insurance proceeds relating to the Secured Properties;

(b) a first priority pledge in respect of certain bank accounts (the "**Accounts Pledge**");

(c) a first priority mortgage in respect of the Secured Properties;

(d) a first priority pledge of rental proceeds in respect of the Secured Properties; and

(e) a first priority pledge over the rental proceeds in respect of the Secured Properties dated 25 March 2020.

(the "**Security Documents**")

The Security Documents (save for the Accounts Pledge), must be entered into as a conditions subsequent to the Commercial Terms Agreement and must be entered into by the date falling 120 days after the first Value Date. The Accounts Pledge must be entered into by the date falling two Business Days after the first Value Date.

The Existing Senior Facilities contain customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications).

During the nine month period ended 31 December 2022, a subsidiary of the Company entered into a long-term Islamic facility arrangement amounting to SAR 800 million with a Saudi bank. Moreover, during the nine month period ended 30 September 2023, a subsidiary of the Company entered into a long-term Islamic facility arrangement amounting to SAR 1,000 million with a Saudi bank and SAR 350 million with the National Development Fund (NDF). The long term facilities are payable in unequal semi-annual instalments and are subject to profit rates based on SIBOR plus an agreed margin rate. The facilities are secured by lands and contain certain covenants, which among other things, require certain financial ratios to be maintained. During the nine month period ended 30 September 2023, the Group drew down SAR 522 million from the facilities, together with SAR 63 million drawn during the nine month period ended 31 December 2022.

2019 SUKUK

On 26 November 2019, Arabian Centres Sukuk Limited (in its capacity as issuer and trustee), the Company (in its capacity as the obligor) and HSBC Corporate Trustee Company (UK) Limited (in its capacity as delegate) entered into a declaration of trust under which Arabian Centres Sukuk Limited issued U.S.$500,000,000 certificates due 26 November 2024 (the "**2019 Sukuk**"). Periodic distribution amounts under the 2019 Sukuk are payable on the outstanding face amount of the 2019 Sukuk from (and including) 26 November 2019 (but excluding) 26 November 2024 at a rate of 5.375% per annum.

2021 SUKUK

On 7 April 2021, Arabian Centres Sukuk II Limited (in its capacity as issuer and trustee), the Company (in its capacity as the obligor) and HSBC Corporate Trustee Company (UK) Limited (in its capacity as delegate) entered into the original declaration of trust under which Arabian Centres Sukuk II Limited issued U.S.$650,000,000 trust certificates due 7 October 2026 (the "**Original 2026 Certificates**").

On 28 July 2021, Arabian Centres Sukuk II Limited issued additional certificates amounting to U.S.$225,000,000 due 7 October 2026, at a premium of 4.75% of the face value of the certificates (the "**Additional 2026 Certificates**" and together with the Original 2026 Certificates, the "**2021 Sukuk**").

The Original 2026 Certificates and the Additional 2026 Certificates are secured by the proceeds of rental income of certain malls. The Original 2026 Certificates and Additional 2026 Certificates may be subject to early redemption at the option of the Company as per specified conditions mentioned in the Additional 2026 Certificates. Periodic distribution amounts under the Original 2026 Certificates and Additional 2026

Certificates are payable on the outstanding face amount of the relevant certificates from (and including) their respective issuance dates to (but excluding) 7 October 2026 at a rate of 5.625% per annum.

The Company estimates that the amounts available for making Restricted Payments (as defined under "*Terms and Conditions of the Certificates*") under the terms and conditions of the 2021 Sukuk as of 31 December 2023 would have been approximately SAR 316.0 million, subject to finalisation following the completion of its audit for the year ended 31 December 2023.

SUMMARY OF FINANCING FACILITIES

The below table sets out the status of the Company's financing facilities as at: (i) 31 December 2022 and 30 September 2023; and (ii) 31 March 2020, 2021, 2022. See "*Capitalisation*" for an overview of the Company's financing facilities on an adjusted basis after giving effect to events subsequent to 30 September 2023 and the transactions as set forth under "*Use of proceeds*".

Summary of Financing Facilities as at (i) 31 December 2022 and 30 September 2023; and (ii) 31 March 2020, 2021, 2022.

	31 Dec 2022	**30 Sep 2023**	**31 Mar 2020**	**31 Mar 2021**	**31 Mar 2022**	**Utilisation as at 30 Sep 2023**	**Guarantee Status**
				SAR (000s)			
Islamic facility with banks[1]	3,206,842.9	3,730,860.1	5,188,502.6	5,143,178.0	2,669,952.3	Fully utilised	Not guaranteed
Sukuk[2]	5,130,147.3	5,139,112.7	1,827,240.5	1,837,482.3	5,121,221.3	Fully utilised	Guaranteed
Loans and Borrowings – Current Liabilities	(903,315.6)	(1,145,063.5)	(45,000.0)	(119,375.0)	(277,570.3)		
Loans and Borrowings – Non-Current Liabilities	7,433,674.6	7,724,909.3	6,970,743.1	6,861,285.3	7,513,603.3		

Source: Company's (i) condensed consolidated interim financial statements as at and for the three and nine months ended 30 September 2023; (ii) audited consolidated financial statements as at and for the nine months ended 31 December 2022; and (iii) audited consolidated financial statements as at and for the year ended 31 March 2022.

(1) As at 30 September 2023, the Islamic facilities are fully utilised. The Islamic facilities are not guaranteed.

(2) Includes the 2019 Sukuk and the 2021 Sukuk (from the period from and after 31 March 2022). As at 30 September 2023, the Sukuk fundings are fully utilised and are guaranteed by the Company in its capacity as Obligor under the trust certificate issuances by Arabian Centres Sukuk Limited and Arabian Centres Sukuk II Limited.

OVERVIEW OF SAUDI ARABIA

GEOGRAPHY AND AREA

Saudi Arabia comprises a land area of approximately 2,150,000 square km and is located in the Arabian Peninsula, a peninsula of south-west Asia situated north-east of Africa. Saudi Arabia has coastlines on the Red Sea to the west and the Arabian Gulf to the east. It is bordered in the north and north-east by Jordan and Iraq, in the east by Kuwait, Qatar and the United Arab Emirates, in the south-east by Oman, in the south by Yemen, and is connected to Bahrain by the King Fahd Causeway. Saudi Arabia is the largest country in the Cooperation Council for the Arab States of the Gulf (also known as the Gulf Cooperation Council, or the "**GCC**").

Source: General Commission for Survey, Kingdom of Saudi Arabia

The capital city of Saudi Arabia is Riyadh. Saudi Arabia has undergone rapid urbanisation in recent decades, and over 80 per cent. of the population of Saudi Arabia currently lives in cities, with approximately half the population of Saudi Arabia being concentrated in the six largest cities of Riyadh, Jeddah, Makkah, Medina, Ta'if and Dammam. Makkah, the birthplace of the Prophet Muhammad (peace be upon him ("**PBUH**")), is home to the Grand Mosque (al-masjid al-haram), which surrounds Islam's holiest site (al-ka`bah), which is the direction of Muslim prayer. Medina, the burial place of the Prophet Muhammad (PBUH), is home to the Prophet's Mosque (al-masjid an-nabawi), and is Islam's second-holiest city after Makkah.

Saudi Arabia has a desert climate with high daytime temperatures and a sharp temperature drop at night. Annual rainfall is very low. The southwest province of Asir is mountainous, and contains Mount Sawda, which, at just over 3,000 metres, is the highest point in Saudi Arabia. In the west of Saudi Arabia, a geological exposure known as the Arabian-Nubian Shield contains various precious and basic metals such as gold, silver, copper, zinc, lead, tin, aluminium and iron and, mainly in the east of Saudi Arabia, extensive sedimentary formations contain various industrial minerals. Saudi Arabia's deeper sedimentary formations in the eastern part of the country contain most of its proven and recoverable oil reserves.

POPULATION AND DEMOGRAPHICS

The population of Saudi Arabia is estimated to be 32.2 million according to the 2022 Saudi Census. Saudi Arabia has a young population, with over 60 per cent. of the Saudi nationals being under the age of 35 and over 50 per cent. under the age of 30 in 2022. The following table sets forth Saudi Arabia's population estimates as at 31 December 2022, 2021, 2020, 2019 and 2018, respectively.

	As at 31 December				
	2022	**2021**	**2020**	**2019**	**2018**
Male	19,678,595	18,569,547	19,278,827	18,344,583	18,580,917
Female	12,496,629	12,214,836	12,273,683	11,719,216	11,615,364
Total population	**32,175,224**	**30,784,383**	**31,552,510**	**30,063,799**	**30,196,281**
Population growth / (decrease) (annual %)	4.5%	(2.4)%	5.0%	(0.4)%	(2.5)%

Source: Saudi Census

The non-Saudi portion of Saudi Arabia's total population comprises expatriates from neighbouring states as well as significant numbers of expatriates from Asia (mostly from India, Pakistan, Bangladesh, Indonesia, and the Philippines), Europe, the Americas and other countries around the world. The official language of Saudi Arabia is Arabic, although English is widely spoken.

GOVERNMENT AND POLITICAL SYSTEM

Saudi Arabia is a monarchy with a political system rooted in the traditions and culture of Islam. The Custodian of the Two Holy Mosques, the King of Saudi Arabia (the "**King**"), is the head of state and presides over meetings of the Council of Ministers which the King attends. Royal Decree No. A/90 dated 1 March 1992 (the "**Basic Law of Governance**") provides that the Holy Quran and Sunnah (the teachings of the Prophet Muhammad (PBUH)) form the primary sources of law in Saudi Arabia. The Basic Law of Governance specifies that the King must be chosen from among the sons of the founding King, the Late King Abdulaziz bin Abdul Rahman Al Saud ("**King Abdulaziz**"), and their male descendants. In 2006, the Allegiance Council (*hay'at al-bay'ah*) was established, comprising: (a) the surviving sons of King Abdulaziz; (b) one son of each deceased/incapacitated son of King Abdulaziz; and (c) one son of the incumbent King and one son of the incumbent Crown Prince, both appointed by the incumbent King, to determine which member of the royal family will be the next King and the next Crown Prince. The current King, Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud, acceded to the throne on 23 January 2015. The current Crown Prince is His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud ("**HRH the Crown Prince**"), who also holds positions that include Prime Minister, Chairman of the Council for Economic and Development Affairs and Chairman of the Council for Political and Security Affairs.

Saudi Arabia is divided into 13 provinces, each of which has a governor and a provincial council. The provincial councils are empowered to determine the development needs of their respective provinces, make recommendations and request appropriations in the annual budget. Saudi Arabia's 13 provinces comprise Riyadh, Makkah, Medina, the Eastern Province, Asir, Al-Baha, Tabuk, Al-Qassim, Ha'il, Al-Jouf, the Northern Borders, Jizan and Najran. These provinces are further divided into 118 governorates, which are in turn sub-divided into municipalities. Pursuant to the Law of Regulation of Municipalities and Rural Areas, issued by Royal Decree No. 5/M in 1977, the term of each municipal council is two years and half of the members of any municipal council must be chosen by elections, while the other half are appointed by the Minister of Municipal and Rural Affairs. In 2015, women were allowed to stand for election to, and vote for the members of, the municipal councils.

Council of Ministers (majlis al-wuzara)

HRH the Crown Prince is the Prime Minister of the Council of Ministers (*majlis al-wuzara*). The King presides over meetings of the Council of Ministers which the King attends. The Council of Ministers was established by Royal Decree in 1953, and currently comprises the Prime Minister, 25 Ministers with portfolios and eleven Ministers of State. The Council of Ministers is selected by the King and is responsible for, among other things, executive and administrative matters such as foreign and domestic policy, defence, finance, health and education. The King and executive officials at the national, provincial and local levels also hold regular meetings, which are open to members of the public and where members of the public may discuss issues and raise grievances.

In 1974, in accordance with the Law of the Council of Ministers, the Bureau of Experts (formerly known as the Department of Experts) was established to assist the Council of Ministers. The Bureau of Experts is responsible for, among other things, reviewing and studying cases referred to it by the Council of Ministers and its sub-committees, drafting new laws, proposing amendments to existing laws and drafting forms for High Orders, Royal Decrees and Council of Ministers Resolutions, which are then presented to the Council of Ministers for approval.

Shura Council (majlis al-shura)

In 1992, in conjunction with the promulgation of the Basic Law of Governance, the Law of Provinces (addressing the designation and administration of Saudi Arabia's provinces) and the Law of the Shura Council (*majlis al-shura*) were introduced. The Shura Council comprises 150 members, of which at least 20 per cent. must be female. The Chairman, Vice Chairman and General Secretary of the Shura Council are appointed or removed by the King. The Shura Council has the authority to draft, review and debate legislation, which is then presented to the Council of Ministers for approval. Legislation approved by the Council of Ministers only acquires the force of law once the King has issued his approval by way of a Royal Decree. However, the Council of Ministers or the relevant government ministry or authority may be delegated the power to enact further executive regulations that govern the implementation of such legislation.

Council for Political and Security Affairs and Council for Economic and Development Affairs

In January 2015, a Royal Order was issued consolidating 12 existing Government councils and commissions under two new councils: (i) the Council for Political and Security Affairs (the "**CPSA**"); and (ii) the Council for Economic and Development Affairs (the "**CEDA**"). The formation of the CPSA and the CEDA is intended to promote greater efficiency and productivity in the various branches of the Government and enhance coordination between Government entities, thereby leading to swift decision-making and execution of proposals.

Council for Political and Security Affairs

The CPSA was established in January 2015 and its mandate is to oversee all aspects of Saudi Arabia's political and security affairs, both internally and externally. The CPSA is chaired by HRH the Crown Prince and its members previously included: the Chairman, the Minister of Interior, the Minister of the National Guard, the Minister of Defence, the Minister of Islamic Affairs, Call and Guidance, the Minister of Media, the Minister of Foreign Affairs, the Minister of Finance, Ministers of State, the Head of the Presidency of National Security, the Counsel of the National Security Centre and the Chief of General Intelligence.

On 27 December 2018, a Royal Order was issued to reform the CPSA. As a result, the CPSA now includes the following members: HRH the Crown Prince (Chairman), the Minister of Interior, the Minister of Media, the Minister of Foreign Affairs, five state ministers, the Head of the Presidency of National Security, the Counsel of the National Security Centre and the Chief of General Intelligence.

Council for Economic and Development Affairs

The CEDA is intended to consolidate a number of relevant governmental institutions in one central organisation to provide a uniform direction for Saudi Arabia's economic growth and development. The CEDA is chaired by HRH the Crown Prince, His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud and its members previously included: the Chairman, the Minister of Justice, the Minister of Finance, the Minister of Energy, the Minister of Industry and Mineral Resources, the Minister of Human Resources and Social Development, the Minister of Municipal, Rural Affairs and Housing, the Minister of Hajj and Umrah, the Minister of Economy and Planning, the Minister of Commerce, the Minister of Transportation, the Minister of Communication and Information Technology, the Minister of Health, the Minister of Civil Service, the Minister of Media, the Minister of Environment, Water & Agriculture, the Minister of Education and Ministers of State. The CEDA is responsible for, among other matters, the implementation and monitoring of Vision 2030 (see "*—Strategy of Saudi Arabia—Vision 2030*").

On 27 December 2018, a Royal Order was issued to reform the CEDA. As a result, the CEDA now includes the following members: HRH the Crown Prince (Chairman), the Minister of Culture, the Minister of Justice, the Minister of Health, the Minister of Commerce, the Minister of Municipal, Rural Affairs and Housing, the Minister of Environment, Water & Agriculture, the Minister of Energy, the Minister of Industry and Mineral Resources, the Minister of Human Resources and Social Development, the Minister of Hajj and Umrah, the Minister of Finance, the Minister of Economy and Planning, the Minister of Transportation, the Minister of Communication and Information Technology, the Minister of Media, the Minister of Education, the Head of Bureau of Experts, the Minister of Tourism, the Secretary of the Finance Committee of the Royal Court and three state ministers.

Restructuring of the Government

As part of the Government's continuing efforts to effect structural reforms in Saudi Arabia's economy and society as envisaged by Vision 2030, and in furtherance of the Government's stated aims of streamlining the functioning of the public sector and aligning its operations more closely with the Government's strategic aims and objectives (see "*—Strategy of Saudi Arabia—Vision 2030*"), the King, through a number of Royal Orders issued in May 2016, implemented numerous changes in the structure of the Government and the allocation of roles and responsibilities between the various Governmental ministries and departments. Some of the significant reforms included:

- the creation of the Ministry of Environment, Water & Agriculture (the "**MEWA**"), which effectively replaced the former Ministry of Water and Electricity, as well as the Ministry of Agriculture;
- the creation of the Ministry of Commerce and Investment (now called the Ministry of Commerce), which effectively replaced the former Ministry of Commerce and Industry and the establishment of a separate ministry called Ministry of Investment;
- the combination of the former Ministry of Labour and Ministry of Social Affairs into a single Ministry of Labour and Social Development (now called the Ministry of Human Resource and Social Development);
- the creation of two bodies, the General Authority for Culture and the General Entertainment Authority, which are respectively responsible for promoting the cultural and entertainment-related goals set out in Vision 2030; and
- the renaming of the Ministry of Hajj to the Ministry of Hajj and Umrah, while the former Ministry of Islamic Affairs, Endowments, Call and Guidance has been renamed the Ministry of Islamic Affairs, Call and Guidance.

In addition to the changes described above, a number of other Government institutions, including those related to education and sporting activities, have been created or restructured.

In April 2017, the National Security Centre was established pursuant to Royal Decree. The National Security Centre is headed by the Counsel of National Security and reports directly to the Royal Court.

In July 2017, a restructuring of the Ministry of the Interior, through a number of Royal Orders, was announced. The restructuring resulted in the establishment of a government body named the Presidency of National Security that reports directly to the President of the Council of Ministers and to which all departments relevant to national security have been transferred.

In June 2018, pursuant to a number of Royal Orders, the Ministry of Culture, which is responsible for the Kingdom's cultural activities, was established and the name of the former Ministry of Culture and Information was amended to the Ministry of Media. These Royal Orders also established the Royal Commission for Makkah City and Holy Sites and the Council of Royal Reserves.

In August 2019, pursuant to a number of Royal Orders, the Ministry of Industry and Mineral Resources was established and the name of the former Ministry of Energy, Industry and Mineral Resources was amended to the Ministry of Energy. The Ministry of Energy is responsible for all matters relating to energy, while the Ministry of Industry and Mineral Resources is responsible for the industrial development of Saudi Arabia, including the development of the National Industrial Clusters Development Programme as contemplated by Vision 2030. These Royal Orders also established the Saudi Data and Artificial

Intelligence Authority, the National Centre for Artificial Intelligence and the National Data Management Office.

In February 2020, pursuant to a number of Royal Orders, three new ministries were established: the Ministry of Investment was established, which replaced the Saudi Arabia General Investment Authority, the Ministry of Sports was established, which replaced the General Sport Authority and the Ministry of Tourism was established, which replaced the Commission for Tourism and National Heritage. These Royal Orders also combined the Ministry of Civil Service with the Ministry of Labour and Social Development into a single Ministry of Human Resources and Social Development.

In January 2021, pursuant to a Royal Order, the Ministry of Housing was combined with the Ministry of Municipal and Rural Affairs into a single Ministry of Municipal and Rural Affairs and Housing.

LEGAL AND JUDICIAL SYSTEM

Saudi law is derived from the Basic Law of Governance and legislation enacted in various forms, the most common of which are Royal Orders, Royal Decrees, High Orders, Council of Ministers resolutions, ministerial resolutions and ministerial circulars having the force of law.

Saudi Arabia follows a civil law system. Saudi Arabia's judicial system comprises the general courts, which have general jurisdiction over most civil and criminal cases, and specialised courts covering certain specific areas of law, including a system of administrative courts known as the Board of Grievances, Commercial Courts, Personal Status Courts, Penal Courts and a Specialised Penal Court. There are also various adjudicatory or quasi-judicial committees with special jurisdiction over such matters as banking transactions, securities regulation, intellectual property, labour disputes, tax, electricity industry disputes and medical malpractice.

In 2007, the Government announced a restructuring of the judicial system, including the establishment of courts of appeal and a supreme court, as well as the merger of most special adjudicatory committees into the general courts, though exceptions were made for certain adjudicatory committees. The committees that are exempted from the 2007 reforms include the Banking Disputes Committee and the Committee for the Enforcement of the Banking Control Law, both of which operate under the aegis of the Saudi Central Bank; the Committee for Resolution of Insurance Disputes and Violations, which operates under the aegis of the Insurance Authority; the Committee for the Resolution of Securities Disputes, which operates under the aegis of the CMA; and the Committee for Resolution of Custom Duties Disputes. The 2007 reforms also proposed the transfer of jurisdiction over commercial disputes from the Board of Grievances to the commercial courts which have started to hear disputes of a commercial nature as of 22 September 2017 pursuant to the Circular of the Supreme Court of Justice no. T/967 dated 01/01/1439H (corresponding to 22 September 2017). As part of the ongoing restructuring of the judicial system, personal status courts, courts of appeal and a supreme court have already been established.

The enforcement of judgments and arbitral awards (including foreign judgments and arbitral awards) against government entities (such as the Ministry of Finance) is subject to the Administrative Enforcement Law. Pursuant to the Administrative Enforcement Law, a circuit court of the Board of Grievances may issue an enforcement order against a government entity after notifying the government entity of the enforcement and the lapse of a warning period. The Administrative Enforcement Law came into effect on 20 August 2023. Pursuant to the Insolvency Law issued by Royal Decree No. M/50 dated 28/5/1439H (corresponding to 13 February 2018), which came into effect in August 2018, as amended, supplemented or restated from time to time, the Board of Grievances' exclusive jurisdiction to supervise insolvency and bankruptcy proceedings relating to commercial entities was transferred to the Commercial Courts.

In June 2017, a Royal Order was issued changing the name of the Bureau of Investigation and Public Prosecution to the Public Prosecution and establishing it as an independent government body that reports directly to the King, headed by a general prosecutor.

On 4 November 2017, the Supreme Anti-Corruption Committee was formed by Royal Order No. A/38 to investigate certain corruption allegations. On 30 January 2019, the Supreme Anti-Corruption Committee announced that it had concluded its tasks and indicated that 381 individuals had been summoned in connection with the investigation, some of whom were summoned only to testify. A comprehensive review of each detainee's case was conducted under the supervision of the public prosecutor. After the due processing of each case, the detainees that were not indicted on charges related to corruption were released.

Settlements were reached with 87 individuals after confession to the charges against them and their subsequent agreement to settlements. The public prosecutor refused to settle the cases of 56 individuals due to existing criminal charges against them. Finally, eight individuals refused to settle despite the existence of evidence against them and they were referred to the public prosecutor for further due process in accordance with relevant laws. As a result of the aforementioned measures, it is estimated that more than SAR 400.0 billion (U.S.$106.7 billion) was retrieved for the state treasury in the form of real estate, commercial entities, cash and other assets.

On 9 February 2021, HRH the Crown Prince announced that the Kingdom has taken serious steps towards developing its legislative environment during the past few years, including adopting new laws and reforming existing ones. These laws are meant to preserve rights, bolster the principles of justice, enforce transparency, protect human rights and achieve comprehensive and sustainable development, in a manner to reinforce the Kingdom's global competitiveness based on objective and clearly identified procedural and institutional references.

HRH the Crown Prince stated that the Personal Status Law, the Civil Transactions Law and the Law of Evidence represent a new wave of reforms that contribute to the ability to predict court decisions, increase the level of integrity and efficiency of judicial institutions, and increase the reliability of procedures and oversight mechanisms as cornerstones in achieving the principles of justice, clarifying the lines of accountability and ensuring the consistency of legal references in a manner that limits discrepancies in courts decisions. As at the date of this Offering Circular, the Penal Code for Discretionary Sentences has not been finalised but has been proposed as part of broader judicial reforms in the Kingdom. The Personal Status Law, which aims to codify and reform several aspects of family law in the Kingdom was finalised in March 2022 and came into force in June 2022.

Moreover, the Civil Transactions Law was issued pursuant to Royal Decree No. M/91 dated 29/11/1444H (corresponding to 18 June 2023) (the "**CTL**") and set out the rules and requirements governing civil and commercial transactions in Saudi Arabia. The CTL also includes forty-one rules of jurisprudence which apply to cases not covered by the rest of the articles of the CTL and only to the extent they do not contradict with the other provisions of the CTL. Article 1 of the CTL further provides that to the extent none of the articles under the CTL (including the rules of jurisprudence set out therein) apply to a particular scenario, the most relevant principle of Shari'a shall apply to such scenario. The CTL came into force on 15 December 2023 and supersedes all laws and regulations which contradict its provisions. The provisions of the CTL apply retrospectively to all matters preceding the date on which the CTL came into effect, except for the following scenarios:

(a) where a party has placed reliance on a statutory provision or judicial principal that contradicts the provisions of the CTL and such reliance was placed prior to the CTL coming into effect; and

(b) where a statutory provision provides for a statute of limitation within which legal proceedings need to be commenced, which period has commenced prior to the CTL coming into effect.

FOREIGN RELATIONS AND INTERNATIONAL ORGANISATIONS

Saudi Arabia's Position in the International Community

As the only Arab nation member of the Group of Twenty (also known as the G-20), an international forum for the governments of 20 major economies, and a founding member of several major international organisations, including the UN and OPEC, Saudi Arabia plays an important role in the global economy and international trade and diplomatic relations. Furthermore, as a founding member of the GCC, the Muslim World League, the Organisation of Islamic Cooperation (the "**OIC**") and the Islamic Development Bank (each of which is headquartered in Saudi Arabia) as well as the Arab League, Saudi Arabia has also assumed a leadership position among both Arab countries and the broader Muslim world. As the world's third largest oil producer (accounting for 16.1 per cent. of the world's total oil production) and the world's largest oil exporter (accounting for 18.2 per cent. of the world's total oil exports by volume) in the year ended 31 December 2022, according to OPEC's 2023 Annual Statistical Bulletin, Saudi Arabia occupies a central position in OPEC and the world oil markets.

Saudi Arabia is also a member of the IMF, the African Development Bank Group, the Asian Infrastructure Investment Bank and the European Bank for Restructuring and Development (the "**EBRD**"). The EBRD's mandate has recently been expanded to invest and promote private initiatives in certain Arab countries in the Middle East and North Africa region.

Saudi Arabia joined the World Bank Group in 1957, and is one of the larger shareholders of the World Bank among its 189 member countries. In recognition of its contributions to the global economy and international development, Saudi Arabia achieved the status of a 'single-country constituency' on the World Bank's Executive Board (the "**Board**") in 1986. Saudi Arabia is represented at World Bank meetings by its executive director and engages in direct consultations and negotiations with other executive offices with the aim of achieving the World Bank's primary objective of reducing global poverty. From time to time, Saudi Arabia's executive director has served as the chair of the Board's standing committees, and several of the past Saudi executive directors have served as dean of the Board.

Saudi Arabia acceded as a member of the WTO in November 2005, as a result of which the Government has implemented various structural reforms in order to create a more liberal trade regime and business-friendly environment. In addition to the WTO, Saudi Arabia is party to a number of multilateral business and trade related agreements, including the Convention Establishing the Multilateral Investment Guarantee Agency; the Inter-Arab Investment Guarantee Corporation; the UN Guiding Principles on Business and Human Rights; and the Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Saudi Arabia is also party to a number of trade and economic agreements aimed at promoting trade and economic development, including the Arab Economic Unity Agreement; the Arab League Investment Agreement; the League of Arab States Investment and the Agreement on Promotion, Protection and Guarantee of Investments among the Member States of the OIC.

Saudi Arabia plays a key role in the international fight against terrorism. Saudi Arabia is a member and an active participant in a number of international organisations and treaties pertaining to anti-money laundering ("**AML**") and combatting the financing of terrorism ("**CFT**"). In December 2015, the Government announced the establishment of an intergovernmental military alliance of 34 countries based at a joint command centre in Riyadh, the primary objective of which is to combat terrorist organisations, including *Da'esh*, in line with UN and OIC initiatives on counter-terrorism.

Saudi Arabia is also a member of the International Chamber of Commerce, the World Intellectual Property Organisation, the Greater Arab Free Trade Area, the International Organisation of Securities Commissions and the Organisation for the Prohibition of Chemical Weapons.

Saudi Arabia has entered into bilateral economic, trade and technical cooperation agreements with 36 countries, which aim to develop economic, trade and technical cooperation and to enable the free inflow of goods, capital, and services and the free movement of individuals and investment between the contracting countries. Saudi Arabia has also entered into Avoidance of Double Taxation Agreements with 53 countries.

In addition, Saudi Arabia contributes significant amounts of development aid to other countries and institutions, including through the Saudi Fund for Development (the "**SFD**"). The SFD extends loans and credit support for the development of a range of projects in many developing countries, particularly in Asia and Africa, with a particular focus on the social infrastructure, agriculture, energy and industry sectors.

Relations with Gulf Cooperation Council and other Arab countries

The GCC was established on 25 May 1981, comprising Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the UAE, with the aim of promoting cooperation between the member countries and achieving coordination and integration across a range of diverse fields. The Secretariat General of the GCC is located in Riyadh, Saudi Arabia. An agreement to achieve economic unification between the countries of the GCC was signed on 11 November 1981 which led, on 1 January 2008, to the creation of a common market in the GCC region. In January 2016 the common market was further integrated, providing for full equality among GCC citizens in government and private sector employment, social insurance and retirement coverage, real estate ownership, capital movement, access to education, health and other social services in all member states. In the year ended 31 December 2022, the GCC countries, as a whole, accounted for SAR 77.7 billion (U.S.$20.7 billion), or 10.9 per cent., of Saudi Arabia's total imports and SAR 135.3 billion (U.S.$36.1 billion), or 8.8 per cent., of Saudi Arabia's total exports.

In December 2008, Saudi Arabia, Bahrain, Qatar and Kuwait approved a monetary union agreement (the "**Monetary Union Agreement**") and a statute relating to the new Gulf Monetary Council (the "**Monetary Council Statute**"), which set forth the legal and institutional framework for a proposed monetary union of the relevant member states. The Monetary Union Agreement was ratified and came into force on 27 February 2010, while the Monetary Council Statute became effective on 27 March 2010. The Gulf Monetary Council, which was established in Riyadh, held its inaugural meeting on 30 March 2010. The primary strategic aim of the Gulf Monetary Council is to improve the efficiency of financial services, lower transaction costs and increase transparency in the prices of goods and services, and an essential part of this strategy is the establishment of a GCC central bank followed by a common currency for the countries that have acceded to the Monetary Union Agreement.

In addition to the creation of a common market and a closer economic and social union, the member states of the GCC cooperate on the development of a shared security strategy.

Saudi Arabia also maintains strong diplomatic and economic relationships with the other Arab countries outside the GCC. In the year ended 31 December 2022, certain Arab League countries outside the GCC (particularly Jordan, Iraq, Yemen, Lebanon, Egypt, Syria, Morocco and Sudan) accounted for SAR 38.2 billion (U.S.$10.2 billion), or 5.4 per cent., of Saudi Arabia's total imports and SAR 114.9 billion (U.S.$30.6 billion), or 7.5 per cent., of Saudi Arabia's total exports, according to GASTAT.

A number of Arab countries, particularly Tunisia, Egypt, Sudan and Yemen, have been major beneficiaries of the SFD.

On 5 June 2017, three GCC countries – Saudi Arabia, the UAE and Bahrain – as well as Egypt and Yemen – severed diplomatic ties with Qatar, cut trade and transport links and imposed sanctions on Qatar. In January 2021, Saudi Arabia, the UAE, Bahrain and Egypt restored full diplomatic relations with Qatar and re-opened trade and transport links.

Employment

As at 30 September 2023, the total number of Saudi employed persons reached 3.9 million, of which 2.4 million, or 60.1 per cent., were male and 1.6 million, or 39.9 per cent., were female. Saudi nationals in the age group from 25 to 39 years constituted 49.4 per cent. of the Saudi national labour force as at 30 September 2023.

The following table sets forth selected statistics relating to the labour force in Saudi Arabia as at 30 September 2023, 31 December 2022 and 31 December 2021, respectively.

	As at 30 September 2023			As at 31 December 2022			As at 31 December 2021		
	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
Total employed persons	**3,921,321**	**11,896,833**	**15,818,154**	**3,770,631**	**10,987,727**	**14,758,358**	**3,450,057**	**9,595,181**	**13,045,238**
Male	2,357,785	10,461,593	12,819,378	2,300,070	9,672,933	11,973,003	2,180,320	8,481,117	10,661,437
Female.....................	1,563,536	1,435,240	2,998,776	1,470,561	1,314,794	2,785,355	1,269,737	1,114,064	2,383,801
Total civil service employees...........	**1,224,524**	**42,051**	**1,266,575**	**1,189,216**	**44,065**	**1,233,281**	**1,209,245**	**46,317**	**1,255,562**
Male	716,024	22,123	738,147	688,985	23,147	712,132	710,470	24,257	734,727
Female.....................	508,500	19,928	528,428	500,231	20,918	521,149	22,060	520,835	502,571
Total unemployment rate (%)	**8.6**	**1.5**	**5.1**	**8.0**	**1.5**	**4.8**	**11.0**	**2.9**	**6.9**
Male	4.6	0.8	2.5	4.2	0.9	2.3	5.2	2.0	3.3
Female.....................	16.3	6.4	13.7	15.4	5.9	12.9	22.5	9.0	18.7

Source: GASTAT
Note this excludes employees in the security and military sectors.

Vision 2030 also places great emphasis on providing Saudi citizens with the necessary training and skills required for becoming an effective part of the workforce, in particular increasing the participation of Saudi citizens in the private sector, and it is anticipated that further initiatives have been launched to further these aims, including initiatives to increase women's participation in the labour market and to enable integration of people with disabilities in the labour market.

Saudisation

In light of the Government's objective to better accommodate Saudi nationals in the work force, and in particular to encourage them to join the private sector, the Government has supported a number of initiatives to achieve these results, and towards this end the Ministry of Human Resources and Social Development has implemented the Saudi nationalisation scheme, or "*Saudisation*". Saudisation is intended to promote the employment of Saudi nationals in the private sector, which has traditionally been dominated by expatriate workers from Asia, Europe and other Arab countries. Current Saudisation requirements vary significantly depending on the relevant sector and the size of the employer. For example, entities engaging in wholesale and retail activities are required to maintain a Saudisation level of eight to 25 per cent., depending on the size of the employer, whereas entities engaging in construction activities are required to maintain a Saudisation level of five to 100 per cent., depending on the size of the employer.

In June 2011, the former Ministry of Labour (now the Ministry of Human Resources and Social Development) introduced the nitaqat scheme, which as currently structured categorises private businesses into five categories, depending, amongst other criteria on their objectives and total number of employees. Under the nitaqat scheme, businesses receive incentives or penalties depending on the category that they belong to, particularly in relation to visa applications, transfers and renewals. The Ministry of Human Resources and Social Development has also introduced the hafiz programme for supporting Saudi job seekers, which provides various employment channels to enable the private sector to hire qualified Saudi nationals. In 2015, the Labour Law was amended to enable the Ministry of Human Resources and Social Development to further encourage compliance by employers with the applicable Saudisation requirements. Furthermore, the Government imposed expatriate levies in July 2017 and increased work visa fee requirements for expatriates, all of which is expected to further incentivise employment of Saudi nationals. The levy structure has undergone revisions, including a recent adjustment in 2020, wherein the Government raised the maximum levy to SAR 800 per worker for companies with the lowest levels of Saudisation compliance.

EDUCATION

The education system in Saudi Arabia is under the jurisdiction of the Ministry of Education. According to of the Ministry of Education, its mission is to make education accessible to all while raising the quality of its processes and outputs, developing an educational environment that stimulates creativity and innovation to meet the requirements of development, improving the education system governance, developing the skills and capabilities of its employees and providing learners with the necessary values and skills to become good citizens.

The Government's budgeted expenditure on education for the fiscal year 2023 was SAR 189.0 billion (U.S.$50.4 billion) according to the Ministry of Finance. In the fiscal year 2022, estimated actual expenditure on education was and training reached SAR 195.0 billion (U.S.$52.0 billion), compared to a budgeted expenditure of SAR 185.0 billion (U.S.$49.3 billion).

HEALTHCARE

Saudi Arabia has a national healthcare system in which the Government provides free healthcare services to its citizens through a number of Government agencies. There is also a growing role and increased participation from the private sector in the provision of healthcare services, and the participation of the private sector in the healthcare system is one of the key features of Vision 2030 and the NTP (see "—*Strategy of Saudi Arabia*" below).

The Government's budgeted expenditure on health and social development for the fiscal year 2023 was SAR 189.0 billion (U.S.$50.4 billion) according to the Ministry of Finance. In the fiscal year 2022, estimated actual expenditure on health and social developments was SAR 198.0 billion (U.S.$52.8 billion), compared to a budgeted expenditure of SAR 138.0 billion (U.S.$36.8 billion).

ENVIRONMENT

Saudi Arabia's sustained period of rapid economic growth over the past few decades has been accompanied by high rates of population growth and increasing pressure on the country's natural resources. The potentially adverse environmental impact of unregulated economic growth has been recognised in the Government's recent Development Plans, which have emphasised the importance of achieving sustainable development through the conservation and prudent management of its natural resources. The eighth, ninth and tenth Development Plans have focused on protecting the environment and developing suitable systems consistent with sustainable development.

Given the relative size and importance of the hydrocarbon sector in Saudi Arabia's economy and its potential impact on the environment, Saudi Aramco, as the principal entity responsible for managing Saudi Arabia's oil and gas assets, places a high priority on its sustainable development policies as well as on environmental performance enhancements across Saudi Arabia's entire hydrocarbon sector.

As part of the recent restructuring of the Government, the MEWA was created (succeeding the former Ministry of Agriculture as well as the Ministry of Water and Electricity) with responsibility for, among other matters, protecting and improving the quality of the environment. Environmental protection in Saudi Arabia is regulated under the General Environmental Law (the "**Environmental Law**"), enacted by Royal Decree No. M/165 dated 10 July 2020 and its implementing regulations. The Environmental Law operates as a general regulatory framework for the development and enforcement of domestic environmental rules and regulations.

In October 2021, the Kingdom committed to reaching net zero carbon emissions by 2060. The Kingdom also joined the global methane pledge, which aims to reduce methane emissions globally by 30 per cent. over the coming decade compared to emission levels in 2020.

In 2021, the Kingdom launched the Saudi Green Initiative ("**SGI**"), a national initiative focused on mitigating climate change, environmental protection, and improving living standards. The SGI supports Saudi Arabia's ambition to reach net zero emissions by 2060 through a Circular Carbon Economy ("**CCE**") approach, while also accelerating the country's transition to a green economy. Three overarching targets guide the SGI's work - emissions reduction, afforestation, and land and sea protection. Since the SGI's inauguration, 80 initiatives corresponding to the three targets have been activated, representing an investment of more than SAR 697.5 billion (U.S.$186.0 billion) and helping to drive sustainable growth.

The Kingdom's environmental strategy involves various actors in the economy and comprises an innovative CCE program. The CCE approach contributes to achieving the Kingdom's climate goals in a manner that enables economic diversification while taking into consideration the dynamic baseline state in the Kingdom's nationally determined contributions ("**NDCs**"), preserving the Kingdom's role in promoting the security and stability of global energy markets and taking into account the maturity and availability of necessary technologies to avoid and prevent greenhouse gas emissions.

The Kingdom is developing and implementing holistic and harmonized programs, policies, initiatives, and collaboration platforms aimed at addressing climate change challenges at the national, regional and global level. Examples include the SGI, the Middle East Green Initiative, the Circular Carbon Economy National Program, the National Renewable Energy Program and the Saudi Energy Efficiency Program. The Kingdom is also a participant in international environmental initiatives, including the Global Methane Initiative, Mission Innovation, Clean Energy Ministerial and the Net Zero Producers Forum. These initiatives span across various economic sectors and are carried out by a wide array of both public and private sector entities.

As per its updated NDC, the Kingdom aims to reduce its net annual CO_2 emissions by 278 million tons annually by 2030. This target represents an increase from the reduction target of 130 million tons of CO_2 annually previously published in the Kingdom's intended NDC, demonstrating the Kingdom's commitment to its environmental strategy.

STRATEGY OF SAUDI ARABIA

Vision 2030

In April 2016, the Government announced its new strategy, known as "Vision 2030", which sets forth a comprehensive agenda of socio-economic reforms with the aim of achieving fundamental economic, social and structural changes in Saudi Arabia by the year 2030. Vision 2030 is based upon three fundamental existing strengths of Saudi Arabia: (i) its importance in the Arab and Islamic world; (ii) its leading investment capabilities; and (iii) its unique strategic geographical location with the ability to connect the three continents of Asia, Europe and Africa.

The key objectives of Vision 2030 include the diversification of Saudi Arabia's economy and decreased reliance upon oil-related revenues through, among other measures, the transformation of Saudi Aramco from an oil-producing company into a global industrial conglomerate and the transformation of the Public Investment Fund (the "**PIF**") into a sovereign wealth fund. The PIF intends to continue to assist the private sector with the establishment of capital-intensive projects. In addition, Vision 2030 aims to reform Government services to increase transparency and accountability, as well as to expand the variety and scope of digital services offered by the Government in order to improve efficiency and reduce bureaucracy.

Vision 2030 focuses on three broad themes, each of which aims to capitalise on Saudi Arabia's existing strengths in its society, culture, heritage and economy. The three themes highlighted in Vision 2030 are Societal Development, Economic Reform and Effective Governance.

The Council of Ministers has delegated to the CEDA the overall responsibility for establishing and monitoring the measures required for the effective implementation of Vision 2030, and the CEDA has in turn established an integrated governance model to implement detailed programmes to attain the desired results. For details on the several initiatives that have already been launched, or are anticipated to be launched in connection with the implementation of Vision 2030, see *"—Implementation of Vision 2030*" below. One of the key executive programmes that was launched in June 2016 in connection with the implementation of Vision 2030 is the NTP, which sets forth the objectives and detailed methodology, including clearly identified goals and targets that are sought to be achieved in connection with the implementation of Vision 2030. For details on the NTP, see *"— National Transformation Programme*" below.

The Fiscal Sustainability Programme (previously named the Fiscal Balance Programme), launched in December 2016 in connection with the implementation of Vision 2030, is another key executive programme and sets forth objectives and measures aimed at achieving a balanced budget by 2020.

In April 2017, CEDA, in connection with the implementation of Vision 2030, initially launched ten new executive programmes, which, in addition to the NTP and the Fiscal Sustainability Programme, are known as the Vision 2030 realisation programmes. (see "*Implementation of Vision 2030*" below).

In 2021, the Kingdom unveiled a number of investment initiatives aimed at supporting the economy and further enabling the objectives of Vision 2030. Under these initiatives, approximately SAR 12 trillion is expected to be injected into the national economy through investment activity by 2030, including SAR 5 trillion by Saudi private sector businesses through the Shareek programme (a partnership of the Government with the private sector aimed at increasing domestic investments and supporting economic growth) and SAR 150.0 billion in annual contributions by the PIF through the Public Investment Fund Programme, with the remaining SAR 4.0 trillion expected to be generated by investments facilitated by the National Investment Strategy launched in October 2021. Additionally, the Government expects that the national economy will receive approximately SAR 10.0 trillion through government spending and a further SAR 5.0 trillion from private consumption spending over the same period. This represents a total expected injection of approximately SAR 27.0 trillion (U.S.$7.2 trillion) by 2030.

Societal Development

This theme focuses on individual and societal development and aims to promote national unity and values. The various measures and objectives envisaged under this theme include the following:

- A significant increase in Saudi Arabia's capacity to accommodate Umrah visitors, as well as the restoration and international registration of a number of national, Arab, Islamic and ancient cultural sites, which is intended to increase their visibility and accessibility to visitors.
- The development of cultural and entertainment activities within Saudi Arabia, with dedicated venues being established for this purpose.
- Recognition of the importance of youth development and the critical role that the family unit plays in such development. To this end, measures will be implemented which will seek to encourage parents to be actively engaged in school activities and the education of their children.
- An increase in the capability, efficiency and productivity of healthcare services in Saudi Arabia by promoting competition and transparency among providers. To achieve this goal, the Government intends to introduce corporatisation into the healthcare sector by transferring the responsibility for healthcare provision to a network of public companies that will compete both with each other and with the private sector.

Economic Reform

This theme focuses on an ambitious programme of economic reform. The various measures envisaged under this theme include the following:

- Recognising the need for high quality education that is responsive to the needs of Saudi Arabia's economy. To this end, the Government has launched the National Labour Gateway (*taqat*) and intends to establish sector councils to determine the skills and knowledge required by each socio-economic sector, with the aim of equipping Saudi citizens with the skill-set required to become an effective part of the workforce, in particular the private sector, and thereby lowering Saudi Arabia's unemployment rate and encouraging women's participation in the workforce.

- While acknowledging that the oil and gas industry is an essential pillar of Saudi Arabia's economy, emphasising the need for economic diversification. This is expected to be achieved through various measures, including privatisation initiatives, the development of Saudi Arabia's investment vehicles and an emphasis on the manufacturing sector (including manufacturing of military equipment to meet a substantial portion of its defence needs).

- Establishing an authority for small and medium size enterprises to encourage young entrepreneurs and introduce business-friendly regulations, easier access to funding and to encourage a greater share of national procurement and Government bids.

- Targeting a significant increase in the contribution of the mining sector to Saudi Arabia's economy, through a number of measures, including implementation of structural reforms that will stimulate private sector investment in the mining industry.

- Envisaging the diversification of Saudi Arabia's sources of energy and implementing a legal and regulatory framework to encourage the private sector to invest in the renewable energy sector.

- Emphasising the development of the retail sector by attracting both domestic and international investors, as well as by easing restrictions on ownership and foreign investment and through encouraging financing of small retail enterprises to stimulate growth, thereby expanding the opportunities for e-commerce and the creation of additional employment opportunities in the retail sector.

- Promoting Saudi Arabia as a logistical hub by strengthening interconnectivity and economic integration of infrastructure, both domestically and internationally, and developing Saudi Arabia's telecommunications and information technology infrastructure.

Effective Governance

This theme focuses on building an effective, transparent and accountable Government, and the need for the Government to adopt world-class standards of transparency, efficiency and accountability. The various measures envisaged under this theme include the following:

- the regular review and publication of the Government's goals, plans and performance, with the aim of increasing transparency and enabling monitoring of progress through performance and project management programmes.

- the expansion of "smart" Government services such as interactive and online Government portals, with the aim of achieving global leadership in e-government.

- offering training programmes for Government employees and provision of ongoing professional development and training with the aim of increasing productivity.

- increasing the efficiency of Government spending. To this end, a comprehensive review of financial regulations across Government agencies is currently being undertaken.

Implementation of Vision 2030

The Government has already launched a number of programmes that seek generally to achieve the aims and objectives of Vision 2030, which include the following:

- *The Fiscal Sustainability Programme:* This programme involves reviewing Saudi Arabia's existing capital expenditure, including the approval mechanisms relating to such expenditure, and its measurable economic impact. This programme envisages that further measures will be introduced with the aim of achieving economic diversification and fiscal consolidation. The Fiscal Sustainability Programme is a key component to developing a more effective government by enabling additional scrutiny of government finances as well as contributing to key socio-economic objectives of Vision 2030, including facilitating additional investments in Vision 2030 programmes and reforms to the social welfare system.

- *The National Transformation Programme:* This programme was launched by the Government in June 2016 and establishes strategic objectives that are based on Vision 2030 and addresses various challenges involved in the implementation of Vision 2030 in accordance with the specified methodology and targets. As a result of the launch of the Vision 2030 realisation programmes, the Government is re-examining the scope of the NTP in order to eliminate overlaps between the NTP and other programmes and ensure that the NTP continues to meet the overall objectives of Vision 2030. For further details in respect of NTP, see *"— National Transformation Programme*" below.

- *Day of Al Rahman Programme*: This programme aims to increase the number of people performing Hajj and Umrah including through the development of further infrastructure to support increased participation in Hajj and Umrah.

- *Quality of Life Programme*: This programme aims to increase participation in cultural, environmental and sporting activities. The programme also focuses on developing the tourism sector in the Kingdom as well as contributing to strengthening the Kingdom's position as a global tourist destination, achieving tangible accomplishments.

- *National Industrial Development Logistics Programme (the "**NIDLP**")*: This programme aims to position Saudi Arabia as a logistics hub that benefits from its location at the intersection of three continents through improving infrastructure and developing logistics services. The delivery plan for the NIDLP was approved on 15 July 2017 and the programme was officially launched on 28 January 2019. The NIDLP's objective is to develop the industry, mining, energy and logistics sectors in Saudi Arabia, which in turn is expected to support job generation, increase non-oil exports, reduce imports, raise the contribution of these sectors to the Kingdom's gross domestic product and attract foreign investments.

- *The Housing Programme*: This programme aims to facilitate increased private home ownership through the development of the residential and construction sectors.

- *Public Investment Fund Programme*: This programme strengthens the Public Investment Fund, which is the engine behind economic diversity in the KSA. It also develops high focused strategic sectors by growing and maximizing the impact of the Fund's investments, and seeks to make PIF among the largest sovereign wealth funds in the world. Moreover, the Program establishes strong economic partnerships that help deepen the KSA's impact and role both regionally and globally.

- *Financial Sector Development Programme*: This programme aims to increase the size, depth, and development of Saudi Arabia's capital markets, improve operators and users' experiences as well as the status of Saudi Arabian capital markets regionally, with the aim of making Saudi Arabia's capital markets the primary market in the Middle East and one of the most respected markets internationally. The programme aims to help create an advanced market that attracts local and foreign investors, which enables it to take on a pivotal role in developing the national economy and diversifying sources of income.

- *Privatisation Programme*: This programme aims to identify sectors suitable for privatisation and to implement a comprehensive privatisation programme.

- *Human Capability Development Programme:* This programme aims to ensure that citizens have the required capabilities to compete globally by instilling values and developing basic and future skills, as well as enhancing knowledge to meet the requirements of the future local and global labour markets.

- *Health Sector Transformation Programme:* This programme aims to restructure the health sector in the Kingdom to be a comprehensive, effective and integrated health system that is based on the health of the individual and society and depends on the principle of value-based care.

In addition to the programmes outlined above, each of which have already been initiated and are at various stages of implementation, the Government is proposing to launch additional programmes that are intended to assist in achieving the aims of Vision 2030. These programmes include the Saudi Aramco Strategic Transformation Programme, a programme that envisages the transformation of Saudi Aramco from an oil-producing company into a global industrial conglomerate.

National Transformation Programme

The NTP was launched in June 2016 across 24 governmental bodies operating in the economic and development sectors. At the time of its launch, the NTP included 16 ministries (including all the ministries represented in the "**CEDA**") as well as other governmental organisations closely connected with the overall objectives of Vision 2030 (such as the Ministry of Tourism, the Royal Commission for Jubail and Yanbu (the "**RCJY**"), MISA and the King Abdulaziz City for Science and Technology, among others).

NTP seeks to identify both the strategic objectives, as well as the challenges, involved in the implementation of Vision 2030, followed by the launch of specific initiatives and the attainment of well-defined goals to be achieved by each Government entity covered by NTP. In its first phase from 2016 to 2020, the programme contributed to important accomplishments including, but not limited to, improving the regulatory framework and judicial and other services provided to citizens, developing the Kingdom's infrastructure including the construction of sea water desalination plants and their associated networks, improving the ease of doing business in the Kingdom, expanding digital transformation and technical solutions, improving labour market regulation, empowering women and increasing their participation in the workforce and further developing the non-profit sector and the tourism sector. In its current phase (2021 to 2025), the programme is responsible for 34 objectives across seven dedicated themes that include achieving government operational excellence, ensuring sustainability of vital resources, social empowerment and the development of the non-profit sector, labour market accessibility and attractiveness, the empowerment of the private sector, digital transformation and the development of economic partnerships.

One of the key features of the NTP is maximising the private sector's participation in attaining the goals of the NTP, thereby reducing the costs to be borne by the Government and enhancing the financial and developmental returns from the NTP.

The CEDA has established procedures and processes for the transparent and effective implementation of the initiatives contained in NTP, including comprehensive and ongoing performance measurement mechanisms to enable the supporting agencies, such as the establishment of the National Centre for Performance Measurement and the Delivery Unit, to evaluate performance and recommend adjustments and corrective action where required.

MEDIA, CULTURE AND ENTERTAINMENT

In 2016, in line with Vision 2030, the General Entertainment Authority was established with the aim of organising and developing the entertainment sector in the Kingdom, encouraging local tourism and contributing to economic diversity. The entertainment sector has grown substantially in recent years. According to the General Entertainment Authority, approximately 3,998 new licenses and permits were issued for the entertainment sector in recent years drawing over 75 million event attendees.

In 2019, the Saudi Tourism Authority announced the launch of "Saudi Seasons," which comprises 11 tourism seasons that cover all regions of the Kingdom, designed to provide a comprehensive cultural and historical experience for visitors including cultural, sports, entertainment and business events, in addition to assisting in qualitative hospitality services.

The progressive opening of the entertainment sector has spurred an ambitious construction pipeline of movie theatres, theme parks, live mega events, and sports-related infrastructure. The PIF has invested in several entertainment companies including Activision Blizzard, Electronic Arts, Take-Two Interactive Software and Live Nation. In 2018 the General Entertainment Authority announced its intention to procure investments of up to $64.0 billion by 2028 to develop Saudi Arabia's domestic in the Kingdom's entertainment sector. by 2028 as part of Vision 2030. This investment will be driven by a combination of government funds, public-private partnerships, and private sector participation.

Culturally, the Saudi government is transforming the northwestern city of Al Ula which is the location of its first UNESCO World Heritage Site, Mada'in Saleh, a significant Nabatean archaeological site into a cultural and eco-tourism destination offering sightseeing, hiking, camping, and various desert activities.. Closer to Riyadh, the historic city of Diriyah, also a UNESCO World Heritage Site, showcases the Kingdom's 300-year heritage through various heritage, educational and cultural experiences. Diriyah is expected to feature restored historical sites, museums, galleries, hotels, restaurants, a golf course, and a racetrack.

In 2017, the Government announced its intention to develop an entertainment city in Al-Qiddiya south of Riyadh, covering an area of 367 square kilometres. Construction of Al Qiddiya began in 2019. Its developer, Qiddiya Investment Company, unveiled the designs for the park in August 2019 and opened the Qiddiya Experience Centre in 2023.

In April 2018, the Ministry of Media granted the first licence to operate cinemas in Saudi Arabia to the Development and Investment Entertainment Company ("**DIEC**"), a company wholly-owned by the PIF. AMC Theatres Company entered into an agreement with DIEC to operate cinemas in Saudi Arabia with a plan to build up to 100 cinemas in 25 cities in Saudi Arabia by 2030 and the inaugural edition of the Red Sea International Film Festival featured 138 films and shorts from 67 countries in 34 languages. Saudi Arabia has established a Media City in Riyadh in order to create a multiservice media ecosystem to support and enable content and talent creation.

In April 2018, the General Entertainment Authority entered into agreements with Cirque du Soleil, Field Entertainment Company, National Geographic and IMG Company to increase investments in the entertainment sector and promote tourism in Saudi Arabia.

In 2023, the Municipal Affairs and Housing Ministry launched the Furas platform to offer hundreds of sites across Saudi Arabia for investment by event organisers and entertainment project owners. Entertainment events can be held via the temporary rental of sites across the Kingdom, including gardens, arenas, beaches, plots of land and facilities.

In November 2023, the Kingdom of Saudi Arabia secured its bid to host the World Expo 2030 in Riyadh with the theme: "The Era of Change: Together for a Foresighted Tomorrow." The Expo will be held from October 2030 through March 2031 in a planned site north of Riyadh near King Khalid International Airport.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Words and expressions defined in "Terms and Conditions of the Certificates" shall have the same meanings in this section.

Purchase Agreement

The Purchase Agreement will be entered into on the Issue Date between the Trustee (in its capacity as Trustee and as Purchaser) and the Obligor (in its capacity as Seller) and will be governed by the laws of the Kingdom of Saudi Arabia.

Pursuant to the Purchase Agreement, the Seller will sell to the Purchaser and the Purchaser will purchase from the Seller, in each case, on the Issue Date all of the Seller's rights, title, interests, benefits and entitlements in, to and under the Initial Wakala Assets at the Purchase Price, being an amount which shall not be less than 55 per cent. of the proceeds of the Certificates.

Servicing Agency Agreement

The Servicing Agency Agreement will be entered into on the Issue Date between the Obligor (in its capacity as Servicing Agent) and the Trustee and will be governed by English law.

Services

Pursuant to the Servicing Agency Agreement, the Trustee will appoint the Servicing Agent for the provision of services in respect of the Wakala Portfolio. In particular, the Servicing Agent will undertake to provide, *inter alia*, the following services, as agent of the Trustee, during the Wakala Ownership Period (the "**Services**"):

(a) it shall provide services in respect of the Wakala Portfolio in accordance with the wakala services plan set out in the schedule to the Servicing Agency Agreement;

(b) if the Trustee issues an Additional Tranche, it shall as soon as practicable after such issuance amend the wakala services plan to take into account the issuance of such Additional Tranche;

(c) it shall ensure that the Wakala Assets will comprise only Eligible Wakala Assets;

(d) it shall, subject to the terms of the Servicing Agency Agreement ensure that, at all times on and after the Issue Date, the Tangibility Ratio is more than 50 per cent.. If at any time the Tangibility Ratio, other than as a result of the occurrence of a Total Loss Event, falls:

    (i) to 50 per cent. or less (but is 33 per cent. or more), the Servicing Agent shall take any and all steps (in consultation with the *Shari'a* Adviser) as may be required to ensure that the Tangibility Ratio is restored to more than 50 per cent. within the time period determined by the *Shari'a* Adviser; and

    (ii) to less than 33 per cent. (such event, being a "**Tangibility Event**"), within 10 Business Days of the Servicing Agent becoming aware of the occurrence of the Tangibility Event, the Servicing Agent shall send a Tangibility Event Trustee Notice providing notice to the Trustee and the Delegate of such occurrence and requesting the Trustee to promptly deliver a Tangibility Event Notice to the Certificateholders in accordance with Condition 10.9 (*Dissolution at the right of the Certificateholders (Tangibility Event Put Right)*) specifying:

        (A) that a Tangibility Event has occurred, together with an explanation of the reasons for, and evidence of, such occurrence;

        (B) that, as determined in consultation with the *Shari'a* Adviser, the Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis);

(C) that, on the date falling 15 days following the Tangibility Event Put Right Date, the Certificates will be delisted from any stock exchange (if any) on which the Certificates are admitted to listing or if such date is not a business day, the next following business day ("**business day**" being, for this purpose, a day on which the stock exchange on which the Certificates are admitted to listing is open for business); and

(D) the Tangibility Event Put Right Period, during which period any Certificateholder shall have the option to require the redemption of all of any of its Certificates;

(e) it shall carry out all Major Maintenance and Structural Repair in respect of the Wakala Assets on account and on behalf of the Trustee and in so doing the Servicing Agent shall:

(i) ensure that accurate and current records are kept of all Major Maintenance and Structural Repair activities;

(ii) conduct regular and proper inspection of the Wakala Assets;

(iii) ensure that Major Maintenance and Structural Repair is carried out with the proper quality of materials and workmanship; and

(iv) ensure that Major Maintenance and Structural Repair is carried out by qualified persons and in accordance with all applicable regulations and law,

in each case, in accordance with good maintenance practice expected from a prudent person carrying on business and operations similar to that of the Servicing Agent on an arm's length basis and in order to fully maintain the Value of the Wakala Assets;

(f) it shall promptly pay, on account and on behalf of the Trustee, all Proprietorship Taxes (if any) charged, levied or claimed in respect of the Wakala Assets by any relevant taxing authority and promptly, upon request, provide to the Trustee appropriate receipts or certificates from the relevant taxing authority for the full amount of all Proprietorship Taxes paid by it;

(g) it shall do all acts and things (including the execution of such documents, issue of notices and commencement of any proceedings) that it considers (and without the need for the consent of the Trustee) reasonably necessary to ensure the assumption of and compliance by each Lessee with its covenants, undertakings or other obligations under the relevant Lease to which it is a party in accordance with all applicable laws and the terms of the relevant Lease, in each case, in respect of the Wakala Assets;

(h) it shall discharge or procure the discharge of all obligations to be discharged by the Obligor (in whatever capacity) in respect of the Leases in respect of the Wakala Assets;

(i) it shall pay on account and on behalf of the Trustee any actual costs, expenses, actual losses and Taxes (other than Proprietorship Taxes) which would otherwise be payable by the Trustee as a result of the Trustee's ownership of the Wakala Portfolio and such actual costs, expenses, actual losses and Taxes shall be reimbursed in accordance with clause 6.3(b) (*Collection Accounts*) or clause 13.3 (*Payments*) of the Servicing Agency Agreement;

(j) it shall use reasonable endeavours to ensure the timely receipt of all Wakala Portfolio Revenues, investigate non-payment of Wakala Portfolio Revenues and generally use all reasonable efforts to collect or enforce the collection of such Wakala Portfolio Revenues under the relevant contract or instrument as and when the same shall become due and shall record such Wakala Portfolio Revenues in the Wakala Collection Account in accordance with clause 6 (*Collection Accounts*) of the Servicing Agency Agreement;

(k) it shall keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all amounts due in respect of the Wakala Portfolio Revenues;

(l) it shall ensure that all Wakala Portfolio Revenues are received free and clear of, and without withholding or deduction for, Taxes;

(m) it shall maintain the Wakala Collection Account and the Wakala Reserve Account in accordance with clause 6 (*Collection Accounts*) of the Servicing Agency Agreement;

(n) it shall obtain all necessary licences, authorisations, consents and approvals in connection with the Wakala Assets and its obligations under or in connection with the Servicing Agency Agreement;

(o) it shall renew existing Leases relating to the Wakala Assets, or where such leases are not to be renewed, lease the Wakala Assets to new tenants, in each case, such that the renewed or new leases commence upon the expiration of any existing Leases;

(p) in relation to the Wakala Assets:

(i) the Servicing Agent will (on behalf of the Trustee):

(A) ensure that the Wakala Assets are properly insured and, accordingly, shall effect such insurances in respect of the Wakala Assets (the "**Insurances**"), through brokers and with such reputable insurance companies in good financial standing, including against a Total Loss Event. The Servicing Agent undertakes to ensure that the aggregate of the insured amount will, at all times, be at least equal to the Full Reinstatement Value;

(B) promptly make a claim in respect of each loss relating to the Wakala Assets in accordance with the terms of the Insurances and diligently pursue such claim; and

(C) ensure that, in the event of a Total Loss Event occurring, unless the Wakala Assets have been replaced pursuant to clause 3.1(p)(ii) of the Servicing Agency Agreement, all the proceeds of the Insurances against a Total Loss Event are in an amount equal to the Full Reinstatement Value and are paid in U.S. dollars directly into the Transaction Account by no later than the 60th day after the occurrence of the Total Loss Event and that the relevant insurer(s) will be directed accordingly;

(ii) if, by no later than the 59th day after the occurrence of a Total Loss Event, the Servicing Agent receives notice from the Obligor of the availability of replacement Eligible Wakala Assets to which the Obligor has full legal title free and clear of any Adverse Claim and the aggregate Value of which is not less than the aggregate Value of the Wakala Assets that are the subject of the relevant Total Loss Event (the "**Replacement Wakala Assets**"), the Servicing Agent shall notify the Trustee of the same. Immediately following such notification, the Trustee may, pursuant to and on the terms of a separate purchase agreement substantially in the form, *mutatis mutandis*, of a Supplemental Purchase Agreement, purchase, and accept the transfer and assignment of, the Replacement Wakala Assets together with all of the Obligor's rights, title, interests, benefits and entitlements in, to and under such Replacement Wakala Assets from the Obligor at a purchase price to be paid by the Servicing Agent on behalf of the Trustee using the proceeds of the Insurances in respect of the relevant Wakala Assets that are the subject of the Total Loss Event (or the assignment of the rights to such proceeds) to or to the order of the Obligor; and

(iii) wherever the Servicing Agent procures Insurances in accordance with the terms of this Agreement (including the renewal of any Insurances in existence on the Issue Date) it shall use its reasonable endeavours to obtain such Insurances on a *takaful* basis if such *takaful* insurance is available on commercially viable terms;

(q) if within 60 days of the Issue Date and for any reason, the Servicing Agent is not in compliance with (p)(i)(A) above, it shall immediately deliver written notice to the Trustee and the Delegate of such non-compliance and the details thereof;

(r) ensure that the Wakala Assets are properly insured against a partial loss of any Wakala Asset;

(s) it shall promptly notify the Trustee and the Delegate in writing upon becoming aware of any event, including (without limitation) the occurrence of a default, acceleration or otherwise, as a result of which any secured party and/or beneficiary of a Permitted Security Interest (howsoever described) in respect of a Wakala Asset has become entitled to take any action to enforce that Permitted

Security Interest against that Wakala Asset (any such event being a "**Permitted Security Enforcement Event**"); and

(t) it shall carry out any incidental matters relating to any of the above.

The delivery of the notice referred to in paragraph (q) above to the Trustee and the Delegate in relation to non-compliance with clause 3.1(p)(i)(A) of the Servicing Agency Agreement shall constitute an ACC Event.

If, following the occurrence of a Total Loss Event at any time during the Wakala Ownership Period:

(a) the notice referred to in paragraph (q) above has not been delivered by the Servicing Agent to the Trustee and the Delegate within 60 days of the Issue Date and prior to the occurrence of such Total Loss Event;

(b) the Wakala Assets have not been replaced in accordance with clause 3.1(p)(ii) of the Servicing Agency Agreement; and

(c) the amount (if any) credited to the Transaction Account pursuant to clause 3.1(p)(i)(C) of the Servicing Agency Agreement is less than the Full Reinstatement Value (the difference between the Full Reinstatement Value and the amount credited to the relevant Transaction Account being the "**Total Loss Shortfall Amount**"),

the Servicing Agent will undertake, unless it is able to prove beyond any doubt that the Total Loss Shortfall Amount is not attributable to its negligence or failure to comply with the terms of the Servicing Agency Agreement, to pay the Total Loss Shortfall Amount directly (in same day, freely transferable, cleared funds), in each case, to the relevant Transaction Account by no later than close of business in London on the 61st day after the Total Loss Event occurred. Subject to paying the proceeds of Insurances to the relevant Transaction Account pursuant to clause 3.1(p)(i)(C) of the Servicing Agency Agreement and/or payment of such Total Loss Shortfall Amount in accordance with clause 3.3 of the Servicing Agency Agreement, there will be no further claim against the Servicing Agent for failing to comply with its obligations relating to Insurances.

Following the occurrence of a Total Loss Event:

(a) the Servicing Agent shall immediately notify the Trustee and the Delegate of such occurrence; and

(b) the Trustee shall promptly give notice to the Certificateholders (a "**Total Loss Event Notice**") in accordance with Condition 18 (*Notices*) specifying that:

  (i) a Total Loss Event has occurred; and

  (ii) from the date of the Total Loss Event Notice, and until any further notice from the Trustee in consultation with the *Shari'a* Adviser stating otherwise, the Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis).

Following a replacement of the Wakala Assets in accordance with clause 3.1(p)(ii) of the Servicing Agency Agreement, the Servicing Agent shall promptly notify the Trustee and the Delegate of such replacement and the Trustee shall promptly deliver a notice to the Certificateholders that from the date of that notice the Certificates may be traded at any price.

The Servicing Agent will undertake that it shall:

(a) maintain actual or constructive possession, custody or control of all of the Wakala Assets comprising the Wakala Portfolio at all times during the Wakala Ownership Period, in each case, provided that:

  (i) it is legally possible for the Servicing Agent to so maintain; and

  (ii) such maintenance shall not result in a breach of the terms of the relevant Lease; and

(b) not take any steps during the Wakala Ownership Period that will result in the Wakala Portfolio not comprising any Wakala Assets at any time.

If, on a Dissolution Date, the Obligor fails to pay all or part of any Exercise Price, Change of Control Exercise Price, Tangibility Event Exercise Price, Asset Disposition Exercise Price or Permitted Security Enforcement Event Exercise Price (as applicable) that is due in accordance with the Purchase Undertaking or the Sale Undertaking, as the case may be (the "**Outstanding Exercise Price**"), in which case no Sale Agreement shall have been entered into in accordance with the terms of the Purchase Undertaking or the Sale Undertaking until such Outstanding Exercise Price has been paid in full, then the Servicing Agent will agree to irrevocably, unconditionally and automatically (without the necessity for any notice or any other action) continue to act as servicing agent of the Trustee in respect of the Wakala Portfolio on the terms and conditions, *mutatis mutandis*, of the Servicing Agency Agreement.

The Servicing Agent will agree in the Servicing Agency Agreement to:

(a) provide the Services in accordance with all applicable laws and regulations;

(b) provide the Services with the degree of skill and care that it would exercise in respect of its own assets; and

(c) without prejudice to clause 12 (*Shari'a Compliance*) of the Servicing Agency Agreement, provide the Services and service the Wakala Assets and the Wakala Portfolio Revenues in accordance with generally accepted *Shari'a* principles.

For these purposes:

"**Eligible Wakala Asset**" means a Real Estate Asset:

(a) in respect of which the Obligor: (i) is generating cashflows relating to an activity which does not conflict with the principles of Shari'a; and (ii) is not in breach of its payment obligations under any document relating to such real estate asset;

(b) in respect of which the obligations contained in the documents entered into by the Lessee thereof constitute legal, valid, binding and enforceable obligations of the Lessee thereof under the governing law of such documents and in the jurisdiction in which such Lessee is located;

(c) in respect of which the Obligor is entitled to receive all payments due;

(d) in respect of which there has not occurred an event of default, any acceleration or analogous event or any termination event in respect of the relevant Lease;

(e) in respect of which there has not occurred a total loss, destruction or expropriation;

(f) in respect of which all of the Seller's rights, title, interests, benefits and entitlements in, to and under such Real Estate Asset are capable of being sold by the Seller to the Purchaser in accordance with all applicable laws and with the terms set out in the Purchase Agreement, a Supplemental Purchase Agreement, a Sale Agreement or, as the case may be, any purchase agreement entered into in accordance with clause 3.1(p)(ii) of the Servicing Agency Agreement; and

(g) in respect of which there is no existing ijara (lease) financing or other similar financing arrangement involving the sale, transfer or assignment of such Real Estate Asset and which is free from any Adverse Claim;

"**Full Reinstatement Value**" means an amount equal to:

(a) the aggregate of:

(i) the aggregate face amount of the Certificates then outstanding; plus

(ii) an amount equal to all accrued but unpaid Periodic Distribution Amounts (if any) relating to the Certificates; plus

(iii) an amount equal to the Periodic Distribution Amounts, which would have accrued (had a Total Loss Event not occurred) during the period beginning on (and including) the date on which the Total Loss Event occurred and ending on and including the 61st day after the occurrence of the Total Loss Event; plus

(iv) (to the extent not previously satisfied in accordance with this Agreement) an amount equal to the sum of any outstanding (i) amounts payable by the Trustee in respect of any Liquidity Facility; and (ii) Servicing Agency Liabilities Amounts; plus

(v) without double counting, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents (including but not limited to amounts due but unpaid pursuant to Condition 6.2(a) (*Application of Proceeds from Trust Assets*) and Condition 6.2(b) (*Application of Proceeds from Trust Assets*));

(b) less the aggregate amounts of each Deferred Sale Price then outstanding, if any;

"**Lease**" means, in relation to a Wakala Asset or an Eligible Wakala Asset, a lease entered into by the Obligor (as lessor) with a third party relating to that Wakala Asset or, as the case may be, Eligible Wakala Asset;

"**Lessee**" means any tenant or other party to a Lease who has undertaken to make payments to the Obligor pursuant to terms of such Lease;

"**Major Maintenance and Structural Repair**" means all structural repair and major maintenance (excluding Ordinary Maintenance and Repair), including doing such acts or things and taking such steps to ensure that the Wakala Assets suffer no damage, loss or diminution in value without which such Wakala Assets could not be reasonably and properly used by the Lessee;

"**Ordinary Maintenance and Repair**" means all day-to-day repairs, replacements, acts, maintenance and upkeep works required for the general use and operation of the Wakala Assets and to keep, maintain and preserve such Wakala Assets in good order, state and condition;

"**Proprietorship Taxes**" means all taxes in relation to the Wakala Assets by law imposed, charged or levied against a proprietor, but excluding all taxes that are by law imposed, charged or levied against a lessee or tenant;

"**Real Estate Asset**" means a freehold real estate asset located in the Kingdom of Saudi Arabia (excluding Makkah and Madinah) which is, at the time the real estate asset is to form part of the relevant Wakala Portfolio, leased (other than on the basis of a finance lease) by the Obligor to one or more third parties;

"**Tangibility Ratio**" means the ratio of: (i) the aggregate Value of the Wakala Assets to; (ii) the aggregate Value of the Wakala Assets and the aggregate amounts of each Deferred Sale Price then outstanding, in each case applicable at the relevant time, expressed as a percentage;

"**Total Loss Event**" means:

(a) the total loss or destruction of, or damage to the whole of the Wakala Assets or any event or occurrence which renders the whole of such assets permanently unfit for any economic use and the repair of remedial work in respect thereof is wholly uneconomical; or

(b) the occurrence of any expropriation, nationalisation, requisition, confiscation, attachment, sequestration, enforcement or execution of any legal process in respect of the whole of the Wakala Assets (including, without limitation, the enforcement of any Permitted Security Interest over, or in respect of, any Wakala Asset by any party and as a result of which there are no Wakala Assets forming part of the Wakala Portfolio);

"**Value**" means:

(a) in respect of any Wakala Asset, the value of that Wakala Asset in U.S. dollars (following conversion, if necessary, of any relevant amount(s) at the applicable exchange rate) determined by the Obligor on the day on which it first became part of the Wakala Portfolio as set out in the relevant Purchase Agreement, the relevant Supplemental Purchase Agreement, the relevant Sale

Agreement or any purchase agreement entered into in accordance with clause 3.1(p)(ii) (*Services*) of the Servicing Agency Agreement, as the case may be; and

(b) in respect of any Eligible Wakala Asset, the value of that Wakala Asset in U.S. dollars (following conversion, if necessary, of any relevant amount(s) at the applicable exchange rate) determined by the Obligor on the basis of a market or book valuation;

"**Wakala Distribution Date**" means, during the Wakala Ownership Period, the dates described as such in the Wakala Services Plan, each of which dates shall also be a Periodic Distribution Date; and

"**Wakala Ownership Period**" means the period commencing on the Issue Date and ending on the date on which all of the Certificates are redeemed in full.

Servicing Agency Liability Amounts and Fees

The Trustee and the Servicing Agent agree that any Servicing Agency Liabilities Amounts incurred by the Servicing Agent in providing the Services shall be paid (or reimbursed) by the Trustee by way of the application of amounts standing to the credit of the Wakala Collection Account by the Servicing Agent on the Trustee's behalf pursuant to paragraph (b) of the order of priority set out below under the heading "Collection Accounts" or otherwise on the Scheduled Dissolution Date (or any earlier Dissolution Date on which all of the Certificates are to be redeemed). For these purposes, "**Servicing Agency Liabilities Amount**" means the amount of any actual claims, actual losses, actual costs and expenses properly incurred or suffered by the Servicing Agent or other payments made by the Servicing Agent (excluding, for the avoidance of doubt, interest, penalty payments, costs of funds and opportunity losses) on behalf of the Trustee, in each case in providing the Services during a Wakala Distribution Period, but does not include any amount due to the Servicing Agent (or any third party provider of a Liquidity Facility) under this Agreement in respect of any Liquidity Facility.

The Obligor shall be entitled to receive a fee for acting as Servicing Agent under the Servicing Agency Agreement. In addition, following payment in full of all amounts due and payable under the Certificates on the Scheduled Dissolution Date (or any earlier Dissolution Date on which all (but not some) of the Certificates are to be redeemed), the Servicing Agent shall be entitled to retain any amounts that remain standing to the credit of the Wakala Reserve Account for its own account as an incentive payment for acting as Servicing Agent (the "**Incentive Payment**").

Asset Substitutions

Provided that a Total Loss Event has not occurred and is continuing, the Trustee and the Servicing Agent agree that promptly upon becoming aware that any Wakala Asset ceases to be an Eligible Wakala Asset (the occurrence of such event being an "**Impaired Wakala Asset Event**" and each such Wakala Asset ceasing to be Eligible Wakala Asset being an "**Impaired Wakala Asset**") the Servicing Agent shall promptly deliver a Substitution Request to the Trustee and it shall together with the delivery of such Substitution Request, notify the Trustee of the availability (if any and as notified by the Obligor), together with all necessary details of any new Eligible Wakala Asset for the purposes of substituting the Impaired Wakala Assets in accordance with the terms of the Transaction Documents.

Collection Accounts

The Servicing Agent will maintain two ledger accounts (such accounts being referred to in the Servicing Agency Agreement as the Wakala Collection Account and the Wakala Reserve Account) in its books, each of which shall be denominated in U.S. dollars.

Amounts standing to the credit of the Wakala Collection Account will be applied by the Servicing Agent on behalf of the Trustee on each Wakala Distribution Determination Date (as defined in the Servicing Agency Agreement) in the following order of priority:

(a) *first*, in payment of any amounts advanced to the Trustee by way of a Liquidity Facility;

(b) *second*, in payment of any due but unpaid Servicing Agency Liabilities Amounts in respect of the Wakala Distribution Period ending immediately before the immediately following Wakala Distribution Date and (if applicable) any Servicing Agency Liabilities Amounts for any previous Wakala Distribution Period that remain unpaid;

(c) *third*, the Servicing Agent shall pay into the Transaction Account an amount equal to the lesser of the Required Amount payable on the immediately following Periodic Distribution Date and the balance of the Wakala Collection Account; and

(d) *fourthly,* any amounts still standing to the credit of the Wakala Collection Account immediately following payment of all of the above amounts, shall be debited from the Wakala Collection Account and credited to the Wakala Reserve Account.

Shortfalls

Amounts standing to the credit of the Wakala Reserve Account shall be applied by the Servicing Agent as follows:

(a) if on a Wakala Distribution Determination Date (after payment of the relevant amounts standing to the credit of the Wakala Collection Account into the Transaction Account) there is a shortfall between: (A) the amounts standing to the credit of the Transaction Account; and (B) the Required Amount payable on the immediately following Periodic Distribution Date (the difference between such amounts being a "**Shortfall**"), by paying into the Transaction Account on that Wakala Distribution Determination Date from the amounts standing to the credit of the Wakala Reserve Account (if any) (after the re-crediting of any amounts previously deducted) an amount equal to the lesser of the Shortfall and the balance standing to the credit of the Wakala Reserve Account;

(b) the Servicing Agent may deduct amounts standing to the credit of the Wakala Reserve Account at any time during the Wakala Ownership Period and use such amounts for its own account in a *Shari'a* compliant manner, **provided that** it shall immediately re-credit all such amounts to the Wakala Reserve Account (for on-payment into the Transaction Account) if so required to fund a Shortfall or upon the occurrence of a Dissolution Event, a Total Loss Event, a Tangibility Event or a Permitted Security Enforcement Event (as applicable); and

(c) following payment in full of all amounts due and payable under the Certificates on the Scheduled Dissolution Date (or any earlier Dissolution Date on which all (but not some) of the Certificates are to be redeemed), the Servicing Agent shall be entitled to retain any amounts that remain standing to the credit of the Wakala Reserve Account for its own account as an incentive payment for acting as Servicing Agent.

Liquidity Facility

The Servicing Agent agrees that it may (but shall not be obliged to), after payment to the Transaction Account of the amounts credited to the Wakala Reserve Account in accordance with the provisions described at paragraph (a) under the heading "*Shortfalls*", either:

(a) provide *Shari'a* compliant funding to the Trustee itself; or

(b) procure *Shari'a* compliant funding from a third party to be paid to the Trustee,

in each case, to the extent necessary, by payment of the same in U.S. dollars into the Transaction Account, on terms that such funding is payable by the Trustee: (i) from Wakala Portfolio Revenues in accordance with the provisions described at paragraph (a) under the heading "*Collection Accounts*"; or (ii) on the Scheduled Dissolution Date (or any earlier Dissolution Date on which all of the Certificates are to be redeemed), to ensure that the Trustee receives on the Payment Business Day prior to each Wakala Distribution Date the Required Amount payable by it in accordance with the Conditions on the immediately following Periodic Distribution Date (such funding, a "**Liquidity Facility**").

Payments under the Servicing Agency Agreement

The payment obligations of the Servicing Agent under the Servicing Agency Agreement will (save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions included in Condition 5.3) be direct, unconditional, unsubordinated and unsecured obligations of the Servicing Agent, which at all times rank *pari passu* with all other unsubordinated and unsecured obligations of the Servicing Agent, present and future.

Purchase Undertaking

The Purchase Undertaking will be executed on the Issue Date by the Obligor in favour of the Trustee and the Delegate and will be governed by English law.

Pursuant to the Purchase Undertaking, provided that no Total Loss Event has occurred and is continuing (or if a Total Loss Event has occurred, the Wakala Assets have been replaced in accordance with the Servicing Agency Agreement), the Obligor will irrevocably grant to the Trustee and the Delegate the following rights:

(a) **provided that** a Dissolution Event has occurred and is continuing, to require the Obligor, at any time on or prior to the Dissolution Event Redemption Date, to purchase and accept on the Dissolution Event Redemption Date specified in the relevant Exercise Notice all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets at the relevant Exercise Price specified in the Exercise Notice;

(b) to require the Obligor, on the Scheduled Dissolution Date, to purchase and accept all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets at the relevant Exercise Price specified in the Exercise Notice;

(c) **provided that** Change of Control Put Notices have been delivered by one or more Certificateholders in accordance with the Conditions, to require the Obligor to purchase, on the Change of Control Put Right Date (which must also be a Periodic Distribution Date), all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Change of Control Wakala Assets at the Change of Control Exercise Price specified in the relevant Exercise Notice;

(d) **provided that** a Tangibility Event has occurred and Tangibility Event Put Notices have been delivered by one or more Certificateholders in accordance with the Conditions, to require the Obligor to purchase, on the Tangibility Event Put Right Date, all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Tangibility Event Wakala Assets at the Tangibility Event Exercise Price specified in the relevant Exercise Notice;

(e) **provided that** an Asset Disposition Event has occurred and Asset Disposition Put Notices have been delivered by one or more Certificateholders in accordance with the Conditions, to require the Obligor to purchase, on the Asset Disposition Put Right Date (which must also be a Periodic Distribution Date), all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Asset Disposition Wakala Assets at the Asset Disposition Exercise Price specified in the relevant Exercise Notice;

(f) **provided that** a Substitution Request has been delivered in accordance with the Servicing Agency Agreement, to require the Obligor, on the applicable Substitution Date, to transfer and assign to the Trustee the New Wakala Assets, together with all of the Obligor's rights, title, interests, benefits and entitlements in, to and under such New Wakala Assets against the transfer and assignment to the Obligor of all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Substituted Wakala Assets, **provided further that**

    (i) the New Wakala Assets are Eligible Wakala Assets;

    (ii) the New Wakala Assets are of an aggregate Value which (i) is equal to or greater than the Value of the Substituted Wakala Assets, and (ii) when aggregated with the Value of any Wakala Assets not replaced or substituted on the Substitution Date, will not, of itself, result in the Tangibility Ratio being less than or equal to 50 per cent.; and

    (iii) in respect of the Substituted Wakala Assets (or any of them) (i) no Exercise Notice, Substitution Notice or Cancellation Notice (each as defined in the Sale Undertaking) has been delivered under the Sale Undertaking nor (ii) has any Exercise Notice or other Substitution Notice under the Purchase Undertaking been delivered where (in any case) such notice remains outstanding and the related redemption or cancellation of Certificates referred to therein has not occurred in accordance with the Conditions or, as the case may be, the related substitution has not yet occurred in accordance with this Purchase Undertaking or the Sale Undertaking; and

(g) **provided that** a Permitted Security Enforcement Event has occurred and if on the 30th day after the date on which such Permitted Security Enforcement Event occurred the relevant Permitted Security Enforcement Event Wakala Assets continue to form part of the Wakala Portfolio, to require the Obligor on the Permitted Security Enforcement Date, to purchase and accept all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Permitted Security Enforcement Event Wakala Assets at the Permitted Security Enforcement Event Exercise Price specified in the relevant Exercise Notice,

in each case on an "as is" basis but free from any Adverse Claim (without any warranty express or implied as to condition, fitness for purpose, suitability for use or otherwise and if any warranty is implied by law, it shall be excluded to the fullest extent permitted by law) and otherwise on the terms and subject to the conditions of this Purchase Undertaking.

The Purchase Undertaking will provide that, pursuant to the exercise of any such rights, the Obligor will purchase the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets, the Change of Control Wakala Assets, the Tangibility Event Wakala Assets, the Asset Disposition Wakala Assets or the Permitted Security Enforcement Event Wakala Assets, as the case may be, at the Exercise Price (or, as the case may be, the Change of Control Exercise Price, the Tangibility Event Exercise Price, the Asset Disposition Exercise Price or the Permitted Security Enforcement Event Exercise Price) and by:

(a) paying a cash sum equal to the Exercise Price into the Transaction Account (in U.S. dollars by wire transfer for same day value) on the Dissolution Event Redemption Date;

(b) paying a cash sum equal to the Exercise Price into the Transaction Account (in U.S. dollars by wire transfer for same day value) on the Payment Business Day immediately preceding the Scheduled Dissolution Date;

(c) paying a cash sum equal to the Change of Control Exercise Price into the Transaction Account (in U.S. dollars by wire transfer for same day value) on the Payment Business Day immediately preceding the Change of Control Put Right Date;

(d) paying a cash sum equal to the Tangibility Event Exercise Price into the Transaction Account (in U.S. dollars by wire transfer for same day value) on the Payment Business Day immediately preceding the Tangibility Event Put Right Date;

(e) paying a cash sum equal to the Asset Disposition Exercise Price into the Transaction Account (in U.S. dollars by wire transfer for same day value) on the Payment Business Day immediately preceding the Asset Disposition Put Right Date; and

(f) paying a cash sum equal to the Permitted Security Enforcement Event Exercise Price into the Transaction Account (in U.S. dollars by wire transfer for same day value) on the Permitted Security Enforcement Date.

If (i) at the time of delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking, Arabian Centres Company remains in actual or constructive possession, custody or control of all or any part of the Wakala Assets, the Change of Control Wakala Assets, the Tangibility Event Wakala Assets, the Asset Disposition Wakala Assets or the Permitted Security Enforcement Event Wakala Assets, as the case may be; and (ii) following delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking, the Obligor fails to pay the relevant Exercise Price, Change of Control Exercise Price, Tangibility Event Exercise Price, Asset Disposition Exercise Price or Permitted Security Enforcement Event Exercise Price, as the case may be, for any reason whatsoever, the Obligor will (as an independent, severable and separately enforceable obligation) fully indemnify (on an after Tax basis) the Trustee for the purpose of redemption in full of the Certificates then outstanding or the Change of Control Certificates, Tangibility Event Certificates, Asset Disposition Certificates or Permitted Security Enforcement Event Certificates, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price, Change of Control Exercise Price, Tangibility Event Exercise Price, Asset Disposition Exercise Price or Permitted Security Enforcement Event Exercise Price, as the case may be. Payment of an amount equal to the Exercise Price, Change of Control Exercise Price, Tangibility Event Exercise Price, Asset Disposition Exercise Price or Permitted Security Enforcement Event Exercise Price, as the case may be, into the Transaction Account in accordance with the Purchase Undertaking shall evidence the acceptance and the conclusion of the transfer of all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets, the Change of Control Wakala Assets, the Tangibility Event Wakala Assets, the Asset Disposition Wakala Assets or the Permitted Security Enforcement Event Wakala Assets, as the case may be.

Sale Undertaking

The Sale Undertaking will be executed on the Issue Date by the Trustee in favour of the Obligor and will be governed by English law.

Pursuant to the Sale Undertaking, provided that no Total Loss Event has occurred and is continuing (or if a Total Loss Event has occurred, the Wakala Assets have been replaced in accordance with the Servicing Agency Agreement), the Trustee will irrevocably grant to the Obligor the following rights:

(a) **provided that** a Tax Event has occurred, to require the Trustee to sell to the Obligor on the Early Tax Dissolution Date specified in the Exercise Notice all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets at the Exercise Price specified in the relevant Exercise Notice;

(b) to require the Trustee to transfer and assign to the Obligor on any Substitution Date all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Substituted Wakala Assets against the transfer and assignment to the Trustee of the New Wakala Assets, together with all of the Obligor's rights, title, interests, benefits and entitlements in, to and under such New Wakala Assets, **provided that**:

    (i) the New Wakala Assets are Eligible Wakala Assets;

    (ii) the New Wakala Assets are of an aggregate Value which (i) is equal to or greater than the Value of the Substituted Wakala Assets, and (ii) when aggregated with the Value of any Wakala Assets not replaced or substituted on the Substitution Date, will not, of itself, result in the Tangibility Ratio being less than or equal to 50 per cent.;

    (iii) no Dissolution Event or Tangibility Event has occurred and is continuing; and

    (iv) in respect of the Substituted Wakala Assets (or any of them) no Exercise Notice, other Substitution Notice or Cancellation Notice has been delivered under the Sale Undertaking nor has any Exercise Notice or Substitution Notice (each as defined in the Purchase Undertaking) under the Purchase Undertaking been delivered where (in any case) such notice remains outstanding and the related redemption or cancellation of Certificates referred to therein has not occurred in accordance with the Conditions or, as the case may be, the related substitution has not yet occurred in accordance with the Purchase Undertaking or the Sale Undertaking;

(c) to require the Trustee to transfer and assign to the Obligor on any Cancellation Date all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Cancellation Wakala Assets, following the delivery of the Cancellation Certificates to the Principal Paying Agent or the Registrar for cancellation pursuant to Condition 13.2 (*Cancellation of Certificates held by the Obligor and/or any of its Subsidiaries*), **provided that**:

    (i) the aggregate Value of any Cancellation Wakala Assets is not greater than the aggregate face amount of the Cancellation Certificates less the Cancellation Proportion (as defined in the Sale Undertaking) of the aggregate amounts of each Deferred Sale Price (which shall exclude all profit amounts forming part of each Deferred Sale Price) then outstanding, if any;

    (ii) in respect of the Cancellation Wakala Assets (or any of them) no Exercise Notice, Substitution Notice or other Cancellation Notice has been delivered under the Sale Undertaking nor has any Exercise Notice or Substitution Notice (each as defined in the Purchase Undertaking) under the Purchase Undertaking been delivered where (in any case) such notice remains outstanding and the related redemption or cancellation of Certificates referred to therein has not occurred in accordance with the Conditions or, as the case may be, the related substitution has not yet occurred in accordance with the Purchase Undertaking or the Sale Undertaking;

(iii) the transfer and assignment to the Obligor of all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Cancellation Wakala Assets on the Cancellation Date will not, of itself, result in the Tangibility Ratio being less than or equal to 50 per cent.; and

(iv) no Dissolution Event or Tangibility Event has occurred and is continuing;

(d) if 75 per cent. or more of the aggregate face amount of Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to Condition 10 (*Capital Distributions of the Trust*) and/or Condition 13 (*Purchase and Cancellation of Certificates*), to require the Trustee to sell to the Obligor on the Optional Dissolution (Clean-up Call) Date specified in the Exercise Notice all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets at the Exercise Price specified in the relevant Exercise Notice; and

(e) to require the Trustee to sell to the Obligor on the Optional Dissolution Date specified in the Exercise Notice all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets at the Exercise Price in accordance with the terms hereof,

in each case, to be on an "as is" basis but free from any Adverse Claim (without any warranty express or implied as to condition, fitness for purpose, suitability for use or otherwise and if any warranty is implied by law, it shall be excluded to the fullest extent permitted by law) and otherwise on the terms and subject to the conditions of the Sale Undertaking.

Murabaha Agreement

The Murabaha Agreement will be entered into on the Issue Date between the Trustee (as "**Seller**"), ACC (as "**Buyer**") and the Delegate and will be governed by English law.

Pursuant to the Murabaha Agreement, the Seller may enter into a commodity purchase transaction (such commodities being the "**Commodities**") with the Buyer using the Murabaha Capital, which shall be no more than 45 per cent. of the proceeds of the Certificates. The Buyer may issue a duly completed, irrevocable notice (a "**Notice of Request to Purchase**") to the Seller (with a copy to The Bank of New York Mellon, London Branch (as "**Commodity Agent**")) in relation to a proposed Murabaha Contract. Pursuant to such Notice of Request to Purchase, the Seller (acting through the Commodity Agent) may purchase the Commodities which are the subject of that Notice of Request to Purchase from the commodity supplier at the relevant purchase price (the "**Commodity Purchase Price**") in accordance with the terms set out in that Notice of Request to Purchase. Upon completion of such purchase by the Seller and the Seller gaining title and (actual or constructive) possession thereof, the Seller may offer to sell such Commodities to the Buyer on a deferred payment basis, which shall be no more than 49 per cent of the Issue Proceeds (at the "**Deferred Sale Price**") by delivering a notice (an "**Offer Notice**") to the Buyer (with a copy to the Commodity Agent). Immediately upon receipt of a duly completed and issued Offer Notice from the Seller in respect of the relevant Commodities, the Buyer may accept such offer to purchase the Commodities from the Seller on the Issue Date at the relevant Deferred Sale Price (to be paid in U.S. dollars and in the amounts and on the dates as specified in the relevant Offer Notice).

As soon as the Buyer has accepted the Seller's offer by countersigning the relevant Offer Notice, a Murabaha Contract shall be created between the Seller and the Buyer upon the terms of the Offer Notice and incorporating the terms and conditions set out in the Murabaha Agreement and the ownership (including, without limitation, the right of ownership from a *Shari'a* perspective) of and, upon the Buyer obtaining (actual or constructive) possession of the relevant Commodities, all risks in and to the Commodities shall immediately pass to and be vested in the Buyer, together with all rights and obligations relating thereto, including the benefit of all of the Commodity Supplier's warranties and representations which are capable of being so transferred.

Each of the Seller and the Buyer shall acknowledge and agree that a failure to create the relevant Murabaha Contract by the time specified in the Murabaha Agreement shall result in the Offer Notice for such Murabaha Contract being void *ab initio*, whereupon the Buyer undertakes to compensate the Seller in respect of all actual costs (excluding costs of funding), claims, actual losses (excluding opportunity losses) and expenses of whatsoever nature suffered or incurred by the Seller as a result of such failure (except to the extent arising from the gross negligence, wilful misconduct or actual fraud of the Seller) (provided that the aggregate amount of such compensation shall not exceed the difference (if any) between the Commodity

Purchase Price at which the Trustee purchased the Commodities and the sale price received by the Trustee by selling those Commodities to a third party)).

Capitalised terms and expressions used in the above paragraphs which are not defined herein shall have the meanings set out in the Murabaha Agreement.

Declaration of Trust

A Declaration of Trust will be entered into on the Issue Date between the Trustee, the Obligor and the Delegate and will be governed by English law, and shall constitute the trust declared by the Trustee in relation to the Certificates (the "**Trust**").

The trust assets in respect of the Certificates (the "**Trust Assets**") shall comprise: (a) the cash proceeds of the issue of Certificates, pending application thereof in accordance with the terms of the Transaction Documents; (b) all of the Trustee's rights, title, interests, benefits and entitlements present and future in, to and under, the Wakala Assets; (c) all of the Trustee's rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under, the Transaction Documents (including, without limitation, the right to receive each Deferred Sale Price under the Murabaha Agreement) (excluding: (i) any representations given by the Obligor to the Trustee pursuant to any of the Transaction Documents and/or any rights which have been expressly waived by the Trustee in any of the Transaction Documents; and (ii) the covenants given to the Trustee pursuant to clause 15 of the Declaration of Trust); and (d) all moneys standing to the credit of the Transaction Account from time to time, and all proceeds of the foregoing. The Trust Assets shall be held by the Trustee upon trust absolutely for the Certificateholders *pro rata* according to the face amount of the Certificates held by each Certificateholder in accordance with the Declaration of Trust and the Conditions.

Delegation

The Trustee will in the Declaration of Trust irrevocably and unconditionally with effect from the date of the Declaration of Trust appoint the Delegate to be its delegate and attorney and in its name, on its behalf and as its act and deeds, to execute, deliver and perfect all documents, and to exercise all of the present and future powers (including the power to sub-delegate), authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the Declaration of Trust, that the Delegate may consider to be necessary or desirable in order, upon the occurrence of a Dissolution Event and subject to its being indemnified and/or secured and/or prefunded to its satisfaction, to exercise all of the rights of the Trustee under the Transaction Documents and make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Declaration of Trust (together the "**Delegation**" of the "**Relevant Powers**"), provided that no obligations, liabilities or covenants of the Trustee pursuant to the Declaration of Trust or any other Transaction Document shall be imposed on the Delegate by virtue of this Delegation, provided further that in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust or managing the Trust Assets and provided further that such Delegation and the Relevant Powers shall not include any duty, power, authority or discretion to hold any of the Trust Assets, to dissolve any of the trusts constituted by the Declaration of Trust following the occurrence of a Dissolution Event or to determine the remuneration of the Delegate (save as provided in the Declaration of Trust). The Trustee shall ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of the Relevant Powers. In addition to the Delegation of the Relevant Powers under the Declaration of Trust, the Delegate also has certain powers which are vested solely in it from the date of the Declaration of Trust. The appointment of a delegate by the Trustee is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

Enforcement

The Declaration of Trust specifies, *inter alia*, that:

(a) no Certificateholder shall be entitled to proceed directly against the Trustee or to direct the Trustee to proceed against the Obligor unless the Delegate, having become bound so to proceed, (i) fails to do so within a reasonable period of becoming so bound and such failure is continuing or (ii) is unable by reason of an order of a court having competent jurisdiction to do so and such inability is continuing;

(b) neither the Delegate nor the Trustee shall be bound in any circumstances to take any action, step or proceeding to enforce or to realise the Trust Assets or take any action, step or proceeding against the Trustee and/or the Obligor under any Certificate or any Transaction Document to which the Trustee, the Obligor is a party unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least 25 per cent. of the then outstanding aggregate face amount of the Certificates; or (iii) (in the case of the Trustee only) by the Delegate, and in any such case then only if the Trustee or the Delegate (as the case may be) shall be indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing; and

(c) paragraph (i) and paragraph (ii) above are subject to this paragraph (iii). After enforcing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with the Conditions and the Declaration of Trust, the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (to the extent that the Trust Assets have been exhausted) (or any steps against the Delegate) to recover any further sums in respect of such Certificates and the right to receive any such unpaid sums from the Trustee shall be extinguished. In particular, no Certificateholder shall be entitled in respect thereof to petition or to take any steps for the winding-up of the Trustee.

Indemnity

ACC will undertake in the Purchase Undertaking and Declaration of Trust that:

(a) if, at the time of delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking, Arabian Centres Company remains in actual or constructive possession, custody or control of all or any part of the Wakala Assets, the Change of Control Wakala Assets, the Tangibility Event Wakala Assets or the Asset Disposition Wakala Assets, as the case may be; and

(b) following delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking, the Obligor fails to pay the relevant Exercise Price, Change of Control Exercise Price, Tangibility Event Exercise Price, Asset Disposition Exercise Price or Permitted Security Enforcement Event Exercise Price, as the case may be, for any reason whatsoever,

the Obligor shall (as an independent, severable and separately enforceable obligation) fully indemnify (on an after Tax basis) the Trustee for the purpose of redemption in full of the Certificates then outstanding or the Change of Control Certificates, Tangibility Event Certificates or Asset Disposition Certificates, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price, Change of Control Exercise Price, Tangibility Event Exercise Price, Asset Disposition Exercise Price or Permitted Security Enforcement Event Exercise Price, as the case may be.

ACC will also undertake that if the outstanding Deferred Sale Price is not paid on the relevant Dissolution Date in accordance with the provisions of the Murabaha Agreement for any reason whatsoever, the Obligor shall (as an independent, severable and separately enforceable obligation) fully indemnify (on an after Tax basis) the Trustee for the purpose of redemption in full of the Certificates then outstanding and, accordingly, the amount payable under any such indemnity claim will equal the outstanding Deferred Sale Price.

Agency Agreement

Pursuant to an agency agreement (the "**Agency Agreement**") entered into on the Issue Date between, amongst others, the Trustee, ACC and the Principal Paying Agent, provision will be made for, *inter alia*, payment of all sums due in respect of the Certificates.

Payments

The Transaction Documents provide that payments thereunder by the Obligor to the Trustee shall be made without withholding or deduction for, or on account of, any present or future Taxes, unless the withholding or deduction of the Taxes is required by law and, in such case, provide for the payment by the Obligor of all additional amounts as will result in the receipt by the Trustee of such net amount as would have been received by it if no withholding or deduction had been made.

Further, in accordance with the Declaration of Trust, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to Condition 11, the Obligor unconditionally and irrevocably undertakes to (irrespective of the payment of any fee), as a continuing obligation, pay to or to the order of the Delegate (for the benefit of the Certificateholders) such amounts as are necessary so that the amount receivable by the Delegate (after any withholding or deduction for or on account of tax) equals any and all additional amounts required to be paid by the Trustee in respect of the Certificates pursuant to Condition 11.

Shari'a Compliance

Each of the Trustee and the Obligor has agreed in the Transaction Documents that it has accepted the *Shari'a* compliant nature of the Transaction Documents to which it is a party and, to the extent permitted by law, further agrees that:

(a) it shall not claim that any of its obligations under the Transaction Documents to which it is a party (or any provision thereof) is ultra vires or not compliant with the principles of *Shari'a*;

(b) it shall not take any steps or bring any proceedings in any forum to challenge the *Shari'a* compliance of the Transaction Documents to which it is a party; and

(c) none of its obligations under the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents to which it is a party are not compliant with the principles of *Shari'a*.

TAXATION AND ZAKAT

The following is a general description of certain tax/zakat considerations relating to the Certificates as in effect on the date of this Offering Circular and is subject to any change in law or relevant rules and practice that may take effect after such date (possibly with retrospective effect). It does not purport to be a complete analysis of all tax/zakat considerations relating to the Certificates and does not constitute legal or tax/zakat advice nor does it address the considerations that are dependent on individual circumstances, whether in those jurisdictions or elsewhere. Prospective purchasers of Certificates should note that neither the Trustee nor the Obligor are obligated to update this section for any subsequent changes or modification to the applicable tax laws. Prospective purchasers of Certificates should consult their own tax/zakat advisers as to which countries' tax/zakat laws could be relevant to acquiring, holding and disposing of Certificates and receiving payments under the Certificates and the consequences of such actions under the tax/zakat laws of those countries.

Cayman Islands

Under existing Cayman Islands laws, payments by the Trustee on the Certificates will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of the Certificates, nor will gains derived from the disposal of the Certificates be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax. The Trustee has obtained an undertaking from the Governor in Cabinet of the Cayman Islands, pursuant to the Tax Concessions Act (As Revised) of the Cayman Islands, that for a period of 30 years from the date of grant of that undertaking no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Trustee or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations (which includes the Certificates) of the Trustee or by way of the withholding in whole or part of any relevant payment as defined in the Tax Concessions Act (As Revised).

Subject as set out below, no capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Certificates. An instrument transferring title to any Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Trustee to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately U.S.$854. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

Saudi Arabia

Overview of Saudi Tax and Zakat Law

Income Tax

According to the Income Tax Law, a resident company (as defined in Chapter 2 – Article 3 of the Income Tax Law) with foreign (i.e., non-GCC) ownership (on its foreign partner's (shareholder's) share) as well as for the shares owned directly or indirectly by persons engaged in oil and hydrocarbons production, with the exception of shares directly or indirectly owned by persons engaged in the production of oil and hydrocarbons in capital companies resident and listed in Saudi Capital Markets (Tadawul) and the shares owned directly and indirectly by these companies in capital companies and a non-resident who carries out business in Saudi Arabia through a Permanent Establishment (as defined below) (unless they are GCC Persons with a Permanent Establishment in Saudi Arabia that meet the conditions set out under Chapter 1 – Article 2(4) of the New Zakat Regulations as set out below) are subject to corporate income tax in Saudi Arabia at the rate of 20 per cent.

Resident companies owned jointly by GCC and non-GCC Persons are subject to corporate income tax in respect of their profit corresponding to the ownership percentage of non-GCC Persons and Zakat to the extent of ownership percentage of GCC Persons. Shares held directly by GCC Persons or via other GCC companies (where the shareholding structure does not fall outside of the GCC) in a Saudi resident company are subject to Zakat and not corporate income tax. In determining the tax/Zakat profile, the Zakat, Tax and Customs Authority ("**ZATCA**") (formerly General Authority of Zakat and Tax) applies a "look-through" approach to determine whether the up-stream shareholding structure at any point exists outside of the GCC (i.e., at the ultimate shareholder level).

Zakat

Zakat is a religious obligation imposed on Muslims under Shari'a rules. The Zakat implementing regulations of Saudi Arabia were issued by the Ministry of Finance under Ministerial Resolution No. 2082 dated 28 February 2017 (the "**Zakat Regulations**"). The Zakat Regulations are effective from the date of their issuance and supersede all prior directives, resolutions, instructions and circulars issued by ZATCA. Furthermore, the Ministry of Finance has issued new Zakat implementing regulations under Ministerial Resolution No. 2216 dated 07/07/1440H (corresponding to 14 March 2019) (the "**New Zakat Regulations**"). The New Zakat Regulations came into effect (and replaced the existing Zakat Regulations) for financial years starting from 1 January 2019. According to the New Zakat Regulations, Zakat is assessed on GCC Persons carrying out activities in the Kingdom through a Permanent Establishment (except for non-resident GCC Persons who do not meet certain conditions, as mentioned below in which case they would be subject to corporate income tax), on Saudi companies wholly-owned by such individuals/entities, and on the ownership (legal or beneficial) percentage owned by GCC Persons with respect to a company jointly owned by GCC and non-GCC Persons.

As per the New Zakat Regulations, a Permanent Establishment of a GCC Person in Saudi Arabia is subject to Zakat (and not corporate income tax) provided at least two of the following three conditions are met in respect of central management of such Permanent Establishment (as set out under Chapter 1 – Article 2(4)):

(a) board of directors' ordinary meetings which are held regularly and where main policies and decisions relating to management and running of the Permanent Establishment's business are held and made in Saudi Arabia;

(b) senior executive decisions relating to the Permanent Establishment's functions such as executive directors /deputies' decisions are made in Saudi Arabia; and

(c) the Permanent Establishment's business is mainly (i.e., 50 per cent. of its revenues) generated from Saudi Arabia.

Zakat is applied at 2.5% of the higher of "net adjusted income" or the "Zakat base". Under the new Zakat Regulations, Zakat on "Zakat base" would be computed at 2.57763% for Zakat payers, who follow the Gregorian year as an accounting period. However, if the Zakat is computed on "net adjusted profits" then the rate would remain at 2.5%.

Under the Zakat Regulations, investments in non-governmental debt securities, such as investments in bonds, sukuks, notes, currencies, deposits or forward transactions (whether issued inside or outside Saudi Arabia or whether classified as short-term or long-term investments) are not deductible from the Zakat base for purposes of determining the Zakat base (based on the Zakat Regulation and current practice of ZATCA).

Ministerial Decision No. 2218 dated 07/07/1440H (corresponding to 14 March 2019) stipulates that the Government will bear the tax and Zakat arisen from investments in sukuk and bonds issued locally by the Ministry of Finance in Saudi Riyals subject to the guidelines and conditions provided in the Ministerial Decision No. 2218.

Withholding Tax *("WHT")*

Saudi Arabian resident persons and permanent establishments of non-resident entities registered in Saudi Arabia are required to withhold taxes on payments to non-residents, including GCC residents, if such payment is from a source in the Kingdom. Withholding tax rates vary from 5 per cent. to 20 per cent. depending on the nature of the underlying payment. Rental charges and loan fees (akin to interest) charges paid to non-residents attract a 5 per cent. withholding tax unless such WHT is reduced or eliminated pursuant to the terms of an applicable double tax treaty (see below). WHT is imposed on payments against services and not the sale of goods. Services are defined to mean anything done for consideration other than the purchase and sale of goods and other property. Payments of wakala portfolio revenues and murabaha profits (which are typically treated by ZATCA under financing arrangements similar to interest payments for tax purpose) made by the Obligor to the Trustee should also generally be treated as interest payments for Saudi Arabia tax purposes and attract 5 per cent. Saudi WHT.

Withholding tax is reduced or eliminated pursuant to the provisions of an applicable double tax treaty signed between a non-resident's country of tax residence and Saudi Arabia. Application of double tax treaties in Saudi Arabia may take place under one of two methods: (i) a refund mechanism which requires the payor to subject the relevant payment to WHT and then a refund request of the WHT may be submitted to ZATCA; or (ii) the automatic application of double tax treaties which provides for the possibility of the payor to not subject the relevant payment to WHT in the first place. Both mechanisms require the beneficiary/recipient to provide certain documents and forms to ZATCA (such as, among others, Form Q7/B issued by the ZATCA, (i.e. a tax residency certificate)).

Certain Tax and Zakat Implications for Certificateholders

GCC Certificateholders who are resident in Saudi Arabia

Certificateholders who are GCC Persons and resident in Saudi Arabia for tax purposes are not subject to any Saudi Arabian income tax, whether by way of WHT or direct assessment, in respect of any profit payment received or gain realised in respect of the Certificates. However, such Certificateholders will be subject to Zakat in respect of any profit payment received or gain realised in respect of the Certificates including capital gain on sale/transfer of Certificates. Additionally, the deduction of investment in the Certificates from the Zakat base of such Certificateholders is not permitted, as stipulated under Chapter 2 – Article 4 (second (4c)) of the Zakat Regulations and per the current practices of ZATCA.

GCC individuals resident in the Kingdom for tax purposes should in principle be subject to Zakat in the Kingdom if they carry out activities in the Kingdom.

Non-GCC Certificateholders who are resident in Saudi Arabia

Certificateholders who are non-GCC legal entities and resident in Saudi Arabia for tax purposes should be subject to Saudi Arabian corporate income tax at the rate of 20 per cent. on any profit payment received or gain realised in respect of the Certificates but they will not be subject to any Zakat.

The considerations described above also apply to Saudi Arabian companies wholly-owned by non-GCC Persons (which should be subject to Saudi Arabian corporate income tax) and on the income attributable to the ownership of non-GCC Persons in Saudi Arabian companies (which should be subject to Saudi Arabian corporate income tax on the profits attributable to such non-GCC ownership).

Certificateholders, who are non-GCC individuals and resident in Saudi Arabia and not performing commercial activities in Saudi Arabia (as defined in Chapter 2 – Article 2 of the Income Tax Law) are not currently subject to Saudi Arabian income tax or Zakat on any profit received or gain realised in respect of the Certificates, according to existing practices of ZATCA.

Certificateholders who are not resident in Saudi Arabia

Certificateholders, either individuals or legal entities, who are not resident in Saudi Arabia (whether such Certificateholders are GCC nationals or non-GCC nationals (including Certificateholders resident in the GCC)) and do not have a Permanent Establishment in Saudi Arabia for tax purposes, should not be subject to Saudi Arabian WHT or corporate income tax or Zakat on any payments received by them in respect of the Certificates (as the payments will be made by the Trustee who is not a Saudi tax resident entity).

A non-resident Certificateholder without a Permanent Establishment in Saudi should not be subject to tax/Zakat in Saudi Arabia on the disposal of the Certificates.

Non-resident Certificateholders having a Permanent Establishment in Saudi Arabia should be subject to Saudi Arabian corporate income tax at the rate of 20 per cent. in respect of any profit received or gain realised in respect of the Certificates to the extent such profits/gains are attributable to such Permanent Establishment, but will not be subject to Zakat (unless they are GCC Persons with a Permanent Establishment in Saudi that meet the conditions set out under Chapter 1 – Article 2(4) of the New Zakat Regulations).

General

Natural persons who are Certificateholders at the time of their death are generally not subject to inheritance or other taxes of a similar nature in Saudi Arabia, although distribution on inheritance is considered a disposal of the asset for tax purposes and subject to capital gain tax provisions of the tax law.

Certificateholders will not be deemed to be resident, domiciled or carrying on business in Saudi Arabia solely by reason of holding any Sukuk.

Transfer Taxes/Stamp Duty

There are no transfer taxes/stamp duty regimes currently applicable in Saudi Arabia.

Indirect Tax

Saudi Arabia has introduced value added tax with an effective date starting on 1 January 2018 pursuant to ratifying a GCC framework agreement between the GCC member states. To this effect, VAT legislations have also been issued in Saudi in line with the GCC framework agreement.

All goods and services traded within or imported into Saudi Arabia are subject to VAT, unless they are classified as exempt for VAT purposes. Certain supplies have been prescribed to be subject to tax at zero rate (including designated medical products, exports, international transportation etc.). Currently the standard rate of VAT is 15 per cent. applicable on standard rated taxable supplies.

For the purposes of this summary:

"**GCC**" means the Gulf Cooperation Council comprised of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE;

a "**GCC Person**" means:

(a) an individual having the nationality of any of the GCC countries; and

(b) any legal entity wholly-owned by GCC nationals and established under the laws of a GCC country;

"**Income Tax Regulation**" means the Income Tax Regulation issued under Royal Decree No. M/1 dated 15/01/1425H (corresponding to 06/03/2004G);

"**Persons Subject to Taxation**" as defined in Article 2 of the Income Tax Regulation, are:

(a) a resident capital company with respect to the shares owned directly or indirectly by non-Saudi persons, as well as the shares owned directly or indirectly by persons working in the production of oil and hydro carbon. Excluding shares owned directly or indirectly by persons working in the production of oil and hydro carbon in resident capital companies listed in the Saudi capital markets and the shares owned directly or indirectly by these companies in capital companies;

(b) a resident non-Saudi natural person who carries on business activities in the Kingdom;

(c) a non-resident who carries on business activities in the Kingdom through a Permanent Establishment;

(d) a non-resident with other income subject to tax from sources within the Kingdom;

(e) a person engaged in the field of natural gas investment; and

(f) a person engaged in the production of oil and hydrocarbon materials;

"**Permanent Establishment**", subject to the exceptions stipulated in the Income Tax Law, of a non-resident in Saudi Arabia represents a permanent place for the non-resident's activity where such person conducts the activity either fully or partly; which also includes any activity conducted by the non-resident through a dependent agent. A non-resident carrying out an activity in Saudi Arabia through a licensed branch is considered to have a Permanent Establishment in Saudi Arabia;

a person is "**resident**" in Saudi Arabia for tax purposes (as defined in Chapter 2 – Article 3 of the Income Tax Law), if it meets the following conditions:

(a) an individual is considered a tax resident in Saudi Arabia for a taxable year if such person meets either of the two following conditions:

(i) such person has a permanent place of abode in Saudi Arabia and is physically present in Saudi Arabia for a total of not less than 30 days in a tax year; or

(ii) such person is physically present in Saudi Arabia for a period of not less than 183 days in a tax year; and

(b) a company is considered a tax resident in Saudi Arabia during a tax year if it meets either of the following conditions:

(i) it is formed in accordance with the Saudi Companies Law; or

(ii) its place of central control and management is located in Saudi Arabia.

Certificateholders should not be deemed to be resident in Saudi Arabia solely by reason of holding any Certificates.

"**Dividends**" means any distribution by a resident company to a non-resident shareholder, and any profits transferred by a permanent establishment to related parties; the following should be considered:

(a) dividends by companies engaged in natural gas investment, oil and hydrocarbons are not subject to withholding tax;

(b) partial or full liquidation of a company is deemed to be dividends for payments in excess of paid-in capital.

Subjection of a distributing company to income tax shall not preclude imposition of withholding tax on its dividends.

Gross-up Condition

Notwithstanding the above, pursuant to Condition 11 and subject to the exceptions set out therein, to the extent that any WHT is deducted, the Trustee will be obliged to pay such additional amounts as will result in receipt by the Certificateholders, after such deduction or withholding, of such amounts as would have been received by them had no such deduction or withholding been required.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has ceased to participate.

The proposed FTT has very broad scope and could, if introduced, apply to certain dealings in Certificates (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "**established**" in a participating Member State in a broad range of circumstances, including: (a) by transacting with a person established in a participating Member State; or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Certificates are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement (the "**Subscription Agreement**") dated 4 March 2024 between the Trustee, the Obligor and the Joint Lead Managers, the Trustee has agreed to issue U.S.$500,000,000 in aggregate face amount of the Certificates and, subject to certain conditions, the Joint Lead Managers have severally agreed to subscribe or procure subscribers for the Certificates at the Issue Price in the following amounts:

Joint Lead Managers	**Face amount of Certificates (U.S.$)**
anb capital	40,000,000
Dubai Islamic Bank P.J.S.C.	40,000,000
Emirates NBD Bank P.J.S.C.	40,000,000
GFH Financial Group B.S.C.	40,000,000
Goldman Sachs International	70,000,000
HSBC Bank plc	70,000,000
J.P. Morgan Securities plc	40,000,000
Kamco Investment Company K.S.C.P.	40,000,000
Mashreqbank psc (acting through its Islamic Banking Division)	40,000,000
Sharjah Islamic Bank P.J.S.C.	40,000,000
Warba Bank K.S.C.P.	40,000,000
Total	**500,000,000**

The Joint Lead Managers will be paid certain management and selling commissions in respect of their services for managing the issue and the offering of the Certificates. To the extent permitted by law, the Trustee, the Obligor and the Joint Lead Managers may agree that management and selling commissions or fees may be paid to certain brokers, financial advisors and other intermediaries based upon the amount of investment in the Certificates purchased by such intermediary and/or its customers. Any disclosure and other obligations in relation to the payment of such commission to such intermediary are solely the responsibility of the relevant intermediary and none of the Trustee, the Obligor, the Joint Lead Managers or any of their affiliates, nor any person who controls or is a director, officer, employee or agent of any such person, accepts any liability or responsibility whatsoever for compliance with such obligations. Each customer of any such intermediary is responsible for determining for itself whether an investment in the Certificates is consistent with its investment objectives.

The Joint Lead Managers will also be reimbursed for certain of their expenses in connection with the issue of Certificates and each of the Trustee and the Obligor has agreed to indemnify the Joint Lead Managers against certain liabilities incurred by them in connection therewith.

Each of the Joint Lead Managers and their respective affiliates may, from time to time, engage in further transactions with, and perform services for, the Trustee, the Obligor and their respective affiliates in the ordinary course of their respective businesses.

UNITED STATES

The Certificates have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Certificates are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S and each Joint Lead Manager has represented and agreed that (a) it has offered or sold, and will offer or sell, the Certificates constituting part of its distribution or allotment: (i) as part of their distribution, at any time; and (ii) otherwise, until 40 days after the completion of the distribution of Certificates, only in accordance with Rule 903 of Regulation S; and (b) neither it nor any of its affiliates (nor any person acting on their behalf) has engaged in or will engage in any directed selling efforts with respect to the Certificates.

Each Joint Lead Manager has agreed that, at or prior to confirmation of sale, it will have sent to each distributor, manager or person receiving a selling concession, fee or other remuneration which purchases Certificates from it during the 40 day distribution compliance period a confirmation or notice in substantially the following form:

"The securities covered hereby have not been registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons: (a) as part of their distribution at any time; or (b) otherwise until 40 days after the completion of the distribution of the Certificates, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Terms used in this paragraph have the meanings given to them by Regulation S.

EUROPEAN ECONOMIC AREA

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates to any retail investor in the EEA. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

UNITED KINGDOM

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates to any retail investor in the UK. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA.

Other UK regulatory restrictions

Each Joint Lead Manager has further represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**")) received by it in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or the Obligor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

CAYMAN ISLANDS

Each Joint Lead Manager has represented and agreed that it has not made and will not make any offer or invitation, whether directly or indirectly, to the public in the Cayman Islands to subscribe for the Certificates.

UNITED ARAB EMIRATES (EXCLUDING THE DUBAI INTERNATIONAL FINANCIAL CENTRE)

Each Joint Lead Manager has represented and agreed that the Certificates have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

DUBAI INTERNATIONAL FINANCIAL CENTRE

Each Joint Lead Manager has represented and agreed that it has not offered and will not offer the Certificates to any person in the DIFC unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules (MKT) Module of Dubai Financial Services Authority rulebook (the "**DFSA Rulebook**"); and

(b) made only to persons who meet the "Professional Client" criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA Rulebook.

KINGDOM OF BAHRAIN

Each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell, any Certificates in the Kingdom of Bahrain except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more excluding that person's principal place of residence;

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

SAUDI ARABIA

No action has been or will be taken in Saudi Arabia that would permit a public offering of the Certificates. Any investor in Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Certificates pursuant to an offering should note that the offer of Certificates is a private placement under Article 8 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the CMA resolution number 3-123-2017 dated 27 December 2017 as amended by CMA resolution number 8-5-2023 dated 18 January 2023 (the "**KSA Regulations**"), made through a capital market institution licensed to carry out arranging activities by the CMA and following a notification to the CMA under Article 10 of the KSA Regulations.

The Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "institutional and qualified clients" under Article 8(a)(1) of the KSA Regulations or by way of a limited offer under Article 9 of, or as otherwise required by, the KSA Regulations. Each Joint Lead Manager has represented and agreed that any offer of Certificates to a Saudi Investor will be made in compliance with Article 10 and either Article 8(a)(1) or Article 9 of the KSA Regulations.

Each offer of Certificates shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 14 of the KSA Regulations.

Although HSBC Bank plc is appointed as a Joint Lead Manager, HSBC Saudi Arabia, which is a Capital Market Institution licensed by the CMA, will be the relevant legal entity for all regulated activities in the Kingdom relating to the issuance of any Certificates, including offering and related applications to the CMA.

STATE OF QATAR (INCLUDING THE QATAR FINANCIAL CENTRE)

Each Joint Lead Manager has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, at any time, directly or indirectly, any Certificates in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar. This Offering Circular has not been filed with, reviewed or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other relevant Qatar governmental body or securities exchange and may not be publicly distributed in Qatar (including the Qatar Financial Centre).

JAPAN

The Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**"). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold any Certificates, and will not, directly or indirectly, offer or sell any Certificates in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other relevant laws and regulations of Japan.

HONG KONG

Each Joint Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates other than: (i) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to any Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

MALAYSIA

This Offering Circular has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia (the "**CMSA**").

Accordingly, each Joint Lead Manager has represented and agreed that the Certificates have not been and will not be offered or sold by it, and no invitation to subscribe for or purchase any Certificates has been or will be made, directly or indirectly, by it nor may any document or other material in connection therewith be distributed in Malaysia by it, other than to persons falling within any one of the categories of persons specified under Part I of Schedule 6 or Section 229(1)(b), Part I of Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

SINGAPORE

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Certificates or caused the Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell any Certificates or cause the Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Certificates, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

GENERAL

Each Joint Lead Manager has agreed that it will (to the best of its knowledge and belief) comply in all material respects with all applicable securities laws and directives in force in any jurisdiction in which it purchases, offers, sells or delivers any Certificates or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Trustee, the Obligor, the Delegate, the Agents or any other Joint Lead Manager shall have any responsibility therefor.

None of the Trustee, the Obligor or any Joint Lead Manager has represented that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

No action has been or will be taken in any country or jurisdiction by the Trustee, the Obligor or the Joint Lead Managers that would permit a public offering of Certificates, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular comes are required by the Trustee, the Obligor and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Certificates or have in their possession or distribute such offering material, in all cases at their own expense.

GENERAL INFORMATION

AUTHORISATION

The issue of the Certificates and the entry by the Trustee into the Transaction Documents to which it is a party has been duly authorised by a resolution of the Board of Directors of the Trustee dated 26 February 2024. The entry by the Obligor into the Transaction Documents to which it is a party has been duly authorised by the extraordinary general assembly of the Obligor held on 9 January 2024 and by a resolution of the Board of Directors of the Obligor dated 23 February 2024.

The Trustee and the Obligor have each obtained all necessary consents, approvals and authorisations in connection with the issue of the Certificates and the execution and performance of the Transaction Documents to which they are a party.

LISTING

Application has been made to the Authority for the listing of and permission to deal in the Certificates on the Official List of the Exchange. There can be no assurance that the Certificates will be listed on the Official List of the Exchange, that such permission to deal in the Certificates will be granted or that such listing will be maintained.

Neither the admission of the Certificates to the Official List of the Exchange nor the approval of this Offering Circular pursuant to the listing requirements of the Authority shall constitute a warranty or representation by the Authority as to the competence of the service providers to, or any other party connected with, the Trustee or the Obligor, the adequacy and accuracy of information contained in this Offering Circular or the suitability of the Trustee or the Obligor for investment or for any other purpose.

The Certificates are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters.

A copy of this Offering Circular will be available for inspection at the offices of Maples Listing Services (CI) Limited (as listing agent) during normal business hours for a period of 14 days following the listing of the Certificates on the Official List of the Exchange.

DOCUMENTS AVAILABLE

For so long as any Certificates remain outstanding, copies (and English translations which will be accurate and direct translations, where the documents in question are not in English) of the following documents will be available in electronic and physical format, free of charge, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection and/or collection by Certificateholders at the registered office of the Trustee and the specified office of the Principal Paying Agent:

(a) the Transaction Documents;

(b) the memorandum and articles of association of the Trustee and the constitutional documents of the Obligor;

(c) the audited consolidated financial statements of the Obligor as at and for the financial years ended 31 March 2021 and 2022 and the nine months ended 31 December 2022 (including the audit reports thereon and the notes thereto) and the reviewed condensed consolidated interim financial statements for the nine months ended 31 December 2021 and 30 September 2023 (including the review reports thereon and notes thereto); and

(d) a copy of this Offering Circular.

CLEARING SYSTEMS

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for the Certificates is XS2756519232 and the Common Code is 275651923. The Financial Instrument Short Name (FISN) for the Certificates is ARABIAN CENTRES/EUR NT 20290306 RES and the Classification of Financial Instruments (CFI) Code is DBFXFR, in each case as may be updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the National Numbering Agency that assigned the ISIN.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1 210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

LEGAL ENTITY IDENTIFIER

The Legal Entity Identifier code ("**LEI**") of the Trustee is 254900BZVZFBSA5NA163 and the LEI of the Obligor is 8945006MT4ZZ5EBVCI56.

INVESTOR RELATIONS WEBSITE

The Trustee does not operate an investor relations website and the Obligor's investor relations website can be accessed directly at https://ir.cenomiretail.com/.

SIGNIFICANT OR MATERIAL CHANGE

There has been no significant change in the financial position or financial performance of the Trustee and no material adverse change in the prospects of the Trustee, in each case, since the date of its incorporation.

There has been no significant change in the financial position or financial performance of the Obligor since 30 September 2023, and there has been no material adverse change in the prospects of the Obligor since 31 December 2022.

LITIGATION

The Trustee is not and has not been involved in any governmental, legal or arbitration proceedings since the date of its incorporation (including any such proceedings which are pending or threatened of which the Trustee is aware) which may have or have in such period had a significant effect on the financial position or profitability of the Trustee.

The Obligor is not and has not been involved in any governmental, legal or arbitration proceedings in the 12 months preceding the date of this Offering Circular (including any such proceedings which are pending or threatened of which the Obligor is aware) which may have or have in such period had a significant effect on the financial position or profitability of the Obligor.

INDEPENDENT AUDITORS

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements or appoint any auditors.

The consolidated financial statements of Arabian Centres Company as of 31 March 2021, 31 December 2021, 31 March 2022, 31 December 2022 and 30 September 2023 and for the financial years ended 31 March 2021 and 31 March 2022, and for the nine-month periods ended 31 December 2021, 31 December 2022 and 30 September 2023, included in this Offering Circular, have been audited or reviewed, as applicable, by KPMG Professional Services, a professional closed joint stock company (previously known as KPMG Al Fozan & Partners (Certified Public Accountants)) ("**KPMG**"), independent auditors, as stated in their reports appearing herein.

KPMG is licensed by the Saudi Organization for Certified Public Accountants.

JOINT LEAD MANAGERS TRANSACTING WITH THE TRUSTEE AND THE OBLIGOR

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage in, investment banking and/or commercial banking transactions with, and may perform services for the Trustee, the Obligor and their respective affiliates in the ordinary course of business for which they may receive fees.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates, have engaged in, and may in the future engage in, investment banking and/or commercial banking business (including the Existing Senior Facilities described in "*Description of Certain Financing Arrangements*" and the 2019 Certificates) with, and may provide services to the Trustee, the Obligor and/or their affiliates and, may make or hold a broad array of investments (including bank loans or *Shari'a* compliant financings) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Trustee, the Obligor and their affiliates (including the Certificates themselves). Certain of the Joint Lead Managers or their affiliates that have a financing relationship with the Trustee, the Obligor or their affiliates routinely hedge their credit exposure to the Trustee, the Obligor or their affiliates consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of trading positions in securities, including potentially the Certificates. Any such trading positions could adversely affect future trading prices of the Certificates. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, trading positions in such securities and instruments. For the purposes of this paragraph, the term "**affiliates**" shall also include parent companies.

LISTING AGENT

Maples Listing Services (CI) Limited is acting for the Trustee as issuer and for no one else in connection with the listing of the Certificates on the Official List of the Exchange and will not be responsible to anyone other than the Trustee as issuer.

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Arabian Centres Company

(A Saudi Joint Stock Company)

Consolidated financial statements
For the year ended 31 March 2021

together with the **Independent Auditor's Report**

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Basis of preparation

Assets

Equity and liabilities

Performance for the year

Financial instruments

Other information

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Headquarter

Commercial Registration No 1010425494

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent Auditor's Report

To the Shareholders of Arabian Centres Company

Opinion

We have audited the consolidated financial statements of Arabian Centres Company ("the Company") (and its subsidiaries) (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 March 2021, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Revenue recognition

See Note 7 and 25 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
During the year ended 31 March 2021, the Group recognized total revenue of SAR 1.86 billion (31 March 2020: SAR 2.20 billion). The Group revenue mainly consists of rental income from lease contracts. Revenue recognition is considered a key audit matter since revenue is a key measure of the Group's performance and there is a risk that revenue may be overstated resulting from the pressure management may feel to achieve performance targets, especially in the current pandemic situation, and may recognize revenue through unauthorized amendments to key terms of lease contracts, ignore discounts offered to customers or accelerate recognition of revenue through accrual in the incorrect period by adjusting the system configuration.	Our audit procedures, included among others: – Assessing the Group accounting policies by considering the requirements of the relevant accounting standards; – Assessing the design and implementation, and testing the operating effectiveness of both manual and automated controls over: o The accuracy and validity of the input of key terms of the contract o Tenant's acknowledgement to the amendments of lease contracts; and o Recognition of revenue accurately over the term of the lease contracts. – Evaluating key contractual arrangements including rental discounts by considering relevant documentation and agreements with the customers; – Testing revenue recognized during the year in respect of a sample of lease contracts to assess whether revenue recognized under these contracts complies with Group's revenue recognition and terms of the lease contracts; – Obtaining, on a sample basis, accounts receivable balance confirmations from the Group's tenants and investigating any discrepancies; – Testing manual journal entries posted to the revenue accounts to identify any unusual items; – Performing cut off procedures to assess that revenue was recognised in the correct period; and – Evaluating the disclosures included in the consolidated financial statements.

KPMG

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Impairment of investment properties	
See Note 7 and 8 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
As at 31 March 2021, the Group owned investment properties with a carrying amount of SR 11.97 billion (31 March 2020: SR 11.36 billion) which are used for earning rentals and capital appreciation. Considering the fluctuation in real estate prices and the possible impact on rentals, the Group assesses at each reporting date whether there is an indication that investment property may be impaired. If any impairment indicators exist, the Group estimates the recoverable amount of investment properties using external real estate valuation experts who consider expected future rentals, discount rates and other assumptions in determining the value of these investment properties. We considered this as the key audit matter due to the significant judgment involved and the key assumptions used in determining the recoverable amount of the investment properties.	Our audit procedures, included among others: – Evaluating the experience and qualification of the real estate valuation experts appointed by management and considering the experts suitability for the valuation of investment properties; – Involving our specialist to assess the key assumptions used by the real estate valuation experts in determining the value of the investment properties; – Agreeing the specific details (area, location etc.) of the investment properties as per the valuation reports with the Group records and title deeds of the investment properties; – Comparing the recoverable amount of the investment properties as per the Valuation Report to their carrying values to determine whether the recognition of any impairment loss is required; and – Evaluating the adequacy of the disclosures included in the consolidated financial statements.

KPMG

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

KPMG

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Arabian Centres Company ("the Company") and its subsidiaries ("the Group").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services

Hani Hamzah A. Bedairi
License No: 460

Al Riyadh, 13 Dhul Qi'dah 1442 H
Corresponding to: 23 June 2021

كي بي إم جي للاستشارات المهنية
Lic No. 46
C.R. 1010425494
R : 1
KPMG
ترخيص رقم ٤٦
س.ت: ١٠١٠٤٢٥٤٩٤
KPMG Professional Services

Consolidated statement of financial position

As at 31 March 2021

	Notes	31 March 2021	31 March 2020
Assets			
Investment properties	8	11,967,476,773	11,356,912,845
Right-of-use assets	9A	3,121,596,866	3,561,974,788
Property and equipment	10	75,546,196	91,474,811
Advances to a contractor	14C	582,469,359	614,438,352
Accrued revenue – non-current portion	23(ii)	341,395,259	99,835,361
Equity-accounted investment	11	--	53,079,928
Other non-current assets	15	22,500,000	--
Other investments	12	5,975,840	104,463,375
Non-current assets		16,116,960,293	15,882,179,460
Accrued revenue	23(ii)	170,697,630	69,362,957
Accounts receivable	13	247,870,806	234,254,125
Amounts due from related parties	14B	379,445,963	591,222,957
Prepayments and other assets	15	99,459,039	138,790,964
Cash and cash equivalents	16	635,669,921	1,045,680,193
		1,533,143,359	2,079,311,196
Assets held for sale	10	4,674,647	--
Current assets		1,537,818,006	2,079,311,196
Total assets		17,654,778,299	17,961,490,656
Equity			
Share capital	17	4,750,000,000	4,750,000,000
Share premium	17	411,725,703	411,725,703
Statutory reserve	18	561,758,636	513,092,734
Other reserves	18	7,184,631	(18,103,542)
Retained earnings		320,429,968	326,282,581
Equity attributable to the shareholders of the Company		6,051,098,938	5,982,997,476
Non-controlling interest		1,319,575	1,258,156
Total equity		6,052,418,513	5,984,255,632
Liabilities			
Loans and borrowings	20	6,861,285,252	6,970,743,077
Lease liabilities	9B	3,523,411,045	3,899,162,750
Employee benefits	21	21,673,040	30,370,714
Other non-current liabilities	22	69,448,668	52,729,339
Non-current liabilities		10,475,818,005	10,953,005,880
Loans and borrowings	20	119,375,000	45,000,000
Lease liabilities – current portion	9B	337,122,007	338,065,081
Accounts payable and other liabilities	22	405,102,129	381,514,197
Amount due to related parties	14B	162,319	3,899,682
Unearned revenue	23(i)	240,501,793	177,225,232
Zakat liabilities	24	24,278,533	78,524,952
Current liabilities		1,126,541,781	1,024,229,144
Total liabilities		11,602,359,786	11,977,235,024
Total equity and liabilities		17,654,778,299	17,961,490,656

The attached notes from [illegible] are an integral part of these consolidated financial statements.

These consolidated financial statements were authorized for issue by the Board of Directors, on behalf of the Shareholders, on 11 Dhul Qa'dah 1442H (21 June 2021) and signed on its behalf by:

Waleed Khalid Al-Rebdi	Faisal Abdallah Al-Jedaie	Fawaz Abdulaziz Al-Hokair
Chief Financial Officer	*Chief Executive Officer*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of profit or loss

For the year ended 31 March 2021

	Notes	31 March 2021	31 March 2020
Revenue	25	1,856,358,833	2,197,315,187
Cost of revenue			
- Direct costs	26	(315,243,141)	(316,594,593)
- Depreciation of right-of-use assets	9C	(206,324,134)	(155,864,844)
- Depreciation of investment properties	8	(311,653,382)	(286,418,176)
Gross profit		1,023,138,176	1,438,437,574
Other operating income	27A	145,616,338	12,678,935
Advertisement and promotion expenses	27B	(20,275,126)	(12,946,592)
General and administrative expenses	27C	(191,488,397)	(182,674,510)
Impairment loss on accounts receivable and accrued revenue rentals	13	(138,363,175)	(119,264,999)
Other operating expense	27D	(2,070,338)	(3,376,868)
Operating profit		816,557,478	1,132,853,540
Finance costs over loans and borrowings	27E	(172,892,445)	(351,259,733)
Finance costs over lease liabilities	9B	(172,238,307)	(134,543,493)
Net finance costs		(345,130,752)	(485,803,226)
Share from profit of equity-accounted investee	11	1,652,443	15,841,207
Profit before zakat		473,079,169	662,891,521
Zakat reversal / (charge)	24A	13,641,266	(20,290,170)
Profit for the year		486,720,435	642,601,351
Profit for the year is attributable to:			
- Shareholders of the Company		486,659,016	633,934,247
- Non-controlling interest		61,419	8,667,104
		486,720,435	642,601,351
Earnings per share			
Basic and diluted earnings per share	28	1.02	1.35

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Waleed Khalid Al-Rebdi	**Faisal Abdullah Al-Jedaie**	**Fawaz Abdulaziz Al-Hokair**
Chief Financial Officer	*Chief Executive Officer*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

Consolidated statement of comprehensive income

For the year ended 31 March 2021

	Notes	31 March 2021	31 March 2020
Profit for the year		486,720,435	642,601,351
Other comprehensive income/ (loss)			
Items that are or may be reclassified subsequently to consolidated statement of profit or loss:			
- Cash flow hedges – effective portion of change in fair value	30B	(1,082,698)	--
Items that will not be reclassified to consolidated statement of profit or loss:			
- Re-measurements of defined benefit liability	21A	3,069,871	3,969,458
- Other investments at FVOCI – net change in fair value	12	54,455,273	(3,801,000)
Total comprehensive income for the year		543,162,881	642,769,809
Total comprehensive income for the year attributable to:			
- Shareholders of the Company		543,101,462	634,102,705
- Non-controlling interests		61,419	8,667,104
		543,162,881	642,769,809

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Waleed Khalid Al-Rebdi	Faisal Abdullah Al-Jedaie	Fawaz Abdulaziz Al-Hokair
Chief Financial Officer	*Chief Executive Officer*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of changes in equity
For the year ended 31 March 2021

		Attributable to shareholders of the Company							
	Notes	Share capital	Share premium	Statutory reserve	Other reserves	Retained earnings	Total	Non-Controlling interest	Total equity
Balance at 1 April 2019		4,450,000,000	--	449,699,309	(18,272,000)	183,241,759	5,064,669,068	91,052	5,064,760,120
Total comprehensive income for the year									
Profit for the year		--	--	--	--	633,934,247	633,934,247	8,667,104	642,601,351
Other comprehensive income		--	--	--	168,458	--	168,458	--	168,458
Total comprehensive income for the year		--	--	--	168,458	633,934,247	634,102,705	8,667,104	642,769,809
Changes in ownership interests									
Issue of shares	*17*	300,000,000	411,725,703	--	--	--	711,725,703	--	711,725,703
		300,000,000	411,725,703	--	--	--	711,725,703	--	711,725,703
Transactions with shareholders of the company									
Transfers to statutory reserve		--	--	63,393,425	--	(63,393,425)	--	--	--
Dividends	*19*	--	--	--	--	(427,500,000)	(427,500,000)	(7,500,000)	(435,000,000)
		--	--	63,393,425	--	(490,893,425)	(427,500,000)	(7,500,000)	(435,000,000)
Balance at 31 March 2020		4,750,000,000	411,725,703	513,092,734	(18,103,542)	326,282,581	5,982,997,476	1,258,156	5,984,255,632
Balance at 1 April 2020		4,750,000,000	411,725,703	513,092,734	(18,103,542)	326,282,581	5,982,997,476	1,258,156	5,984,255,632
Total comprehensive income for the year									
Profit for the year		--	--	--	--	486,659,016	486,659,016	61,419	486,720,435
Other comprehensive income		--	--	--	56,442,446	--	56,442,446	--	56,442,446
Total comprehensive income for the year		--	--	--	56,442,446	486,659,016	543,101,462	61,419	543,162,881
Transfers to retained earnings	*12(a)*	--	--	--	(31,154,273)	31,154,273	--	--	--
Transfers to statutory reserve		--	--	48,665,902	--	(48,665,902)	--	--	--
Transactions with shareholders of the company									
Dividends	*19*	--	--	--	--	(475,000,000)	(475,000,000)	--	(475,000,000)
		--	--	--	--	(475,000,000)	(475,000,000)	--	(475,000,000)
Balance at 31 March 2021		4,750,000,000	411,725,703	561,758,636	7,184,631	320,429,968	6,051,098,938	1,319,575	6,052,418,513

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Waleed Khalid Al-Rebdi
Chief Financial Officer

Faisal Abdullah Al-Jedaie
Chief Executive Officer

Fawaz Abdulaziz Al-Hokair
Chairman

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of cash flows
For the year ended 31 March 2021

	Notes	31 March 2021	31 March 2020
Cash flows from operating activities:			
Profit before Zakat		**473,079,169**	662,891,521
Adjustments for:			
- Depreciation on investment properties	8	**311,653,382**	286,418,176
- Depreciation on property and equipment	10	**26,816,191**	30,784,955
- Depreciation on right-of-use assets	9A	**210,091,177**	159,631,890
- Impairment loss on accounts receivable and accrued revenue rentals	13	**138,363,175**	119,264,999
- Provision for employee benefits	21	**7,248,891**	7,164,937
- Finance cost over loans and borrowings	27E	**172,892,445**	351,259,733
- Finance cost over lease liabilities	9B	**172,238,307**	134,543,493
- Discount on lease rentals	9B	**(76,703,029)**	(370,000)
- Share from profit of equity-accounted investee	11	**(1,652,443)**	(15,841,207)
- Gain from sale of equity-accounted investee	27A	**(42,767,629)**	--
- Impairment on advances to suppliers	27D	**--**	2,822,235
- Change in fair value of other investments	12	**288,535**	444,388
		1,391,548,171	1,739,015,120
Changes in:			
- Accounts receivable		**(151,979,856)**	(54,273,978)
- Amounts due from related parties, net		**75,108,333**	(137,101,460)
- Prepayments and other current assets		**(19,681,191)**	(91,050,374)
- Accounts payable and other liabilities		**51,809,077**	(70,346,637)
- Accrued revenue		**(342,894,566)**	(78,624,688)
- Unearned revenue		**63,276,561**	(128,280,829)
Cash generated from operating activities		**1,067,186,529**	1,179,337,154
Employee benefits paid	21	**(12,876,694)**	(4,568,935)
Zakat paid	24	**(20,285,625)**	(5,877,732)
Net cash from operating activities		**1,034,024,210**	1,168,890,487
Cash flows from investing activities:			
Additions to investment properties, net	8	**(220,381,610)**	(116,925,849)
Acquisition of property and equipment	10	**(15,562,223)**	(7,485,877)
Proceeds from disposal of equity accounted investee	11	**97,500,000**	--
Dividend received from equity accounted investee	11	**--**	5,000,000
Proceeds from disposal of other investments	12	**152,654,273**	--
Advances to a contractor, related party		**(357,034,885)**	(343,943,774)
Net cash used in investing activities		**(342,824,445)**	(463,355,500)

All amounts are presented in Saudi Riyals unless otherwise stated.

	Notes	31 March 2021	31 March 2020
Cash flows from financing activities:			
Proceeds from loans and borrowings	20	--	7,243,625,202
Repayments of loans and borrowings	20	(45,000,000)	(6,932,826,693)
Transaction costs paid during the year	20	(8,659,934)	(114,671,202)
Payment of finance costs over loans and borrowings	22	(292,694,175)	(384,093,476)
Repayments of lease liabilities	9B	(279,855,928)	(282,059,608)
Proceeds from initial public offering	17	--	780,000,000
Dividends paid	19	(475,000,000)	(427,500,000)
Net cash used in financing activities		(1,101,210,037)	(117,525,777)
Net (decrease) / increase in cash and cash equivalents		(410,010,272)	588,009,210
Cash and cash equivalents at the beginning of year		1,045,680,193	457,670,983
Cash and cash equivalents at end of the year	16	635,669,921	1,045,680,193
Significant non-cash transactions:			
Investment properties transferred from Saudi FAS Hotels to Arabian Centres Company	8A	131,340,000	--
- Capitalized finance cost for project under construction	22	123,428,143	55,858,564
- Capitalized arrangement fees for project under construction	20	2,348,324	5,570,992
- Capitalized finance cost over lease liabilities for project under construction	9B	47,692,692	91,470,816
- Capitalized depreciation of right-of-use assets for project under construction	9A	26,732,930	57,750,995
-Capitalized advances to contractors for project under construction		370,293,611	331,905,340
-Advance to landlord classified to lease liabilities	9B	36,513,006	--
- Advance to lessor reclassified to other finance receivables		22,500,000	--
- Zakat payable transferred to the Ultimate Parent Company	24	20,319,528	18,345,202
- Right-of-use assets	9A	--	3,656,779,235
- Lease liability on right-of-use assets	9B	--	4,171,064,692
- Prepaid rent reclassified to right-of-use assets		--	46,400,060
- Non-controlling interest dividends settled through adjusting amounts due to related parties		--	7,500,000
- Accruals and other current liabilities reclassified to right-of-use assets		--	808,475
- Initial public offering transaction costs	17	--	68,274,297

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Waleed Khalid Al-Fahdi	Faisal Abdullah Al-Jedaie	Fawaz Abdulaziz Al-Hokair
Chief Financial Officer	*Chief Executive Officer*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

1. Reporting entity

Arabian Centres Company ("the Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia ("KSA") under commercial registration numbered 1010209177 and dated 7 Rabi Thani 1426H (corresponding to 15 May 2005). The registered office is located at Nakheel District, P.O. Box 341904, Riyadh 11333, KSA.

The Company was formed on 7 Rabi Thani 1426H (corresponding to 15 May 2005) as Limited Liability Company. On 8 Muhurram 1439H (corresponding to 28 September 2017) legal status of the Company had changed from a Limited Liability Company to a Saudi Closed Joint Stock Company.

On 22 May 2019, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Stock Exchange ("Tadawul"). In connection with IPO, the Company has issued 95 million of its ordinary shares for a cash payment and the legal status of the Company changed from Saudi Closed Joint Stock Company to Saudi Joint Stock Company.

The Company and its subsidiaries' (collectively referred to as "the Group") principal business objectives are to purchase lands, build, develop and invest in buildings, sell or lease of buildings and the construction of commercial buildings including demolition, repair, excavation and maintenance works. It also includes maintenance and operation of commercial centres, tourist resorts, hotels and restaurants, managing and operating temporary and permanent exhibitions, compounds and hospitals.

1. Reporting entity (continued)

Following is the list of subsidiaries included in these consolidated financial statements as of 31 March 2021 and 31 March 2020:

No	Subsidiaries	Country of incorporation	Direct ownership interest held by the Group as at: 31 March 2021	Direct ownership interest held by the Group as at: 31 March 2020	Indirect ownership interest held by the Group as at: 31 March 2021	Indirect ownership interest held by the Group as at: 31 March 2020	Share Capital (SR)	Number of shares issued
1	Riyadh Centres Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
2	Al Bawarij International for Development & Real Estate Investment Company	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
3	Al Makarem International for Real Estate Development Company	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
4	Oyoun Al Raed Mall Trading	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
5	Oyoun Al Basateen Company for Trading	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
6	Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin AlHokair and Company	Kingdom of Saudi Arabia	50%	50%	--	--	500,000	500
7	Yarmouk Mall Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
8	Al Erth Al Matin Trading Company	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
9	Arkan Salam for Real Estate and Contracting Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	1,000,000	1,000
10	Mall of Arabia Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
11	Aziz Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
12	Dhahran Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
13	Al Noor Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
14	Al Yasmeen Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
15	Al Dammam Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
16	Al Malaz Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
17	Al Hamra Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
18	Al Erth Al Rasekh Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100

During the year ended 31 March 2021, the Group has signed a Sale Purchase agreement to acquire 39,253 (25.5%) ordinary shares of Vogacloset Limited, UK (an e-commerce Company) for a total consideration of SR 68,856,933. As at 31 March 2021, the necessary legal formalities for transfer of ownership including the regulatory approvals have not completed. The investment in Vogacloset will be accounted for as an associate once the legal formalities and necessary approvals are obtained.

All amounts are presented in Saudi Riyals unless otherwise stated.

2. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants and Company's by-laws.

3. Basis of measurement

These consolidated financial statements are prepared under the historical cost convention except for the following material items in the consolidated statement of financial position:

- Other investments at fair value
- Derivative financial instruments at fair value
- Employees end of service benefits using projected unit credit method

4. Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyal ("SR"), which is the functional currency of the Group.

5. Significant accounting estimates, assumptions and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses and assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

A. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material differences in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Group used these assumptions and estimates on the basis available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment test of non-financial assets
Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

5. Significant accounting estimates, assumptions and judgements (continued)

A. Estimates and assumptions (continued)

Provisions
By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgement in estimating the expected cash outflows for other exit costs.

Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

Long-term assumptions for employee benefits
Employees' end-of-service benefits represent obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

Measurement of Expected Credit Loss (ECL) allowance for accounts receivable: key assumptions in determining the weighted average loss rate
The Group's exposure to credit risk is influenced mainly by the individual characteristics of the customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with other social-economic factors. Such estimates are based on assumptions relating to those factors and actual results may differ, resulting in future changes to the impairment.

Economic useful lives of investment properties and property and equipment
The Group's management determines the estimated useful lives of its investment properties and property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The Group periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits derived from these assets.

B. Critical judgements in applying accounting standards

The following critical judgements have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of the reasonable certainty of exercising options of lease term extension
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

5. Significant accounting estimates, assumptions and judgements (continued)

B. Critical judgements in applying accounting standards (continued)

Determination of the incremental borrowing rate of lease liabilities
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when the need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates.

Component parts of investment properties and property and equipment
The Group's assets, classified within investment properties and property and equipment, are depreciated on a straight-line basis over their economic useful lives. When determining the economic useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately.

Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to related asset, its pattern of consumption and its replacement cycle/maintenance schedule.

Determination of control and significant influence
i. Management's judgement in assessing control over consolidated subsidiaries:
Subsidiaries are all investees over which the Group has control. The Group's management considers that the Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has equal or less than a majority of the voting or similar rights of an investee, the Group considers all other relevant facts and circumstances in assessing whether it has power over an investee, including any contractual and other such arrangements which may affect the activities which impact investees' return.

The determination about whether the Group has power thus depends on such relevant activities, the way decisions about the relevant activities are made and the rights the Group has in relation to the investees.

In certain cases where the Group owns 50% or less of voting rights, it may still be the single largest shareholder with presence on the governing body giving it power to direct relevant activities of the investees, whereby the other shareholders individually do not hold sufficient voting rights and power to overrule the Group's directions. There is no prior instance of other shareholders collaborating to exercise their votes collectively or to out-vote the Group.

The management has considered the integration of all such investees (where the Group has equal or less than a majority of the voting rights) within the Group structure and located in cities in KSA, the ability of the Group to impact variable returns of the investees through the provision of various key services to such investees, the relationship of the Group with other entities which may impact returns of investees, appointment of certain key management personnel and various other such factors.

5. Significant accounting estimates, assumptions and judgements (continued)

B. Critical judgements in applying accounting standards (continued)

Determination of control and significant influence (continued)
Based on above considerations, management of the Group believes:
- there is a pattern of past and existing practice of the Group's involvement in the relevant activities of these investees resulting in an impact on their returns and also indicating a more than passive interest of the Group in such investees; and
- the Group has created an environment in which the set-up and function of these investees and their interrelationship with the Group leads towards a judgement of 'control'.

Hence, the Group has consolidated those investees, which meet the above criteria as part of the Group's consolidated financial statements.

ii. Management's judgement in assessing significant influence over investees:
Judgement was required, particularly where the Group owns shareholding and voting rights of generally 20% and above but where the management does not believe that it has 'control' or 'joint control' over such investee.

In case of such investee, the Group's management has concluded it has 'significant influence' in line with the requirements of IFRSs as endorsed in KSA. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee but is not 'control' or 'joint control'. IFRSs as endorsed in KSA provides various indicators of 'significant influence', including representation in the Board of Directors and participation in policymaking process.

By virtue of the Group's shareholding rights in the investee's general meetings, as well as the Group's representation on Board of Directors of such investee and the Group's involvement in operating and financial policies and decision making, management believes it has 'significant influence' over such investee ("associate").

The Group is accounting for such investment in an associate under the equity method of accounting.

6. Changes in significant accounting policies

The Group has adopted COVID-19-Related Rent Concessions – Amendment to IFRS 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee – i.e., for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 are lease modifications.

7. Summary of significant accounting policies

A. Basis of consolidation

i. Subsidiaries
Please refer to *note 5* for details on judgements applied by the Group in respect of determination of control.

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to the elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit / loss and each component of OCI are attributed to the Shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group asset and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A list of subsidiaries is provided in *note 1* which also discloses the percentage of ownership.

7. Summary of significant accounting policies (continued)

A. Basis of consolidation (continued)

ii. Change in ownership interest

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests;
- derecognizes the cumulative translation differences recorded in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in the consolidated statement of profit or loss; and
- reclassifies the shareholders' share of components previously recognized in OCI to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

When the Group ceases to consolidate for an investment in subsidiary because of a loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognized in the consolidated statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in OCI in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in OCI are reclassified to the consolidated statement of profit or loss.

iii. Non-controlling interests

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of changes in equity.

iv. Associate

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in an associate is accounted for using the equity method of accounting, after initially being recognized at cost.

Equity method of accounting is used for the investment in an associate. Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in the consolidated statement of profit or loss, and the Group's share of movements in OCI of the investee in consolidated statement of comprehensive income, if any.

Dividends received or receivable from an associate are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions, if any, between the Group and its associate are eliminated to the extent of the Group's interest in its associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Goodwill, if any, relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss, outside operating income.

7. Summary of significant accounting policies (continued)

A. Basis of consolidation (continued)

iv. Associate (continued)

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in an associate. At each reporting date, the Group determines whether there is objective evidence that the investment in an associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss as 'share in earnings' of an associate in the consolidated statement of profit or loss.

Upon loss of significant influence over an associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in OCI are reclassified to the consolidated statement of profit or loss where appropriate.

B. Foreign currencies

i. Transactions and balances

Foreign currency transactions are translated into Saudi Riyal (SR) at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of profit or loss. Translation of non-monetary items depends on whether they are recognized at historical cost or at fair value. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in consolidated statement of comprehensive income or consolidated statement of profit or loss).

C. Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding any levies or duty.

Rental income

The Group is the lessor for various operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature, except for contingent rental income which is recognized when it arises. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, management are reasonably certain that the tenant will exercise that option. Accrued revenue is recognized to the extent that the revenue has been earned but not yet billed.

7. Summary of significant accounting policies (continued)

C. Revenue recognition (continued)

Rental income (continued)
Tenant lease incentives including rental discounts are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. Unamortized portion of these incentives are classified under accrued revenue in the statement of financial position.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the consolidated statement of profit or loss when the right to receive them arises.

Turnover rent
The Group recognizes income from turnover rent on the basis of turnover reports submitted by the tenants. In the absence of reports, management makes its own assessment about the tenants achieving or exceeding the stipulated turnover in the lease contracts based on their historical performance.

Service charges, management charges and other expenses recoverable from tenants
Income arising from expenses recharged to tenants is recognized in the period in which the compensation becomes due. Service and management charges related to repairs and maintenance of the building facilities and other such receipts are included in revenue while the related costs, which are included as part of cost of revenue, as the management considers that the Group acts as a principal in this respect.

Service charges related to utilities for heavy users are presented net of the related costs and are recorded as part of "commission income on provisions for utilities for heavy users, net" under revenue in the consolidated statement of profit or loss, since the management considers that the Group acts as an agent in this respect.

Principal versus agent consideration
The Group has evaluated its arrangements to determine whether it is a principal, and report revenues on a gross basis, or an agent, and report revenues on a net basis. In this assessment, the Group has considered if it has obtained control of the specified services before they are transferred to the customer, as well as other indicators such as the party primarily responsible for fulfilment, inventory risk and discretion in establishing price. The Group has concluded it is the principal in all of its revenue arrangements (except for service charges related to utilities for heavy users – as discussed in the previous section) since it is the primary obligor, it has pricing latitude and is also exposed to credit risks.

Presentation and disclosure requirements
As required for the consolidated financial statements, the Group disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Please refer to *note 25* for the disclosure on disaggregated revenue.

Interest income
Interest income is recognized using the Effective Interest Rate ("EIR") method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original EIR.

Dividend income
Dividend income from investments is recognized when the Group's rights to receive payment have been established.

Other income
All other income are recognized on an accrual basis when the Group's right to earn the income is established.

7. Summary of significant accounting policies (continued)

D. Investment properties

Investment property comprises completed property and property under construction or redevelopment that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for administrative functions.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer charges, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the costs of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment in value. Land and projects under construction are not depreciated.

Expenditure for repairs and maintenance are charged to consolidated statement of profit or loss as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalized.

Class of assets	Number of years
Building: Electrical components	25 years
Building: Mechanical components	15 years
Building: Firefighting system	30 years
Building: Conveying system	20 years
Building	50 years
Building on leasehold land: Mechanical components	15 – 25 years (Shorter of economic life or lease term)
Building on leasehold land	4 – 50 years (Shorter of economic life or lease term)

Transfers are made to/from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to date the date of change in use.

Investment properties is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefits is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of profit or loss in the period of de-recognition.

E. Property and equipment

Property and equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Expenditures on repairs and maintenance are expensed to the consolidated statement of profit or loss in the period they are incurred. Subsequent expenditures that increase the value or materially extend the life of the related assets are capitalized. Leaseholds improvements are amortized on a straight-line basis over the shorter of the useful life of the improvement and the term of the lease.

Depreciation is calculated from the date the item of property and equipment is available for its intended use. It is calculated on a straight-line basis over the useful life of the asset as follows:

Class of asset	Number of years
Tools and equipment	4 – 8 years
Furniture and fixtures	4 – 10 years
Vehicles	4 years
Leasehold improvements	5 – 6 years (Shorter of economic life or lease term)

7. Summary of significant accounting policies (continued)

E. Property and equipment (continued)

Residual values, useful lives and methods of depreciation of property and equipment are reviewed on an annual basis, and adjusted prospectively if appropriate, at each reporting date. Properties under construction, which are not ready for its intended use, are not depreciated.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the period when the asset is derecognized.

The carrying amounts of property and equipment is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

F. Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, used by the Group in the management of its short-term commitments and are available to the Group without any restriction.

G. Financial instruments

i. Recognition and initial measurement

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant finance component) or finance liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets – initial measurement

On initial measurement, a financial asset is classified as measured at: amortized cost, FVOCI – debt instrument; FVOCI – equity instrument or fair value through profit and loss (FVTPL).

Financial assets are not reclassified subsequent to initial measurement unless the Group changes the business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

7. Summary of significant accounting policies (continued)

G. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.
- Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose,
- consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Subsequent measurement and gains and losses
The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at Amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment loss, if any. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments At FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss as well.

Financial liabilities: Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

7. Summary of significant accounting policies (continued)

G. Financial instruments (continued)

iii. Derecognition

Financial assets
The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognized.

Financial liabilities
The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

H. Impairment of financial instruments

The Group applies IFRS 9 simplified approach for measuring ECL, which uses a lifetime expected loss allowance. The method is applied for assessing an allowance against:
- financial assets measured at amortized cost; and
- contract assets

Loss allowances for accounts receivable with or without significant financing component are measured at an amount equal to lifetime ECL.

Bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12-month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

7. Summary of significant accounting policies (continued)

H. Impairment of financial instruments (continued)

ECL Model
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets
A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 720 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

I. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its commission rate risk exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in condensed consolidated statement of profit or loss. The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in condensed consolidated statement of comprehensive income and accumulated in the hedging reserve under other reserves. The effective portion of changes in the fair value of the derivative that is recognized in condensed consolidated statement of comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in condensed consolidated statement of profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized. For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect consolidated statement of profit or loss.

7. Summary of significant accounting policies (continued)

I. Derivative financial instruments and hedge accounting (continued)

Cash flow hedges (continued)
If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to consolidated statement of profit or loss in the same period or periods as the hedged expected future cash flows affect consolidated statement of profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to condensed consolidated statement of profit or loss.

Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
In July 2017, the United Kingdom Financial Conduct Authority, which regulates the London Interbank Offered Rate ("LIBOR"), announced that the interest benchmark would cease after 2021. LIBOR is one of the most common series of benchmark interest rates. In December 2019, the IASB amended IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, and IFRS 9, Financial Instruments, which modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the Interbank Offered Rate ("IBOR") reform. In addition, the amendments require companies to provide additional information about their hedging relationships which are directly affected by these uncertainties. The amendments are effective beginning on 1 January 2020.

Additionally, the IASB is considering the potential consequences on financial reporting of replacing an existing benchmark with an alternative. IBOR reforms and expectation of cessation of LIBOR will impact Group's current risk management strategy and possibly accounting for certain financial instruments used for hedging. The Group has cash flow hedges (please refer to *note 30*) which are exposed to the impact of LIBOR.

The Group uses financial instruments as part of its risk management strategy to manage exposures arising from variation of commission rates that could affect net income or other comprehensive income and applies hedge accounting to these instruments. The Group has certain borrowings where the reference rate is linked to the LIBOR. The Group is assessing the impact to ensure a smooth transition from LIBOR to new benchmark rates.

J. Impairment of non-financial assets and liabilities

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

The Group's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU's to which the individual asset is allocated. These budgets and forecast calculations generally cover a five-year period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the budget period.

7. Summary of significant accounting policies (continued)

J. Impairment of non-financial assets and liabilities (continued)

Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset.

For assets other than above, an assessment is made at each financial year-end as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

K. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

7. Summary of significant accounting policies (continued)

L. Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- The Group classifies all other liabilities as non-current.

M. Expenses

Advertisement and promotion expenses principally comprise expenses incurred in promotion and advertisement of the shopping malls. All other expenses are classified as cost of revenues and general and administration expenses.

General and administration expenses include expenses not specifically part of the cost of revenue and promotion and advertising expenses. Allocations between general and administration expenses and cost of revenues, when required, are made on a consistent basis.

N. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of finance and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized as from the commencement of the development work until the date of practical completion, when substantially all of the development work is completed. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Borrowing costs is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

O. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre- zakat rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognized as financial charges.

7. Summary of significant accounting policies (continued)

P. Employee benefits and post-employment benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare and child education allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

ii. End-of-services benefits obligation

The Group end of service benefits qualifies as a defined benefit plan. The liability recognized in the consolidated statement of financial position is the Defined Benefit Obligation (DBO) at the reporting date.

DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For instances where there is no deep market in such bonds, the market rates on government bonds are used. The discount rate is based on government bond yields in KSA.

The net interest cost is calculated by applying the discount rate to the net balance of the DBO. This cost is included in employees' salaries and other benefits expense in the consolidated statement of profit or loss.

Re-measurement gains and losses arising from changes in actuarial assumptions are recognized in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of profit or loss as past service costs.

The actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labor and Workmen Law as well as the Group's policy.

Q. Zakat

Zakat is provided in accordance with the Regulations of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia on an accrual basis. The zakat expense is charged to the consolidated statement of profit or loss. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

In calculating the zakat expense for the current year, the Group has adjusted its profit ad applied certain deductions to its zakat base used to calculate the zakat expenses. However, the zakat legislations of the Zakat, Tax and Customs Authority in relation to those assessments and deductions are not clear. The Group's management made its best estimates for those assumptions based on industry practice and historical experience.

R. Dividends

The Company recognizes a liability to make dividend distribution to the shareholders of the Company when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the applicable relevant Regulations of Saudi Arabia, a distribution is authorized when it is approved by the shareholders or when interim dividends are approved by the Board of Directors. A corresponding amount is recognized directly in equity.

7. Summary of significant accounting policies (continued)

S. Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee
The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Short-term leases and leases of low-value assets
The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19-related rent concessions
The Group has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

As a lessor
The Group leases out its investment property. The Group has classified these leases as operating leases. Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The Group has applied IFRS 15 "Revenue from Contracts with Customers" to allocate consideration in the contract to each lease and non-lease component.

T. Segment reporting

An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses.
- results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- for which discrete financial information is available.

Management considers the operations of the Group as a whole as one operating segment as all subsidiaries engage in similar business activities.

A geographical segment is a Group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. All of the Group's operation are conducted in KSA hence only one geographic segment has been identified.

8. Investment properties

A. Reconciliation of carrying amount

	Land	Buildings on freehold land						Buildings on leasehold land *(ii)*				
	Land	Building component	Electrical components	Mechanical components	Firefighting system	Conveying system	Total Buildings	Building component	Mechanical components	Total Buildings on leasehold	Under construction *(i)*	Total
Cost:												
Balance at 1 April 2019	4,771,814,409	2,005,520,213	398,242,199	277,242,534	65,758,729	57,934,696	2,804,698,371	2,948,439,991	185,916,101	3,134,356,092	2,204,725,537	12,915,594,409
Additions	--	3,237,849	6,255,208	11,573,552	--	468,833	21,535,442	49,697,641	--	49,697,641	588,249,473	659,482,556
Transfers	--	436,057,695	--	--	--	--	436,057,695	418,652,966	--	418,652,966	(854,710,661)	--
Balance at 31 March 2020	**4,771,814,409**	**2,444,815,757**	**404,497,407**	**288,816,086**	**65,758,729**	**58,403,529**	**3,262,291,508**	**3,416,790,598**	**185,916,101**	**3,602,706,699**	**1,938,264,349**	**13,575,076,965**
Additions	**14,468,583**	**28,991,328**	**199,235**	**3,748,138**	**250,140**	**693,500**	**33,882,341**	**72,907,329**	**2,794,545**	**75,701,874**	**666,824,512**	**790,877,310**
Transfer from related party *(iii)*	**81,165,000**	**50,175,000**	--	--	--	--	**50,175,000**	--	--	--	--	**131,340,000**
Transfers	--	**50,924,672**	**2,779,302**	**13,346,350**	**402,282**	--	**67,452,606**	**375,107,944**	**17,915,702**	**393,023,646**	**(460,476,252)**	--
Balance at 31 March 2021	**4,867,447,992**	**2,574,906,757**	**407,475,944**	**305,910,574**	**66,411,151**	**59,097,029**	**3,413,801,455**	**3,864,805,871**	**206,626,348**	**4,071,432,219**	**2,144,612,609**	**14,497,294,275**
Accumulated depreciation and impairment losses:												
Balance at 1 April 2019	--	343,890,435	131,109,737	169,654,838	22,965,321	28,327,941	695,948,272	1,139,645,632	96,152,040	1,235,797,672	--	1,931,745,944
Charge for the year	--	60,222,476	16,178,920	19,253,792	2,262,311	2,923,720	100,841,219	172,566,981	13,009,976	185,576,957	--	286,418,176
Balance at 31 March 2020	--	**404,112,911**	**147,288,657**	**188,908,630**	**25,227,632**	**31,251,661**	**796,789,491**	**1,312,212,613**	**109,162,016**	**1,421,374,629**	--	**2,218,164,120**
Charge for the year	--	**49,489,015**	**20,590,426**	**23,671,054**	**2,719,634**	**3,355,004**	**99,825,133**	**198,093,998**	**13,734,251**	**211,828,249**		**311,653,382**
Balance at 31 March 2021	--	**453,601,926**	**167,879,083**	**212,579,684**	**27,947,266**	**34,606,665**	**896,614,624**	**1,510,306,611**	**122,896,267**	**1,633,202,878**		**2,529,817,502**
Carrying amounts:												
At 1 April 2019	4,771,814,409	1,661,629,778	267,132,462	107,587,696	42,793,408	29,606,755	2,108,750,099	1,808,794,359	89,764,061	1,898,558,420	2,204,725,537	10,983,848,465
At 31 March 2020	**4,771,814,409**	**2,040,702,846**	**257,208,750**	**99,907,456**	**40,531,097**	**27,151,868**	**2,465,502,017**	**2,104,577,985**	**76,754,085**	**2,181,332,070**	**1,938,264,349**	**11,356,912,845**
At 31 March 2021	**4,867,447,992**	**2,121,304,831**	**239,596,861**	**93,330,890**	**38,463,885**	**24,490,364**	**2,517,186,831**	**2,354,499,260**	**83,730,081**	**2,438,229,341**	**2,144,612,609**	**11,967,476,773**

i. Projects under construction pertains to expenditures relating to 8 malls which are in the course of construction as at the end of the reporting period and these are expected to be completed within 2 to 5 years. During the year ended 31 March 2021, the Group capitalized finance cost amounting to SR 173.5 million (31 March 2020: SR 152.9 million).

ii. Includes SR 142.6 million (31 March 2020: SR 151.3 million) for buildings which are constructed on leasehold lands where lease agreements are in the name of related parties.

iii. During the year ended 31 March 2021, Saudi FAS Holding Company transferred lands and buildings worth SR 131.3 million to settle the outstanding receivables from FAS Holding Company for Hotels (refer note 8B).

All amounts are presented in Saudi Riyals unless otherwise stated.

8. Investment properties (continued)

B. Fair value of investment properties

Management has appointed independent valuers to determine the fair value of the investment properties as of 31 March 2021. According to the valuers, the fair value of the investment properties as at 31 March 2021 is SR 21,516 million. The valuers have appropriate qualifications and experience in the valuation of properties at the relevant locations. The effective date of the valuation was 31 March 2021 and prepared in accordance with Royal Institution of Chartered Surveyors ("RICS") Global Standards 2017 which comply with the international valuation standards.

The fair value hierarchy for the investment properties for disclosure purposes is grouped in level 3, with significant unobservable inputs adopted by the Valuer which are transparency of retail rental payment terms; discount rates; and capitalization rate (yields).

The Company recognizes the amounts recognized in the investment properties at cost. The amounts recognized in the statement of profit or loss for investment properties during the years are as follows:

	Notes	31 March 2021	31 March 2020
Revenue	*25*	**1,856,358,833**	2,197,315,187
Direct costs	*26*	**(315,243,141)**	(316,594,593)
Depreciation of investment properties	*8A*	**(311,653,382)**	(286,418,176)
		1,229,462,310	1,594,302,418

Net book values of the Group's lands as at the end of the reporting years are as follows:

	Notes	Owned by the company	Title deeds registered with the company	31 March 2021	31 March 2020
Shopping malls - land					
- Al Noor		Yes	Yes	**68,120,000**	68,120,000
- Jubail Mall		Yes	Yes	**32,500,000**	32,500,000
- Mall of Arabia – Jeddah	*(i)*	Yes	No	**141,115,102**	141,115,102
- Sahara Plaza – Riyadh	*(i)*	Yes	No	**75,240,000**	75,240,000
- Al Ehsa Mall	*(i)*	Yes	No	**20,700,145**	20,700,145
- Hamra Mall	*(i)*	Yes	No	**256,100,000**	256,100,000
- Nakheel Dammam Mall	*(i)*	Yes	No	**210,000,000**	210,000,000
- Salam Mall	*(ii)*	Yes	No	**250,000,000**	250,000,000
- Aziziah Mall – Makkah	*(ii)*	Yes	No	**192,696,248**	178,227,665
				1,246,471,495	1,232,002,912
Lands					
- Oyoun Al Raed		Yes	Yes	**1,770,439,947**	1,770,439,947
- Oyoun Al Basateen		Yes	Yes	**1,067,162,500**	1,067,162,500
- Al Qasseem		Yes	Yes	**350,000,000**	350,000,000
- Abha		Yes	Yes	**62,000,000**	62,000,000
- Khaleej Mall	*(i)*	Yes	No	**290,209,050**	290,209,050
- Al Ahsa Mall Extension Land	*(iii)*	Yes	No	**20,700,000**	--
- Jeddah Land	*(iii)*	Yes	No	**60,465,000**	--
				3,620,976,497	3,539,811,497
Total land value				**4,867,447,992**	4,771,814,409

i. The title deeds of all plots of land are registered in the name of local banks against loans and borrowings (please refer to note *20*).

All amounts are presented in Saudi Riyals unless otherwise stated.

8. Investment properties (continued)

ii. The title deeds of these plots of land are registered in the name of local banks against facilities which were repaid during the year ended 31 March 2020. The transfer of these title deeds to the Company is in progress.

iii. Transfer of title deeds for these plots are under progress (please refer to note *14B(ii)*).

9. Right-of-use assets and lease liabilities

A. Right-of-use assets

	Notes	31 March 2021	31 March 2020
Balance at beginning of the year		**3,561,974,788**	3,656,779,235
Additions during the year		**66,987,624**	122,578,438
Remeasurement of ROU assets	*9F*	**(270,541,439)**	--
Depreciation charge for the year	*9C*	**(210,091,177)**	(159,631,890)
Depreciation capitalized for projects under construction		**(26,732,930)**	(57,750,995)
Balance at end of the year		**3,121,596,866**	3,561,974,788

B. Lease liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	Notes	31 March 2021	31 March 2020
Balance at beginning of the year		**4,237,227,831**	4,171,064,692
Additions during the year		**66,987,624**	122,578,438
Lease payments during the year		**(279,855,928)**	(282,059,608)
Rent concessions during the year	*9E*	**(76,703,029)**	(370,000)
Remeasurement of lease liabilities	*9F*	**(270,541,439)**	--
Transfer from prepayments and other assets		**(36,513,006)**	--
Interest expense during the year	*9C*	**172,238,307**	134,543,493
Interest capitalized for projects under construction		**47,692,692**	91,470,816
Balance at end of the year		**3,860,533,052**	4,237,227,831

	31 March 2021	31 March 2020
Non-current portion of lease liabilities	**3,523,411,045**	3,899,162,750
Current portion of lease liabilities	**337,122,007**	338,065,081
Balance at end of the year	**3,860,533,052**	4,237,227,831

C. Amounts recognized in profit or loss

	Notes	31 March 2021	31 March 2020
Depreciation of right-of-use assets			
- Cost of revenue		**(206,324,134)**	(155,864,844)
- General and administrative expenses	*27C*	**(3,767,043)**	(3,767,046)
		(210,091,177)	(159,631,890)
Interest on lease liabilities	*9B*	**172,238,307**	134,543,493

D. Group Commitment to lease contracts

	31 March 2021	31 March 2020
Within one year	**521,870,380**	571,161,280
After one year but not more than five years	**1,338,010,402**	1,420,780,211
More than five years	**4,453,033,818**	5,170,031,208
	6,312,914,600	7,161,972,699

All amounts are presented in Saudi Riyals unless otherwise stated.

9. Right-of-use assets and lease liabilities (continued)

E. Rent concessions

The Group negotiated rent concessions with its landlords for the majority of its leased malls as a result of the severe impact of the COVID-19 pandemic during the year. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its leased lands/ malls. The amount recognized in consolidated profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions is SR 76.70 million (2020: Nil).

F. Lease remeasurements

The Group negotiated lease amendments for the Company's lease contract for the U-walk Jeddah Centre (formerly named Zahra Mall). The lease amendments mainly included reduction of lease commitments over the term of the contract and corresponding change in lease term.

10. Property and equipment

Reconciliation of carrying amount

	Tools and equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Capital work in progress	Total
Cost:						
Balance at 1 April 2019	143,405,482	92,376,616	3,633,902	32,455,796	1,389,796	273,261,592
Additions during the year	3,567,839	3,508,077	--	409,961	--	7,485,877
Transfers during the year	--	--	--	1,292,721	(1,292,721)	--
Balance at 31 March 2020	**146,973,321**	**95,884,693**	**3,633,902**	**34,158,478**	**97,075**	**280,747,469**
Additions during the year	**317,016**	**288,826**	--	**480,424**	**14,475,957**	**15,562,223**
Transfer to assets held for sale (i)	**(1,986,125)**	**(5,133,015)**	--	**(9,414,279)**	--	**(16,533,419)**
Balance at 31 March 2021	**145,304,212**	**91,040,504**	**3,633,902**	**25,224,623**	**14,573,032**	**279,776,273**
Accumulated depreciation						
Balance at 1 April 2019	83,308,826	55,921,367	3,628,594	15,628,916	--	158,487,703
Charge for the year	12,889,457	10,871,613	5,308	7,018,577	--	30,784,955
Balance at 31 March 2020	**96,198,283**	**66,792,980**	**3,633,902**	**22,647,493**	**--**	**189,272,658**
Charge for the year	**10,825,396**	**7,451,260**	--	**8,539,535**	--	**26,816,191**
Transfer to assets held for sale (i)	**(1,264,793)**	**(2,740,524)**	--	**(7,853,455)**	--	**(11,858,772)**
Balance at 31 March 2021	**105,758,886**	**71,503,716**	**3,633,902**	**23,333,573**	**--**	**204,230,077**
Carrying amounts:						
At 31 March 2020	**50,775,038**	**29,091,713**	**--**	**11,510,985**	**97,075**	**91,474,811**
At 31 March 2021	**39,545,326**	**19,536,788**	--	**1,891,050**	**14,573,032**	**75,546,196**

(i) On 23 February 2021, the Group entered into sale agreement to sell certain equipment, furniture and leasehold improvements with effect from 15 May 2021 and with net book value of SR 4.7 million at a consideration of SR 5.01 million. Accordingly, these assets has been classified as held for sale in the statement of financial position.

All amounts are presented in Saudi Riyals unless otherwise stated.

11. Equity-accounted investment

Equity-accounted investment represents an investment in the share capital of Aswaq Al Mustaqbal for Trading Company, a real estate company incorporated in the Kingdom of Saudi Arabia, which is engaged primarily in the general contracting for buildings, building maintenance, electrical and mechanical works and acquisition of lands to construct buildings for sale or lease. During the year, the Group has sold its investment for total proceeds of SR 97.5 million and accordingly recognized a gain on disposal of SR 42.7 million in the consolidated statement of profit or loss.

A. Reconciliation of carrying amount

	Aswaq Al Mustaqbal for Trading Company
Balance at 1 April 2019	42,238,721
Dividend	(5,000,000)
Share of profit for the year	15,841,207
Balance at 31 March 2020	**53,079,928**
Share of profit for the year	**1,652,443**
Disposal	**(54,732,371)**
Balance at 31 March 2021	**--**

B. Summarized financial statements

	31 March 2020
Assets	250,040,393
Liabilities	(37,720,681)
Net Assets	212,319,712
Revenue	150,040,846
Profit from continuing operations	63,364,828
Other comprehensive income	--
Total comprehensive income	63,364,828

12. Other investments

Reconciliation of carrying amount

	Equity securities at FVTPL *(i)*	**Equity securities at FVOCI** *(ii)*	**Total**
Balance at 1 April 2019	6,708,763	102,000,000	108,708,763
Revaluation adjustments			
Unrealized loss to consolidated Profit & loss	(444,388)	--	(444,388)
Unrealized loss to consolidated OCI	--	(3,801,000)	(3,801,000)
Balance at 31 March 2020	**6,264,375**	**98,199,000**	**104,463,375**
Balance at 1 April 2020	**6,264,375**	**98,199,000**	**104,463,375**
Revaluation adjustments			
Unrealized loss to consolidated Profit & loss	**(288,535)**	**--**	**(288,535)**
Unrealized gain to consolidated OCI	**--**	**54,455,273**	**54,455,273**
Movement			
Disposals	**--**	**(152,654,273)**	**(152,654,273)**
Balance at 31 March 2021	**5,975,840**	**--**	**5,975,840**

All amounts are presented in Saudi Riyals unless otherwise stated.

12. Other investments (continued)

i. This represents 0.25% equity investment in Al Jawhara Real Estate Fund (formerly known as Digital City Fund) (68 units each for SR 100,000) purchased for SR 7 million. Net asset value (NAV) of the investment amounted to SR 5.9 million (31 March 2020: SR 6.3 million). The realized loss amounting to SR 0.3 million has been recognized in the consolidated statement of profit or loss (31 March 2020: SR 0.4 million).

ii. During the year, Amlak International for Real Estate Finance Company announced its IPO. In relation to the IPO, the Group disposed 30% of its investment in Amlak International at an offer price of SR 16 per share.

Furthermore, the Group has disposed 100% of its post IPO holding with historical cost of SR 121.5 million and realized a total fair value gain of SR 54.4 million in consolidated statement of comprehensive income. Further, total unrealized fair value gain of SR 31.2 million was transferred to retained earnings from other reserves upon disposal of the investment.

13. Accounts receivable

Accounts receivables comprise of interest free net receivables due from tenants with no credit rating. Before accepting any new customer, management of the Group assesses the potential customer's credit quality and defines credit limits. Unimpaired accounts receivable are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and vast majority are, therefore, unsecured.

Reconciliation of carrying amount

	Note	**31 March 2021**	**31 March 2020**
Gross accounts receivable		**431,919,019**	399,801,424
Less: Impairment loss on accounts receivable	*(i)*	**(184,048,213)**	(165,547,299)
		247,870,806	234,254,125

i. Movement in the impairment loss allowance was as follows:

	31 March 2021	**31 March 2020**
Balance at 1 April	**165,547,299**	144,542,907
Impairment charge for the year	**104,964,101**	119,264,999
Write-off	**(86,463,187)**	(98,260,607)
Balance at 31 March	**184,048,213**	165,547,299
Amounts directly charged to consolidated profit and loss *(i)* - *Impairment of accrued revenue*	**33,399,074**	--

Please refer to Note *30C* for ageing of unimpaired accounts receivable.

(i) It represents release of unamortized portion of rent free period / lease straight lining to profit or loss on account of termination of lease.

All amounts are presented in Saudi Riyals unless otherwise stated.

14. Related party transactions and balances

For the purpose of these consolidated financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, and vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities. Balances and transactions between the Company and its subsidiaries, which are related parties within the Group, have been eliminated on consolidation

A. Key management personnel compensation

The remuneration of directors and other key management personnel ('KMP') are as follow:

	31 March 2021	31 March 2020
End of service benefits	**3,189,786**	5,211,437
Salaries and short-term benefits	**15,841,304**	18,225,189
Total key management compensation	**19,031,090**	23,436,626

B. Related party transactions and balances

I - Related party balances are presented in the statement of financial position as follows:

	31 March 2021	31 March 2020
Amount due from related parties	**379,445,963**	591,222,957
Amount due to related parties	**(162,319)**	(3,899,682)
	379,283,644	587,323,275

All amounts are presented in Saudi Riyals unless otherwise stated.

14. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

II - During the year, the Group transacted with its related parties. The terms of those transactions are approved by management/Board of Directors in the ordinary course of business. The significant transactions and the related amounts are as follows:

			Transactions					
Name of related party	*Notes*	**Business status**	**Renting of retail and office space services rendered**	**Security services rendered**	**Transfer of Zakat payable**	**Others**	**Total**	**Accounts receivable / (Payable)**
31 March 2021								
Transactions with ultimate shareholder								
Saudi FAS Holding Company	*(i)*	Closed Joint Stock Company	3,449,751	--	(20,319,528)	--	(16,869,777)	--
Transactions with fellow subsidiaries (subsidiaries of shareholder)								
FAS Holding Company for Hotels and its subsidiaries	*(ii)*	Limited Liability Company	--	--	--	131,340,000	131,340,000	218,982,570
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	*(iii)*	Joint Stock Company	359,963,174	--	--	--	359,963,174	81,369,641
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	*(iv)*	Joint Stock Company	21,395,241	--	--	--	21,395,241	28,947,242
Salman & Sons Holding Co and its associates	*(v)*	Limited Liability Company	33,433,898	--	--	--	33,433,898	23,588,248
Majd Al Amal Co. Limited and its associates	*(vi)*	Limited Liability Company	23,842,530	--	--	--	23,842,530	8,855,548
Tadaris Alnajd Security Company	*(vii)*	Limited Liability Company	--	67,766,094	--	--	67,766,094	8,825,690
Ezdihar Holding Co and its subsidiaries	*(viii)*	Limited Liability Company	36,845,540	--	--	--	36,845,540	6,741,667
Others, net	*(ix)*	Limited Liability Company	5,834,529	--	--	--	5,834,529	1,973,038
			484,764,663	67,766,094	(20,319,528)	131,340,000	663,551,229	379,283,644
31 March 2020								
Transactions with ultimate shareholder								
Saudi FAS Holding Company	*(i)*	Closed Joint Stock Company	--	--	(18,345,202)	63,269,505	44,924,303	5,402,530
Transactions with fellow subsidiaries (subsidiaries of shareholder)								
FAS Holding Company for Hotels and its subsidiaries	*(ii)*	Limited Liability Company	--	--	--	--	--	350,322,579
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	*(iii)*	Joint Stock Company	458,879,070	--	--	--	458,879,070	113,320,300
Salman & Sons Holding Co and its associates	*(v)*	Limited Liability Company	57,600,562	--	--	--	57,600,562	40,413,708
Ezdihar Holding Co and its subsidiaries	*(viii)*	Limited Liability Company	29,903,139	--	--	--	29,903,139	25,990,786
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	*(iv)*	Joint Stock Company	26,834,371	--	--	7,500,000	34,334,371	28,211,447
Tadaris Alnajd Security Company	*(vii)*	Limited Liability Company	--	57,278,571	--	--	57,278,571	18,868,656
Majd Al Amal Co. Limited and its associates	*(vi)*	Limited Liability Company	1,069,546	--	--	--	1,069,546	1,032,501
Others, net	*(ix)*	Limited Liability Company	24,019,359	36,818,438	--	2,136,265	62,974,062	3,760,768
			598,306,047	94,097,009	(18,345,202)	72,905,770	746,963,624	587,323,275

All amounts are presented in Saudi Riyals unless otherwise stated.

14. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

III - Information about the fellow subsidiaries and their relationship

i. Saudi FAS Holding Company is the ultimate parent of the Company via assignment of shares by the Company's immediate parent company (FAS Real Estate Company Limited). The Company has various transactions with its ultimate parent in relation to ongoing business support activities provided by the ultimate parent.

ii. FAS Holding Company for Hotels is a subsidiary of the Company's parent Saudi FAS Holding Company. During the year, as per mutual agreement between Saudi FAS Holding Company (Ultimate Parent Company), FAS holding Company for Hotels and Arabian Centres Company, FAS Hotels settled SR 131.3 million by transferring lands to the Group (Refer note 8). The title of these lands are in the name of Saudi FAS Holding Company (Ultimate Parent Company) and transfer of title deeds are in the process.

iii. Fawaz Abdulaziz Al Hokair Company is one of the Group's Key Account Tenants and leases stores in various of the Company's malls. The Company is party to a framework agreement with Fawaz Abdulaziz Al Hokair Company which aims to ensure that all tenancy leases between the parties for all of the Company's malls are conducted on a basis which are approved by the management / Board of Directors.

iv. Abdul Mohsin Al Hokair Group for Tourism and Development leases space for indoor and outdoor family entertainment centres in the Group's shopping malls. These leases range from 5 to 10 years in length. Abdul Mohsin Al Hokair and Tourism and Development is owned by a relative of the Controlling Shareholders.

v. Salman & Sons Holding Co and its associates is a mix of entities which leases spaces in several of the Group's shopping malls mainly for entertainment purposes. These entities are owned by controlling shareholder (Salman Abdulaziz Alhokair) and their close family members. These are as follows:

- Sala Entertainment Company leases space for an indoor soft play entertainment venue in the Company's shopping malls. The leases are for a term of 10 years.

- Kids Space Company leases space in Mall of Arabia (Jeddah) for 'Kidzania', a children's interactive play centre. The term of the lease is ten years, with automatic renewal unless one party gives notice. The lease contains turnover rent provisions and rent escalation mechanics.

- Via Media, Vida first for beverages Est., Vida Trading Est. and Fashion District Co. leases spaces in several of the Group's shopping malls. The term of the leases range from 1 to 3 years.

- Skills Innovative Games leases space for entertainment venues in Yasmeen Mall Jeddah. The term of the lease is approximately 10 years.

vi. Majd Al Amal Co. Limited and its associates is a mix of entities which leases spaces in several of the Company's shopping malls. The term of the leases range from 3 to 7 years. The Company is owned by close family members of the Controlling Shareholders. Entities includes Majd Al Amal Co. limited, Wealth Company Limited, Almuzn Foods and Sarya Al Majd Co.

vii. Tadaris Alnajd Security Company (TNS) currently provides security services to all of the Company's shopping malls. The Company entered into a civil security services agreement with TNS providing that TNS provides civil security services in the malls, which includes the provision of security guards and other security personnel and security vehicles. The agreement is automatically renewable by mutual consent.

viii. Ezdihar Holding Co and its subsidiaries is a mix of entities which leases spaces in several of the Company's shopping malls mainly for trading purposes. These entities are owned by close family members of the Controlling Shareholder (Fawaz Abdulaziz Alhokair) and their close family members. These are as follows:

14. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

- Next Generation Company Limited currently leases cinemas and space planned for cinemas in the Company's shopping malls.

- Ezdihar Sports Co. leases space for a fitness centres in U-Walk. The term of the lease range is approximately 10 years.

ix. Others mainly include transactions with Etqan Facilities Management, Echo Design Consultant, Fahad Abdulaziz Al Hokair Trading EST, FAS Technologist Trading Company, Coffee Centres Company Limited, Nail Place Trading Est and Food and Entertainment company Limited.

C. Advances to a contractor

Advances to a contractor represents advance paid to Lynx Contracting Company (formerly known as Fawaz Abdulaziz Al Hokair & Partners Real Estate Company) for the construction of shopping malls, which are under various stages of completion.

			Construction work services received		Balances	
Name of related party	**Business status**	**Relationship**	**2021**	**2020**	**31 Mar 2021**	**31 Mar 2020**
Lynx Contracting Company	Limited Liability	Affiliate	**370,293,611**	331,905,340	**582,469,359**	614,438,352

With the consent of the shareholders of the Company, the Company has signed framework agreement for the construction of all projects are awarded to other related party Lynx Contracting Company (formerly known as Fawaz Abdulaziz Al Hokair & Partners Real Estate Company)

15. Prepayments and other assets

	31 March 2021	**31 March 2020**
Advances to suppliers	**92,991,316**	118,055,522
Prepaid expenses	**21,845,811**	14,322,142
Employees' receivables	**3,495,328**	4,808,626
Others	**3,626,584**	1,604,674
	121,959,039	138,790,964
Less: Non-current advances	**(22,500,000)**	--
	99,459,039	138,790,964

16. Cash and cash equivalents

	Note	**31 March 2021**	**31 March 2020**
Bank balances – current accounts		**548,856,924**	391,977,700
Bank balances – time deposits	*(i)*	**85,690,914**	652,286,189
Cash in hand		**1,122,083**	1,416,304
		635,669,921	1,045,680,193

i. The average rate on bank time deposits during the year ranges from 0.43% to 0.71% (2020: 0.85% to 0.90%) per annum with an average maturity of 30 to 106 days.

All amounts are presented in Saudi Riyals unless otherwise stated.

17. Share capital

On 14 Rajab 1440H (corresponding to 21 March 2019), the general assembly of shareholders approved an increase in the share capital of the Company from SR 4,450 million to SR 4,750 million through the proceeds received from the initial public offering of the Company. All legal formalities required to enforce the increase in the share capital were completed during the year ended 31 March 2020. The movement in share capital and share premium are as follows:

	No. of shares	Share capital	Share premium
Balance at 1 April 2019	445,000,000	4,450,000,000	--
Issuance of new shares at SR 26 per share (SR 10 par value)	30,000,000	300,000,000	480,000,000
Transaction costs on new share issue	--	--	(68,274,297)
Balance at 31 March 2020	475,000,000	4,750,000,000	411,725,703
Balance at 31 March 2021	**475,000,000**	**4,750,000,000**	**411,725,703**

18. Reserves

Statutory reserve

In accordance with Company's by-laws and regulation for Companies, the Company must transfer 10% of its profit for the year to the statutory reserve. In accordance with Company's by-laws and regulation for Companies, the Company may resolve to discontinue such transfers when the reserve totals 30% of the capital. The reserve is not available for distribution. The reserve would be set aside based on the annual consolidated financial statements.

Other reserves

Other reserves include fair value reserve, hedging reserve and reserve for actuarial gain/loss of employees' end-of-service benefits.

19. Dividends distribution

31 March 2021

i. During the year, the Board of Directors resolved to distribute final dividends amounting to SR 0.50 per share aggregating to SR 237,500,000 as per resolution dated 22 Dhul Qadah 1441H (corresponding to 13 July 2020) and was approved by shareholders on 30 September 2020. The Company has paid the dividends during the year.

ii. During the year, the Board of Directors resolved to distribute interim dividends amounting to SR 0.50 per share aggregating to SR 237,500,000 as per resolution dated 14th Jumada Al-Awwal 1442H (corresponding to 29 December 2020). The Company has paid the dividends during the year.

31 March 2020

i. During the year, the Board of Directors resolved to distribute interim dividends amounting to **SR 0.90 per share** aggregating to **SR 427,500,000** as per resolution dated 9 Rabi al-Thani 1441H (corresponding to 6 December 2019). The Company has paid the dividends as at the reporting date.

20. Loans and borrowings

	Note	**31 March 2021**	**31 March 2020**
Islamic facility with banks *(i)*		**5,143,177,982**	5,188,502,555
Sukuk *(ii)*		**1,837,482,270**	1,827,240,522
	20 B	**6,980,660,252**	7,015,743,077
Loans and Borrowings - Current liabilities		**119,375,000**	45,000,000
Loans and Borrowings - Non Current liabilities		**6,861,285,252**	6,970,743,077
		6,980,660,252	7,015,743,077

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note *30.*

All amounts are presented in Saudi Riyals unless otherwise stated.

20. Loans and borrowings (continued)

A. Terms and repayment

i. The Group entered into a long-term Islamic facility arrangement amounting to SR 5,250 million (equivalent USD 1,400 million), with local and international banks. This facility is divided into Murabaha facility up to SR 500 million (maturing in 12 years), Ijara facilities up to SR 4,000 million (maturing in 8 and 12 years), and Revolving Murabaha up to SR 750 million (maturing in 3 years). These facilities are fully utilized as at reporting date.

The long-term loan is repayable in unequal semi-annual instalments and are subject to commission rates based on SIBOR/LIBOR plus an agreed commission rate. During the current period in order to reduce its exposure to commission rate risks the Group has entered into an Islamic profit rate swap for portion of its long-term loan. For details refer *note 30*.

The facilities are secured by insurance policies, proceeds of rental income, and land and buildings of several malls. However, formalities relating to registration of security documents are under process.

The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained. The Group is in compliant with the loan covenants as at the reporting date.

ii. Arabian Centres Sukuk Limited (a special purpose company established for the purpose of issuing Sukuk) completed the issuance of an International USD denominated Shari'ah compliant Sukuk "Sukuk Certificates" amounting to USD 500 million (equivalent SR 1,875 million), at a par value of USD 0.2 million each, annual yield payable semi-annually and a maturity in five years. Sukuk Certificates may be subject to early redemption at the option of the Company as per the certain specified conditions mentioned in the Sukuk Certificate.

B. Reconciliation of carrying amount

	Notes	**Islamic facility with banks**	**Sukuk**	**Total**
Balance at 1 April 2019		6,814,144,763	--	6,814,144,763
Proceeds received during the year		5,368,675,202	1,874,950,000	7,243,625,202
Repayments made during the year		(6,932,826,693)	--	(6,932,826,693)
	(i)	5,249,993,272	1,874,950,000	7,124,943,272
Un-amortized transaction costs	*(ii)*	(61,490,717)	(47,709,478)	(109,200,195)
Balance at 31 March 2020		5,188,502,555	1,827,240,522	7,015,743,077
Balance at 1 April 2020		**5,249,993,272**	**1,874,950,000**	**7,124,943,272**
Proceeds received during the year		**--**	**--**	**--**
Repayments made during the year		**(45,000,000)**	**--**	**(45,000,000)**
	(i)	**5,204,993,272**	**1,874,950,000**	**7,079,943,272**
Un-amortized transaction costs	*(ii)*	**(61,815,290)**	**(37,467,730)**	**(99,283,020)**
Balance at 31 March 2021		**5,143,177,982**	**1,837,482,270**	**6,980,660,252**

All amounts are presented in Saudi Riyals unless otherwise stated.

20. Loans and borrowings (continued)

i. Below is the repayment schedule of the outstanding long-term loans:

	Islamic facility with banks	Sukuk	Total
31 March 2020			
Within one year	45,000,000	--	45,000,000
Between two to five years	2,063,751,272	--	2,063,751,272
More than five years	3,141,242,000	1,874,950,000	5,016,192,000
	5,249,993,272	1,874,950,000	7,124,943,272
31 March 2021			
Within one year	**119,375,000**	**--**	**119,375,000**
Between two to five years	**1,944,376,272**	**--**	**1,944,376,272**
More than five years	**3,141,242,000**	**1,874,950,000**	**5,016,192,000**
	5,204,993,272	**1,874,950,000**	**7,079,943,272**

ii. Un-amortized transaction costs movement is as follows:

	Notes	Islamic facility with banks	Sukuk	Total
Balance at 1 April 2019		73,110,079	--	73,110,079
Arrangement fees paid		63,462,460	51,208,742	114,671,202
Written-off for the year	*27E*	(59,930,701)	--	(59,930,701)
Amortization for the year	*27E*	(9,707,245)	(3,372,148)	(13,079,393)
Capitalized arrangement fees		(5,443,876)	(127,116)	(5,570,992)
Balance at 31 March 2020		61,490,717	47,709,478	109,200,195
Balance at 1 April 2020		**61,490,717**	**47,709,478**	**109,200,195**
Arrangement fees paid		**8,659,934**	**--**	**8,659,934**
Amortization for the year	*27E*	**(7,265,298)**	**(8,963,487)**	**(16,228,785)**
Capitalized arrangement fees		**(1,070,063)**	**(1,278,261)**	**(2,348,324)**
Balance at 31 March 2021		**61,815,290**	**37,467,730**	**99,283,020**

21. Employee benefits

The Group grants end-of-service benefits (benefit plan) to its employees taking into consideration the local labor law requirements in KSA. The benefit provided by this benefit plan is a lump sum based on the employees' final salaries and allowance and their cumulative years of service at the date of the termination of employment.

The benefit liability recognized in the consolidated statement of financial position in respect of defined benefit end-of-service plan is the present value of the DBO at the reporting date.

The DBO is calculated periodically by qualified actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using yields on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation (equivalent to a duration of around 12 years). In countries where there is no deep market in such bonds, the market rates on government bonds are used. As there are insufficient corporate and government bonds in the Kingdom to generate a credible discount rate, the discount rate has instead been based on US Treasury bonds adjusted for country differences between the US and Saudi Arabia.

Re-measurement amounts of actuarial gains and losses on the DBO, if any, are recognized and reported within other reserves under the consolidated statement of comprehensive income and in the consolidated statement of changes in equity.

All amounts are presented in Saudi Riyals unless otherwise stated.

21.Employee benefits (continued)

A. Movement in employee benefits liability

	31 March 2021	31 March 2020
Balance at 1 April	**30,370,714**	31,744,170
Total amount recognized in the consolidated statement of profit or loss		
Past service cost	**--**	(559,934)
Current service cost	**6,334,716**	6,437,034
Interest cost	**914,175**	1,287,837
	7,248,891	7,164,937
Amount recognized in the consolidated statement of comprehensive income		
Actuarial gain arising from		
– other assumptions and experience adjustments	**(3,069,871)**	(3,969,458)
Benefits paid	**(12,876,694)**	(4,568,935)
Balance at 31 March	**21,673,040**	30,370,714

B. Significant actuarial assumptions

The significant actuarial assumptions used were as follows:

	31 March 2021	31 March 2020
Economic assumptions		
Gross discount rate	**3.2%**	5%
Withdrawal rate	**10%**	5%
Salary growth rate	**3%**	0% for FY 2020-21 and 5% for each future year
Retirement age	**60**	60

C. Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions made in the calculation is as follows:

	31 March 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Salary inflation (1% movement)	**23,889,878**	**19,736,467**	34,944,145	26,514,308
Discount rate (1% movement)	**19,757,337**	**23,908,461**	26,560,223	34,975,580
Withdrawal rate (20% movement)	**20,903,100**	**22,473,896**	30,067,011	30,669,042

22. Accounts payable and other liabilities

	Notes	31 March 2021	31 March 2020
Accounts payable			
Accounts payable	*(i)*	**164,525,699**	149,442,700
		164,525,699	149,442,700
Other liabilities			
Accrued finance cost	*(iii)*	**87,356,027**	101,061,998
Tenants' security deposits	*(ii)*	**57,964,566**	66,404,608
Accrued expenses		**60,976,225**	49,956,485
Employees' salaries and benefits		**24,241,134**	13,238,421
Government duties & taxes		**8,955,780**	1,409,985
Profit rate swaps used for hedging	*30*	**1,082,698**	--
		240,576,430	232,071,497
Accounts payable and other liabilities		**405,102,129**	381,514,197

All amounts are presented in Saudi Riyals unless otherwise stated.

22. Accounts payable and other liabilities (continued)

i. Accounts payable are amounts which are owed to suppliers for the purchase of goods or services. The amounts are unsecured and are usually paid within 30 to 60 days of recognition.

ii. Non-current portion of tenants' security deposits aggregating to SR 69.45 million (31 March 2020: SR 52.73 million) are disclosed as other non-current liabilities.

iii. Movement in accrued finance cost is as follows:

	Note	**31 March 2021**	**31 March 2020**
Balance at beginning of the year		**101,061,998**	153,561,227
Commission expense	*27E*	**155,560,061**	275,735,683
Payment of finance costs		**(292,694,175)**	(384,093,476)
Capitalized finance costs		**123,428,143**	55,858,564
Balance at end of the year		**87,356,027**	101,061,998

23.Contract balances

i) Unearned revenue represent cash received against services to be performed or goods to be delivered by the Group in the future. At the end of each accounting period, adjusting entries are made to recognize the portion of unearned revenue that has been earned during the year.

ii) Accrued revenue represents the following:

	Note	**31 March 2021**	**31 March 2020**
Unamortized portion of lease incentives			
- discounts		**312,592,014**	76,801,419
- rent free period and straight-lining		**199,500,875**	92,396,899
		512,092,889	169,198,318
Presented in statement of financial position as follows:			
Accrued revenue – non-current portion		**341,395,259**	99,835,361
Accrued revenue – current portion		**170,697,630**	69,362,957
		512,092,889	169,198,318

24.Zakat

A. Amounts recognized in consolidated statement of profit or loss

	Note	**2021**	**2020**
Current year zakat charge		**25,000,000**	20,290,170
Prior years reversal	*24C(ii)*	**(38,641,266)**	--
		(13,641,266)	20,290,170

Computation of zakat charge is as follows:

	31 March 2021	**31 March 2020**
Shareholders' equity and other payables	**16,270,216,874**	16,556,991,436
Adjusted net income	**583,639,718**	654,215,251
Deductions	**15,860,696,524**	16,399,599,887
Zakat base	**993,160,068**	811,606,800
Zakat at 2.5% (higher of adjusted net income or Zakat base)	**25,000,000**	20,290,170

All amounts are presented in Saudi Riyals unless otherwise stated.

24. Zakat (continued)

B. Reconciliation of carrying amount

	Note	31 March 2021	31 March 2020
Balance at beginning of the year		**78,524,952**	82,457,716
Current year zakat charge	24A	**25,000,000**	20,290,170
Prior years reversal	24C(ii)	**(38,641,266)**	--
Transferred to ultimate parent company		**(20,319,528)**	(18,345,202)
Payments		**(20,285,625)**	(5,877,732)
Balance at end of the year		**24,278,533**	78,524,952

C. Status of assessment

i. Status of zakat assessments is as follows:

- The Group has submitted the zakat return up to the year ended 31 March 2020 and obtained the provisional zakat certificate. The zakat certificate is valid until 31 July 2021.

- Until the year ended 31 March 2019, the Ultimate Parent Company prepared and submitted combined zakat returns for the Ultimate Parent Company and its wholly owned subsidiaries, including Arabian Centres Company, to Zakat, Tax and Customs Authority as per Zakat, Tax and Customs Authority letter. The ultimate parent Company has received final assessment order for zakat until the year 31 March 2016.

ii. The Ultimate parent company has allocated SR 38.66 million as Group's share of Zakat liability for the years 2017 to 2019. The group has Zakat provision of SR 77.3 million for the years 2017 to 2019. Accordingly, the Group has recorded the reversal of excess provisions in the consolidated statement of profit or loss for year ended 31 March 2021. Any additional settlements with Zakat, Tax and Customs Authority until the years 2019 will be borne by ultimate parent company.

25. Revenue

	Note	2021	2020
Rental income	(i)	**1,736,243,466**	2,038,143,187
Service and management charges income		**89,577,726**	93,477,708
Commission income on provisions for utilities for heavy users, net		**2,771,570**	3,297,512
Turnover rent		**27,766,071**	62,396,780
		1,856,358,833	2,197,315,187

i. Rental income includes related maintenance and insurance costs of Malls' premises included as a part of rent for each of the tenants.

Group as a lessor:

The Group has entered into operating leases on its investment properties portfolio consisting of various buildings. These leases have terms of between 1 to 5 years. Leases include a clause to enable upward revision of the rental charge depending on the lease agreements. Future minimum rentals receivable under non-cancellable operating leases as at the end of the reporting periods are, as follows:

	31 March 2021	31 March 2020
Within one year	**1,918,964,222**	1,553,240,470
After one year but not more than five years	**2,438,912,279**	2,254,271,279
More than five years	**600,834,616**	645,170,715
	4,958,711,117	4,452,682,464

All amounts are presented in Saudi Riyals unless otherwise stated.

26. Direct costs

	2021	2020
Utilities expense	**103,718,959**	110,510,793
Security expense	**67,429,816**	56,949,711
Cleaning expense	**63,158,628**	57,510,792
Repairs and maintenance	**46,562,118**	52,755,946
Employees' salaries and other benefits	**34,233,843**	36,137,114
Others	**139,777**	2,730,237
	315,243,141	316,594,593

27. Income and expenses

A. Other operating income

	Notes	2021	2020
Rental concession on leases	*9B*	**76,703,029**	370,000
Income from sale of equity accounted investment		**42,767,629**	--
Compensation received from landlord		**10,750,000**	
Reversal of liability no longer payable	*(i)*	**6,840,105**	6,179,043
Commission income on bank deposits		**4,698,264**	--
Dividend income		**2,857,500**	5,737,500
Other income		**999,811**	392,392
		145,616,338	12,678,935

i. Represents long aged deposits which are no longer payable.

B. Advertisement and promotion expenses

	2021	2020
Sponsorship	**9,472,295**	4,160,625
Advertisement	**7,616,849**	2,532,010
Promotions	**3,185,982**	6,253,957
	20,275,126	12,946,592

C. General and administrative expenses

	Note	2021	2020
Employees' salaries and other benefits		**109,652,095**	96,307,451
Depreciation on property and equipment	*10*	**26,816,191**	30,784,955
Professional fees		**20,021,346**	14,533,876
Communication and internet expense		**8,931,642**	12,853,654
Insurance expense		**7,477,619**	7,029,636
Government expenses		**4,406,172**	6,791,359
Depreciation of right-of-use assets	*9C*	**3,767,043**	3,767,046
Board expenses		**4,095,000**	3,905,000
Maintenance		**1,609,008**	200,740
Others		**4,712,281**	6,500,793
		191,488,397	182,674,510

D. Other operating expense

	Note	2021	2020
Change in fair value of other investments	*12*	**288,535**	444,388
Impairment loss on advances to suppliers		**--**	2,822,235
Others		**1,781,803**	110,245
		2,070,338	3,376,868

All amounts are presented in Saudi Riyals unless otherwise stated.

27. Income and expenses (continued)

E. Finance costs over loans and borrowings

	Notes	2021	2020
Commission expense	*22*	**155,560,061**	275,735,683
Amortization of upfront fees	*20B(ii)*	**16,228,785**	13,079,393
Write-off of unamortized transaction cost	*20B(ii)*	**--**	59,930,701
Bank charges		**1,103,599**	2,513,956
		172,892,445	351,259,733

28. Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to the ordinary Shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period as all the Company's shares are ordinary shares. Diluted earnings per share is calculated by adjusting the basic earnings per share for the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	Note	31 March 2021	31 March 2020
Profit attributable to ordinary shareholders		**486,659,016**	633,934,247
Weighted average number of ordinary shares	*17*	**475,000,000**	470,737,705
Basic and diluted earnings per share		**1.02**	1.35

29. Operating segments

The Group's activities and business lines used as a basis for the financial reporting are consistent with the internal reporting process and information reviewed by the Chief operating decision maker (CODM). Management considers the operations of the Group as a whole as one operating segment as all subsidiaries engage in similar business activities.

The Group's revenue, gross profit, investment properties, total assets and total liabilities pertaining to the Group's operations as a whole are presented in the consolidated statement of financial position and in the consolidated statement of profit or loss and other comprehensive income.

All of the Group's operations are conducted in KSA. Hence, geographical information is not applicable in this case.

30. Financial instruments - fair values and risk management

A. Accounting classification and fair values

Financial instruments have been categorized as follows:

Financial Assets	*Notes*	31 March 2021	31 March 2020
Other investments	*12*	**5,975,840**	104,463,375
Other financial receivables		**22,500,000**	--
Amounts due from related parties	*14B*	**379,445,963**	591,222,957
Accounts receivable	*13*	**247,870,806**	234,254,125
Cash and cash equivalents	*16*	**635,669,921**	1,045,680,193
		1,291,462,530	1,975,620,650

Financial Liabilities			
Loans and borrowings	*20*	**6,980,660,252**	7,015,743,077
Lease liabilities	*9B*	**3,860,533,052**	4,237,227,831
Accounts payable	*22*	**164,525,699**	149,442,700
Tenants' security deposits		**127,413,234**	119,133,947
Amount due to related parties	*14B*	**162,319**	3,899,682
Profit rate swaps used for hedging	*22*	**1,082,698**	--
		11,134,377,254	11,525,447,237

All amounts are presented in Saudi Riyals unless otherwise stated.

30. Financial instruments - fair values and risk management (continued)

A. Accounting classification and fair values (continued)

The following table present the Group's financial instruments measured at fair value at 31 March 2021 and 31 March 2020:

	31 March 2021				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets					
FVTPL – equity instruments					
Al Jawhara Real Estate Fund	**5,975,840**	**--**	**--**	**5,975,840**	**5,975,840**
FVOCI – equity instruments					
Amlak International for Real Estate Finance Company	**--**	**--**	**--**	**--**	**--**

	31 March 2020				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets					
FVTPL – equity instruments					
Al Jawhara Real Estate Fund	6,264,375	--	--	6,264,375	6,264,375
FVOCI – equity instruments					
Amlak International for Real Estate Finance Company	98,199,000	--	--	98,199,000	98,199,000

B. Derivatives designated as hedging instruments

As at 31 March 2021, the Group held Islamic Profit/commission Rate Swaps ("IRS") of a notional value of USD 80 million (equivalent to SR 300 million) in order to reduce its exposure to commission rate risks against long term financing. The table below shows the fair values of derivatives financial instruments, recorded as negative fair value. The notional amounts indicate the volume of transactions outstanding at the period end and are neither indicative of the market risk nor the credit risk.

Description of the hedged items	Hedging instrument	Fair Value	31 Mar 2021	31 Mar 2020
Commission payments on floating rate loan	IRS	Negative	**1,082,698**	--

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the rate underlying a derivative contract may have a significant impact on the income or equity component of the Group.

Fair values of cash flow hedge represent the mark to market values of the Islamic Profit rate swaps as at 31 March 2021. The cash flow hedge reserve included under other reserves represents the effective portion of cash flow hedge.

All amounts are presented in Saudi Riyals unless otherwise stated.

30. Financial instruments - fair values and risk management (continued)

C. Financial risk management

The Group has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including commission rate risk, real estate risk, currency risk and commodity risk)
- Capital management risk

The Group's principal financial liabilities are loans and borrowings. The main purpose of the Group's loans and borrowings is to finance the acquisition and development of the Group's investment properties portfolio. The Group has accounts receivable, amounts due to and from related parties, accounts payable and cash and bank balances that arise directly from its operations.

i. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its leasing activities, including deposits with banks and financial institutions.

Credit risk is managed by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

Bank balances and deposits are held with local banks with sound external credit ratings.

Accounts Receivable
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and sector in which customers operate.

Each entity within the group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the entity's standard payment and delivery terms and conditions are offered. The review includes financial statements, industry information and in some cases bank references. Credits to each customer are reviewed periodically. The Group limits its exposure to credit risk by offering credit terms which are typically not longer than three months on average.

In monitoring customer credit risk, customers are grouped according to their credit characteristics trading history with the Group and existence of previous financial difficulties.

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth and unemployment rates.

30. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

i. Credit risk (continued)

Accounts Receivable (continued)
The following table provides information about the exposure to credit risk and ECLs for accounts receivable from customers as at 31 March 2021 and 31 March 2020:

	31 March 2021		
	Gross Carrying amount	**Weighted-average loss**	**Loss Allowance (%)**
0–90 days	**64,458,039**	**11,979,514**	**18.6%**
91–180 days	**64,170,804**	**13,583,431**	**21.2%**
181–270 days	**65,728,423**	**15,447,076**	**23.5%**
271–360 days	**46,139,512**	**15,462,182**	**33.5%**
361 –450 days	**45,558,472**	**20,135,619**	**44.2%**
451 -540 days	**37,876,023**	**20,073,473**	**53.0%**
541 –630 days	**31,807,854**	**19,005,528**	**59.8%**
631 -720 days	**24,792,400**	**16,973,898**	**68.5%**
More than 720 days	**51,387,492**	**51,387,492**	**100.0%**
	431,919,019	**184,048,213**	

	31 March 2020		
	Gross Carrying amount	**Weighted-average loss**	**Loss Allowance (%)**
0–90 days	53,440,320	3,374,520	6.3%
91–180 days	77,196,999	8,405,148	10.9%
181–270 days	81,428,407	13,146,524	16.1%
271–360 days	56,618,562	13,755,863	24.3%
361 –450 days	31,688,310	30,737,331	97.0%
451 -540 days	30,458,967	29,589,159	97.1%
541 –630 days	26,577,256	26,011,424	97.9%
631 -720 days	26,565,490	24,700,217	93.0%
More than 720 days	15,827,113	15,827,113	100.0%
	399,801,424	165,547,299	

During the year ended 31 March 2020, to consider the impact of COVID-19 on the collectability, the Group had revised certain inputs and assumptions for the determination of expected credit losses ("ECL"). The adjustments to inputs and assumptions resulted in an additional ECL of SR 60 million for the Group.

Due from related parties
An impairment analysis is performed at each reporting date on an individual basis for the major related parties. The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from related parties (please refer to note *14B*). The Group does not hold collateral as a security. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operates. The Group evaluates the risk with respect to due from related parties as low, as majority of the related parties are owned by the same shareholders.

Financial instruments and cash deposit
Credit risk from balances with banks and financial institutions is managed by Ultimate Parent Company's treasury in accordance with the Group's policy. Cash is substantially placed with national banks with sound credit ratings. The Group does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

All amounts are presented in Saudi Riyals unless otherwise stated.

30. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The management believes that the Group is not exposed to significant risks in relation to liquidity and maintains different lines of credit. Upon careful comparison of the financial liabilities included within the current liabilities (excluding amounts due to related parties as these could be deferred during liquidity crunch situation) with the financial assets forming part of the current assets, there seems to be a reasonably hedging position between the two categories.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Contractual maturities of financial liabilities:	Carrying amount	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
31 March 2021							
Accounts payable	**164,525,699**	**164,525,699**	**--**	**--**	**--**	**--**	**164,525,699**
Amount due to related parties	**162,319**	**162,319**	**--**	**--**	**--**	**--**	**162,319**
Tenants' security deposits	**127,413,234**	**40,293,459**	**17,671,107**	**38,219,100**	**30,650,403**	**579,165**	**127,413,234**
Profit rate swaps used for hedging	**1,082,698**	**--**	**1,082,698**	**--**	**--**	**--**	**1,082,698**
Lease liabilities	**3,945,664,542**	**364,037,743**	**157,833,637**	**326,538,899**	**1,011,471,503**	**4,453,033,818**	**6,312,915,600**
Loans and borrowings	**6,980,660,252**	**171,452,233**	**202,685,196**	**430,030,285**	**4,204,876,875**	**3,449,478,272**	**8,458,522,861**
	11,219,508,744	**740,471,453**	**379,272,638**	**794,788,284**	**5,246,998,781**	**7,903,091,255**	**15,064,622,411**
31 March 2020							
Accounts payable	149,442,700	149,442,700	--	--	--	--	149,442,700
Amount due to related parties	3,899,682	3,899,682	--	--	--	--	3,899,682
Tenants' security deposits	119,133,947	46,994,940	19,409,668	23,373,195	27,093,771	2,262,373	119,133,947
Lease liabilities	4,237,227,831	394,592,601	176,568,679	346,767,199	1,074,013,012	5,170,031,208	7,161,972,699
Loans and borrowings	7,015,743,077	154,330,489	204,805,482	435,978,748	4,231,880,901	4,146,554,789	9,173,550,409
	11,525,447,237	749,260,412	400,783,829	806,119,142	5,332,987,684	9,318,848,370	16,607,999,437

All amounts are presented in Saudi Riyals unless otherwise stated.

30. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

iii. Market risk

Market risk is the risk that changes in market prices, such as currency rates and interest rates that will affect the Group's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Commission rate risk
Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group has no significant commission bearing long-term assets, but has commission bearing liabilities at 31 March 2021 and 31 March 2020. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

The following table demonstrates the sensitivity of the Group to a reasonably possible change, with all other variables held constant, of the Groups profit before zakat (through the impact on floating rate borrowings):

Gain/(loss) through the consolidated statement of profit or loss	31 March 2021	31 March 2020
Floating rate debt:		
SIBOR +100bps	**(70,799,433)**	(71,249,433)
SIBOR -100bps	**70,799,433**	71,249,433

Real estate risk
The Group has identified the following risks associated with the real estate portfolio:

- The cost of the development projects may increase if there are delays in the planning process. The Group uses advisors who are experts in the specific planning requirements in the project's location in order to reduce the risks that may arise in the planning process.
- A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property. To reduce this risk, the Group reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises from recognized assets and liabilities which are denominated in currency that is not Group's functional currency. The Group has certain US Dollar denominated financial liabilities which are not exposed to significant currency risk as Group's functional currency is pegged to US Dollar.

Commodity price risk
It is the risk associated with changes in prices to certain commodities including corn, sugar and soya etc. that the Group is exposed to and its unfavorable effect on the Group's costs and cash flow. This commodity price risk arises from forecasted purchases of certain commodities that the Group uses as raw material, which is managed and mitigated by entering into commodity derivatives.

The Group enters into various commodity derivatives to hedge the price of certain commodity purchases. These derivatives match the maturity of the expected commodity purchases and use the same underlying index as for the hedged item.

All amounts are presented in Saudi Riyals unless otherwise stated.

30. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

iv. Capital management risk

The Board's policy is to maintain an efficient capital base as to maintain investor, creditor and market confidence and to sustain future development of its business. The Board of Directors monitor the return on capital employed and the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

iii) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

iv) to provide an adequate return to shareholders

31. Commitments and contingencies

During the current year, the Group received a demand letter from the Zakat, Tax and Customs Authority claiming additional Value added tax (VAT) of SR 24.6 million and penalties of SR 40.8 million for the period up to 31 December 2019.

The Group objected the demand and has deposited SR 24.6 million under appeal. However, Zakat, Tax and Customs Authority is still reviewing the responses and supporting documentations submitted by the Group. Based on the assessments of management and the independent consultant handling the appeal, the Group is comfortable that it has adequate documentation to support the appeal, and accordingly, expects the additional VAT liability to be reversed by Zakat, Tax and Customs Authority. Hence, no provision has been recorded and the amount paid under appeal has been classified under Prepayments and other current assets.

At 31 March 2021, the Group has outstanding bank guarantees of SR 304,233 (2020: Nil) issued by a local bank.

	Note	**31 March 2021**	**31 March 2020**
Commitments			
Commitments for projects under construction	*(i)*	**3,622,612,328**	3,567,294,491
Commitments for acquisition of investment	*1*	**68,856,933**	--

i. These commitments pertain to construction of shopping malls across the Kingdom of Saudi Arabia.

32. Standards issued but not yet effective

There are no new standards issued that were effective from 1 April 2020, however, there are number of amendments to the existing standards but they do not have a material effect on the consolidated financial statements of the Group except as detailed in note 6.

A number of new pronouncements are effective for annual years beginning on or after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

These amended standards and interpretations are not expected to have a significant impact on the consolidated financial statements.

All amounts are presented in Saudi Riyals unless otherwise stated.

33. Impact of covid-19

The COVID-19 pandemic, which commenced at the beginning of 2020 has caused significant disruption in the economic and commercial sectors in general at both the global and local levels. The government of the Kingdom of Saudi Arabia has taken stimulus measures and launched initiatives to support the economy to reduce the adverse effects of this pandemic. On May 21, 2020, Company announced rent relief and support packages, offered waiver of contractual base rent and service charge for all tenants from 16 March 2020 for a period of six weeks (45 days). For tenants whose stores were mandatorily closed by government decision will also benefit from the rent relief program starting the date of government closure until the earlier of (i) date of closure is lifted or (ii) 30 June 2020. Further, all escalations on the contracts will be halted for two years 2020 and 2021.

Accordingly, as of 31 March 2021 management has approved a total discount of **SR 579 million** which will be amortized over the remaining period of lease. The impact of rent relief for the year ended 31 March 2021 is **SR 241 million** (31 March 2020: SR 20.4 million).

The Group's management continues to study and follow up all the variables that affect the Group's activities, however, due to the inability to determine the time period of this pandemic and the precautionary measures and procedures as to what will emerge in the future, it is currently difficult to determine the size and extent of any financial impact accurately on the results of the Group up to the date of issuance of these consolidated financial statements. However, the Group does not anticipate any significant adverse implication in future related to the Group remaining as a going concern.

34. Subsequent events

i) On 7 April 2021, Arabian Centres Sukuk II Limited (a special purpose company established for the purpose of issuing Sukuk) completed the issuance of an International USD denominated Shari'ah compliant Sukuk "Sukuk Certificates" amounting to USD 650 million (equivalent SR 2,437.5 million), annual yield payable semi-annually and a maturity in five and a half years.

ii) On 27 April 2021, the Board of Directors have resolved to distribute dividends for second half of year ended 31 March 2021 amounting to SR 0.75 per share aggregating to SR 356,250,000. The expected date of payment will be 15 July 2021.

35. Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

36. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors for issuance on 11 Dhul Qa'dah 1442H (corresponding to 21 June 2021).

Arabian Centres Company

(A Saudi Joint Stock Company)

Consolidated financial statements
For the year ended 31 March 2022

together with the **Independent Auditor's Report**

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كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Arabian Centres Company

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Arabian Centres Company** ("the Company") (and its subsidiaries) (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at **31 March 2022**, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Revenue recognition	
See Notes 7(c) and 25 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**

During the year ended 31 March 2022, the Group recognized total revenue of SAR 2.04 billion (31 March 2021: SAR 1.86 billion).
 	
The Group revenue mainly consists of rental income from lease contracts.
 	
Revenue recognition is considered a key audit matter since revenue is a key measure of the Group's performance and there is a risk that revenue may be overstated resulting from the pressure management may feel to achieve performance targets, especially in the current pandemic situation, and may recognize revenue through unauthorized amendments to key terms of lease contracts, ignore discounts offered to customers or accelerate recognition of revenue through accrual in the incorrect period by adjusting the system configuration.
	Our audit procedures, included among others:
	
	– Assessing the Group accounting policies by considering the requirements of the relevant accounting standards;
	– Assessing the design and implementation, and testing the operating effectiveness of both manual and automated controls over:
	  o The accuracy and validity of the input of key terms of the contract,
	  o Tenant's acknowledgement to the amendments of lease contracts; and
	  o Recognition of revenue accurately over the term of the lease contracts.
	
	– Evaluating key contractual arrangements including rental discounts by considering relevant documentation and agreements with the customers;
	– Testing revenue recognized during the year in respect of a sample of lease contracts to assess whether revenue recognized under these contracts complies with Group's revenue recognition and terms of the lease contracts;
	– Obtaining, on a sample basis, accounts receivable balance confirmations from the Group's tenants and investigating any discrepancies;
	– Testing manual journal entries posted to the revenue accounts to identify any unusual items;
	– Performing cut off procedures to assess that revenue was recognised in the correct period; and
	– Evaluating the disclosures included in the consolidated financial statements.

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Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

<table>
<tr><th colspan="2">Impairment of investment properties</th></tr>
<tr><td colspan="2">See Note 7 and 8 to the consolidated financial statements.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As at 31 March 2022, the Group owned investment properties with a carrying value of SR 12.67 billion (31 March 2021: SR 11.97 billion) which are used for earning rentals and capital appreciation.

Considering the fluctuation in real estate prices and the possible impact on rentals, the Group assesses at each reporting date whether there is an indication that investment property may be impaired.

If any impairment indicators exist, the Group estimates the recoverable amount of investment properties using external real estate valuation experts who consider expected future rentals, discount rates and other assumptions in determining the value of these investment properties.

We considered this as the key audit matter due to the significant judgment involved and the key assumptions used in determining the recoverable amount of the investment properties.</td><td>Our audit procedures, included among others:

– Evaluating the experience and qualification of the real estate valuation experts appointed by management and considering the experts suitability for the valuation of investment properties;
– Involving our valuation specialist to assess the key assumptions used by the real estate valuation experts in determining the value of the investment properties;
– Verifying the accuracy of the underlying data by agreeing the specific details (area, location etc.) of the investment properties as per the valuation reports with the Group records and title deeds of the investment properties;
– Comparing the recoverable amount of the investment properties as per the Valuation Report to their carrying values to determine whether the recognition of any impairment loss is required; and
– Evaluating the adequacy of the disclosures included in the consolidated financial statements.</td></tr>
</table>

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Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Arabian Centres Company ("the Company") and its subsidiaries ("the Group").**

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company has not complied with the requirements prescribed by the applicable requirements of the Regulations for Companies, as the Company has an outstanding receivable balance of SR 47.2 million from a shareholder as at 31 March 2022.

KPMG Professional Services

كي بي إم جي للاستشارات المهنية
ترخيص رقم ٤٦
س.ت: ١٠١٠٤٢٥٤٩٤
Lic No. 46
C.R. 1010425494
R : 1.
KPMG
KPMG Professional Services

Hani Hamzah A. Bedairi
License No: 460

Al Riyadh, 6 Dhu'l Hijjah 1443H
Corresponding to: 5 July 2022

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of financial position
As at 31 March 2022

	Notes	31 March 2022	31 March 2021
Assets			
Investment properties	8	**12,671,172,262**	11,967,476,773
Right-of-use assets	9A	**2,900,541,380**	3,121,596,866
Property and equipment	10	**72,511,679**	75,546,196
Advances to a contractor	14C	**595,352,020**	582,469,359
Accrued revenue – non-current portion	23(ii)	**239,873,160**	341,395,259
Investment in equity accounted investee and others	12	**70,381,798**	5,975,840
Other non-current assets	15	**17,500,000**	22,500,000
Non-current assets		**16,567,332,299**	16,116,960,293
Development properties	11	**292,853,450**	--
Accrued revenue	23(ii)	**119,936,580**	170,697,630
Accounts receivable	13	**238,986,246**	247,870,806
Amounts due from related parties	14B	**325,270,527**	379,445,963
Prepayments and other assets	15	**180,655,736**	99,459,039
Cash and cash equivalents	16	**556,127,750**	635,669,921
		1,713,830,289	1,533,143,359
Assets held for sale	10(i)	--	4,674,647
Current assets		**1,713,830,289**	1,537,818,006
Total assets		**18,281,162,588**	17,654,778,299
Equity			
Share capital	17	**4,750,000,000**	4,750,000,000
Share premium	17	**411,725,703**	411,725,703
Statutory reserve	18	**605,442,463**	561,758,636
Other reserves	18	**13,998,340**	7,184,631
Retained earnings		**1,084,412**	320,429,968
Equity attributable to the shareholders of the Company		**5,782,250,918**	6,051,098,938
Non-controlling interest		**(1,669,853)**	1,319,575
Total equity		**5,780,581,065**	6,052,418,513
Liabilities			
Loans and borrowings	20	**7,513,603,269**	6,861,285,252
Lease liabilities	9B	**3,397,752,809**	3,523,411,045
Employee benefits	21	**25,437,575**	21,673,040
Other non-current liabilities	22	**53,583,832**	69,448,668
Non-current liabilities		**10,990,377,485**	10,475,818,005
Loans and borrowings – current portion	20	**277,570,313**	119,375,000
Lease liabilities – current portion	9B	**406,454,763**	337,122,007
Accounts payable and other liabilities	22	**515,760,837**	405,102,129
Amount due to related parties	14B	--	162,319
Unearned revenue	23(i)	**269,230,403**	240,501,793
Zakat liabilities	24	**41,187,722**	24,278,533
Current liabilities		**1,510,204,038**	1,126,541,781
Total liabilities		**12,500,581,523**	11,602,359,786
Total equity and liabilities		**18,281,162,588**	17,654,778,299

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.
These consolidated financial statements were authorized for issue by the Board of Directors, on behalf of the Shareholders, on 29 Dhul Qi'dah 1443H (28 June 2022) and signed on its behalf by:

Waleed Al-Rebdi	**Mohamad Mourad**	**Fawaz Al-Hokair**
Chief Financial Officer	*Managing Director*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of profit or loss
For the year ended 31 March 2022

	Notes	31 March 2022	31 March 2021
Revenue	25	**2,037,485,632**	1,856,358,833
Cost of revenue			
- Direct costs	26	**(342,775,845)**	(315,243,141)
- Depreciation of right-of-use assets	9C	**(199,014,634)**	(206,324,134)
- Depreciation of investment properties	8	**(343,048,949)**	(311,653,382)
Gross profit		**1,152,646,204**	1,023,138,176
Other operating income	27A	**27,425,335**	145,616,338
Advertisement and promotion expenses	27B	**(25,440,649)**	(20,275,126)
General and administrative expenses	27C	**(248,316,660)**	(191,488,397)
Impairment loss on accounts receivable and accrued revenue rentals	13	**(56,348,376)**	(138,363,175)
Other operating expense	27D	**(32,106,705)**	(2,070,338)
Operating profit		**817,859,149**	816,557,478
Finance costs over loans and borrowings	27E	**(166,856,736)**	(172,892,445)
Finance costs over lease liabilities	9B	**(162,339,246)**	(172,238,307)
Net finance costs		**(329,195,982)**	(345,130,752)
Share from (loss) / profit of equity-accounted investee	12	**(15,044,401)**	1,652,443
Profit before zakat		**473,618,766**	473,079,169
Zakat (charge)/ reversal	24A	**(39,769,923)**	13,641,266
Profit for the year		**433,848,843**	486,720,435
Profit for the year is attributable to:			
- Shareholders of the Company		**436,838,271**	486,659,016
- Non-controlling interest		**(2,989,428)**	61,419
		433,848,843	486,720,435
Earnings per share			
Basic and diluted earnings per share	28	**0.92**	1.02

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Waleed Al-Rebdi	**Mohamad Mourad**	**Fawaz Al-Hokair**
Chief Financial Officer	*Managing Director*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

	Notes	31 March 2022	31 March 2021
Profit for the year		**433,848,843**	486,720,435
Other comprehensive income/ (loss)			
Items that are or may be reclassified subsequently to consolidated statement of profit or loss:			
- Cash flow hedges – effective portion of change in fair value	30B	**6,163,824**	(1,082,698)
Items that will not be reclassified to consolidated statement of profit or loss:			
- Re-measurements of defined benefit liability	21A	**649,885**	3,069,871
- Other investments at FVOCI – net change in fair value	12	--	54,455,273
Total comprehensive income for the year		**440,662,552**	543,162,881
Total comprehensive income for the year attributable to:			
- Shareholders of the Company		**443,651,980**	543,101,462
- Non-controlling interests		**(2,989,428)**	61,419
		440,662,552	543,162,881

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Waleed Al-Rebdi	**Mohamad Mourad**	**Fawaz Al-Hokair**
Chief Financial Officer	*Managing Director*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of changes in equity
For the year ended 31 March 2022

	Notes	Share capital	Share premium	Statutory reserve	Other reserves	Retained earnings	Total	Non-Controlling interest	Total equity
		Attributable to shareholders of the Company							
Balance at 1 April 2020		4,750,000,000	411,725,703	513,092 734	(18,103,542)	326,282,581	5,982,997,476	1,258,156	5,984,255,632
Total comprehensive income for the year									
Profit for the year		--	--	--	--	486,659,016	486,659,016	61,419	486,720,435
Other comprehensive income		--	--	--	56,442,446	--	56,442,446	--	56,442,446
Total comprehensive income for the year		--	--	--	56,442,446	486,659,016	543,101,462	61,419	543,162,881
Transfers to retained earnings		--	--	--	(31,154,273)	31,154,273	--	--	--
Transfers to statutory reserve		--	--	48,665,902	--	(48,665,902)	--	--	--
Transactions with shareholders of the company									
Dividends	19	--	--	--	--	(475,000,000)	(475,000,000)	--	(475,000,000)
Balance at 31 March 2021		4,750,000,000	411,725,703	561,758,636	7,184,631	320,429,968	6,051,098,938	1,319,575	6,052,418,513
Balance at 1 April 2021		4,750,000,000	411,725,703	561,758,636	7,184,631	320,429,968	6,051,098,938	1,319,575	6,052,418,513
Total comprehensive income for the year									
Profit for the year		--	--	--	--	436,838,271	436,838,271	(2,989,428)	433,848,843
Other comprehensive income		--	--	--	6,813,709	--	6,813,709	--	6,813,709
Total comprehensive income for the year		--	--	--	6,813,709	436,838,271	443,651,980	(2,989,428)	440,662,552
Transfers to statutory reserve		--	--	43,683,827	--	(43,683,827)	--	--	--
Transactions with shareholders of the company									
Dividends	19	--	--	--	--	(712,500,000)	(712,500,000)	--	(712,500,000)
Balance at 31 March 2022		4,750,000,000	411,725,703	605,442,463	13,998,340	1,084,412	5,782,250,918	(1,669,853)	5,780,581,065

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Waleed Al-Rebdi
Chief Financial Officer

Mohamad Mourad
Managing Director

Fawaz Al-Hokair
Chairman

All amounts are presented in Saudi Riyals unless otherwise stated.

Consolidated statement of cash flows

For the year ended 31 March 2022

	Notes	31 March 2022	31 March 2021
Cash flows from operating activities:			
Profit before Zakat		**473,618,766**	473,079,169
Adjustments for:			
- Depreciation on investment properties	*8*	**343,048,949**	311,653,382
- Depreciation on property and equipment	*10*	**19,716,626**	26,816,191
- Depreciation on right-of-use assets	*9A*	**200,273,758**	210,091,177
- Impairment loss on accounts receivable and accrued revenue rentals	*13*	**56,348,376**	138,363,175
- Provision for employee benefits	*21*	**6,951,195**	7,248,891
- Finance cost over loans and borrowings	*27E*	**166,856,736**	172,892,445
- Finance cost over lease liabilities	*9B*	**162,339,246**	172,238,307
- Lease rental concession	*9B*	--	(76,703,029)
- Share of loss / (gain) from equity-accounted investee and other	*12A*	**15,044,401**	(1,652,443)
- Gain from disposal of equity-accounted investee	*27A*	--	(42,767,629)
- Gain from disposal of Assets held for sale		**(429,474)**	--
- Impairment on advances to suppliers	*27D*	**1,267,387**	--
- Change in fair value of other investments	*12B*	**(622,132)**	288,535
		1,444,413,834	1,391,548,171
Changes in:			
- Accounts receivable		**(22,273,463)**	(151,979,856)
- Amounts due from related parties, net		**(31,025,983)**	75,108,333
- Prepayments and other current assets		**(72,382,959)**	(19,681,191)
- Accounts payable and other liabilities		**25,196,659**	51,809,077
- Accrued revenue		**127,092,796**	(342,894,566)
- Unearned revenue		**28,728,610**	63,276,561
Cash generated from operating activities		**1,499,749,494**	1,067,186,529
Employee benefits paid	*21*	**(2,536,775)**	(12,876,694)
Zakat paid	*24*	**(22,860,734)**	(20,285,625)
Net cash from operating activities		**1,474,351,985**	1,034,024,210
Cash flows from investing activities:			
Development properties		**(23,450,443)**	--
Additions to investment properties, net	*8*	**(238,421,066)**	(220,381,610)
Acquisition of equity-accounted investee and other		**(78,828,227)**	--
Acquisition of property and equipment	*10*	**(16,682,109)**	(15,562,223)
Proceeds from disposal of assets held for sale		**5,104,121**	--
Proceeds from disposal of equity accounted investee and other		--	97,500,000
Proceeds from disposal of other investments	*12*	--	152,654,273
Advances to a contractor, related party		**(724,803,263)**	(357,034,885)
Net cash used in investing activities		**(1,077,080,987)**	(342,824,445)

All amounts are presented in Saudi Riyals unless otherwise stated.

	Notes	31 March 2022	31 March 2021
Cash flows from financing activities:			
Proceeds from loans and borrowings	20B	**3,456,250,000**	--
Repayments of loans and borrowings	20	**(2,656,577,603)**	(45,000,000)
Transaction costs paid during the year	20	**(48,857,946)**	(8,659,934)
Proceeds from Sukuk II Payable Deferred Premium	20	**40,078,125**	--
Payment of finance costs over loans and borrowings	22	**(298,551,362)**	(292,694,175)
Repayments of lease liabilities	9B	**(256,654,383)**	(279,855,928)
Dividends paid	19	**(712,500,000)**	(475,000,000)
Net cash used in financing activities		**(476,813,169)**	(1,101,210,037)
Net decrease in cash and cash equivalents		**(79,542,171)**	(410,010,272)
Cash and cash equivalents at beginning of the year		**635,669,921**	1,045,680,193
Cash and cash equivalents at end of the year	16	**556,127,750**	635,669,921
Significant non-cash transactions:			
- Investment properties transferred from Saudi FAS Hotels to Arabian Centres Company	8A	**85,039,100**	131,340,000
- Capitalized finance cost for project under construction	22	**217,567,081**	123,428,143
- Capitalized arrangement fees for project under construction	20	**4,428,211**	2,348,324
- Capitalized finance cost over lease liabilities for project under construction	9B	**37,989,657**	47,692,692
- Capitalized depreciation of right-of-use assets for project under construction	9A	**20,781,728**	26,732,930
-Capitalized advances to contractors for project under construction	14C	**711,920,602**	370,293,611
-Advance to landlord classified to lease liabilities	9B	--	36,513,006
- Advance to lessor reclassified to other finance receivables		--	22,500,000
- Zakat payable transferred to the Ultimate Parent Company	24	--	20,319,528
-Transfer of land to development property from investment property	11	**269,403,007**	--

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Waleed Al-Rebdi	Mohamad Mourad	Fawaz Al-Hokair
Chief Financial Officer	*Managing Director*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

1. Reporting entity

Arabian Centres Company ("the Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia ("KSA") under commercial registration numbered 1010209177 and dated 7 Rabi Thani 1426H (corresponding to 15 May 2005). The registered office is located at Nakheel District, P.O. Box 341904, Riyadh 11333, KSA.

The Company was formed on 7 Rabi Thani 1426H (corresponding to 15 May 2005) as Limited Liability Company. On 8 Muhurram 1439H (corresponding to 28 September 2017) legal status of the Company changed from a Limited Liability Company to a Saudi Closed Joint Stock Company.

On 22 May 2019, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Stock Exchange ("Tadawul"). In connection with the IPO, the Company issued 95 million of its ordinary shares for a cash payment and the legal status of the Company changed from a Saudi Closed Joint Stock Company to a Saudi Joint Stock Company.

The Company and its subsidiaries' (collectively referred to as "the Group") principal business objectives are to purchase lands, build, develop and invest in buildings, sell or lease of buildings and the construction of commercial buildings including demolition, repair, excavation and maintenance works. It also includes maintenance and operation of commercial centres, tourist resorts, hotels and restaurants, managing and operating temporary and permanent exhibitions, compounds and hospitals.

1. Reporting entity (continued)

Following is the list of subsidiaries included in these consolidated financial statements as at 31 March 2022 and 31 March 2021:

No	Subsidiaries	Country of incorporation	Direct ownership interest held by the Group as at: 31 March 2022	31 March 2021	Indirect ownership interest held by the Group as at: 31 March 2022	31 March 2021	Share Capital (SR)	Number of shares issued
1	Riyadh Centres Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
2	Al Bawarij International for Development & Real Estate Investment Company	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
3	Al Makarem International for Real Estate Development Company	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
4	Oyoun Al Raed Mall Trading	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
5	Oyoun Al Basateen Company for Trading	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
6	Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin AlHokair and Company	Kingdom of Saudi Arabia	50%	50%	--	--	500,000	500
7	Yarmouk Mall Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
8	Al Erth Al Matin Trading Company (Note 34)	Kingdom of Saudi Arabia	--	95%	--	5%	100,000	100
9	Arkan Salam for Real Estate and Contracting Company Limited (Note 34)	Kingdom of Saudi Arabia	--	95%	--	5%	1,000,000	1,000
10	Mall of Arabia Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
11	Aziz Mall Trading Company Limited (Note 34)	Kingdom of Saudi Arabia	--	95%	--	5%	500,000	500
12	Dhahran Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
13	Al Noor Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
14	Al Yasmeen Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
15	Al Dammam Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
16	Al Malaz Mall Trading Company Limited (Note 34)	Kingdom of Saudi Arabia	--	95%	--	5%	100,000	100
17	Al Hamra Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
18	Al Erth Al Rasekh Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
19	Derayah Destination Arabia Diversified Fund *(i)*	Kingdom of Saudi Arabia	100%	--	--	--	--	--

i) During the year ended 31 March 2022, the Group invested in a newly established private real estate fund named Derayah Destination Arabia Diversified Fund. The Group signed an agreement with Derayah Financial Company to manage the fund. The units were subscribed by transfer of a parcel of land to the fund with a carrying value of SAR 150.5 Million.

All amounts are presented in Saudi Riyals unless otherwise stated.

2. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants and Company's by-laws.

3. Basis of measurement

These consolidated financial statements are prepared under the historical cost convention except for the following material items in the consolidated statement of financial position:

- Other investments at fair value
- Derivative financial instruments at fair value
- Employees end of service benefits using the projected unit credit method

4. Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyal ("SR"), which is the functional currency of the Company.

5. Significant accounting estimates, assumptions and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses and assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

A. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material differences in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Group used these assumptions and estimates on the basis available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment test of non-financial assets
Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

5. Significant accounting estimates, assumptions and judgements (continued)

A. Estimates and assumptions (continued)

Provisions
By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgement in estimating the expected cash outflows for other exit costs.

Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

Long-term assumptions for employee benefits
Employees' end-of-service benefits represent obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

Measurement of Expected Credit Loss (ECL) allowance for accounts receivable: key assumptions in determining the weighted average loss rate
The Group's exposure to credit risk is influenced mainly by the individual characteristics of the customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with other social-economic factors. Such estimates are based on assumptions relating to those factors and actual results may differ, resulting in future changes to the impairment.

Economic useful lives of investment properties and property and equipment
The Group's management determines the estimated useful lives of its investment properties and property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The Group periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits derived from these assets.

B. Critical judgements in applying accounting standards

The following critical judgements have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of the reasonable certainty of exercising options of lease term extension
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

5. Significant accounting estimates, assumptions and judgements (continued)

B. Critical judgements in applying accounting standards (continued)

Determination of the incremental borrowing rate of lease liabilities
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when the need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates.

Component parts of investment properties and property and equipment
The Group's assets, classified within investment properties and property and equipment, are depreciated on a straight-line basis over their economic useful lives. When determining the economic useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately.

Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to related asset, its pattern of consumption and its replacement cycle/maintenance schedule.

Determination of control and significant influence
i. Management's judgement in assessing control over consolidated subsidiaries:
Subsidiaries are all investees over which the Group has control. The Group's management considers that the Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has equal or less than a majority of the voting or similar rights of an investee, the Group considers all other relevant facts and circumstances in assessing whether it has power over an investee, including any contractual and other such arrangements which may affect the activities which impact investees' return.

The determination about whether the Group has power thus depends on such relevant activities, the way decisions about the relevant activities are made and the rights the Group has in relation to the investees.

In certain cases where the Group owns 50% or less of voting rights, it may still be the single largest shareholder with presence on the governing body giving it power to direct relevant activities of the investees, whereby the other shareholders individually do not hold sufficient voting rights and power to overrule the Group's directions. There is no prior instance of other shareholders collaborating to exercise their votes collectively or to out-vote the Group.

The management has considered the integration of all such investees (where the Group has equal or less than a majority of the voting rights) within the Group structure and located in cities in KSA, the ability of the Group to impact variable returns of the investees through the provision of various key services to such investees, the relationship of the Group with other entities which may impact returns of investees, appointment of certain key management personnel and various other such factors.

5. Significant accounting estimates, assumptions and judgements (continued)

B. Critical judgements in applying accounting standards (continued)

Determination of control and significant influence (continued)
Based on above considerations, management of the Group believes:

- there is a pattern of past and existing practice of the Group's involvement in the relevant activities of these investees resulting in an impact on their returns and also indicating a more than passive interest of the Group in such investees; and
- the Group has created an environment in which the set-up and function of these investees and their interrelationship with the Group leads towards a judgement of 'control'.

Hence, the Group has consolidated those investees, which meet the above criteria as part of the Group's consolidated financial statements.

ii. Management's judgement in assessing significant influence over investees:
Judgement was required, particularly where the Group owns shareholding and voting rights of generally 20% and above but where the management does not believe that it has 'control' or 'joint control' over such investee.

In case of such investee, the Group's management has concluded it has 'significant influence' in line with the requirements of IFRSs as endorsed in KSA. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee but is not 'control' or 'joint control'. IFRSs as endorsed in KSA provides various indicators of 'significant influence', including representation in the Board of Directors and participation in policymaking process.

By virtue of the Group's shareholding rights in the investee's general meetings, as well as the Group's representation on Board of Directors of such investee and the Group's involvement in operating and financial policies and decision making, management believes it has 'significant influence' over such investee ("associate").

The Group is accounting for such investment in an associate under the equity method of accounting.

6. Changes in significant accounting policies

The Group has adopted Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (the Phase 2 amendments) from 1 April 2021. The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate the prior period to reflect the application of these amendments, including not providing additional disclosures for 31 March 2021. There is no impact on opening equity balances as a result of retrospective application.

The Phase 2 amendments provide practical relief from certain requirements in IFRS Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate. If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Group applies the policies on accounting for modifications set out above to the additional changes.

Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permit the hedge relationship to be continued without interruption. The Group applies the following reliefs as and when uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

6. Changes in significant accounting policies (continued)

- the Group amends the designation of a hedging relationship to reflect changes that are required by the reform without discontinuing the hedging relationship; and
- when a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

While uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Group continues to apply the existing accounting policies

7. Summary of significant accounting policies

A. Basis of consolidation

i. Subsidiaries

Please refer to *note 5* for details on judgements applied by the Group in respect of determination of control.

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to the elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit / loss and each component of OCI are attributed to the Shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group asset and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A list of subsidiaries is provided in *note 1* which also discloses the percentage of ownership.

ii. Change in ownership interest

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests;
- derecognizes the cumulative translation differences recorded in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in the consolidated statement of profit or loss; and
- reclassifies the shareholders' share of components previously recognized in OCI to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

When the Group ceases to consolidate for an investment in subsidiary because of a loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognized in the consolidated statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in OCI in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in OCI are reclassified to the consolidated statement of profit or loss.

iii. Non-controlling interests

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of changes in equity.

7. Summary of significant accounting policies (continued)

A. Basis of consolidation (continued)

iv. Associate

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in an associate is accounted for using the equity method of accounting, after initially being recognized at cost.

Equity method of accounting is used for the investment in an associate. Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in the consolidated statement of profit or loss, and the Group's share of movements in OCI of the investee in consolidated statement of comprehensive income, if any.

Dividends received or receivable from an associate are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions, if any, between the Group and its associate are eliminated to the extent of the Group's interest in its associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Goodwill, if any, relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss, outside operating income.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in an associate. At each reporting date, the Group determines whether there is objective evidence that the investment in an associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss as ‘share in earnings’ of an associate in the consolidated statement of profit or loss.

Upon loss of significant influence over an associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in OCI are reclassified to the consolidated statement of profit or loss where appropriate.

v. Joint Venture

A Joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint venture are accounted for using the equity method. They are initially recognized at costs, which includes transaction costs. Subsequent to the initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and OCI of equity accounted investee, until the date on which joint control ceases.

7. Summary of significant accounting policies (continued)

B. Foreign currencies

Foreign currency transactions are translated into Saudi Riyal (SR) at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of profit or loss. Translation of non-monetary items depends on whether they are recognized at historical cost or at fair value. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in consolidated statement of comprehensive income or consolidated statement of profit or loss).

C. Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding any levies or duty.

Rental income

The Group is the lessor for various operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature, except for contingent rental income which is recognized when it arises. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, management are reasonably certain that the tenant will exercise that option. Accrued revenue is recognized to the extent that the revenue has been earned but not yet billed.

Tenant lease incentives including rental discounts are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. Unamortized portion of these incentives are classified under accrued revenue in the consolidated statement of financial position.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the consolidated statement of profit or loss when the right to receive them arises.

Turnover rent

The Group recognizes income from turnover rent on the basis of turnover reports submitted by the tenants. In the absence of reports, management makes its own assessment about the tenants achieving or exceeding the stipulated turnover in the lease contracts based on their historical performance.

Service charges, management charges and other expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognized in the period in which the compensation becomes due. Service and management charges related to repairs and maintenance of the building facilities and other such receipts are included in revenue while the related costs, which are included as part of cost of revenue, as the management considers that the Group acts as a principal in this respect.

Service charges related to utilities for heavy users are presented net of the related costs and are recorded as part of “commission income on provisions for utilities for heavy users, net” under revenue in the consolidated statement of profit or loss, since the management considers that the Group acts as an agent in this respect.

7. Summary of significant accounting policies (continued)

C. Revenue recognition (continued)

Principal versus agent consideration
The Group has evaluated its arrangements to determine whether it is a principal, and report revenues on a gross basis, or an agent, and report revenues on a net basis. In this assessment, the Group has considered if it has obtained control of the specified services before they are transferred to the customer, as well as other indicators such as the party primarily responsible for fulfilment, inventory risk and discretion in establishing price. The Group has concluded it is the principal in all of its revenue arrangements (except for service charges related to utilities for heavy users – as discussed in the previous section) since it is the primary obligor, it has pricing latitude and is also exposed to credit risks.

Presentation and disclosure requirements
As required for the consolidated financial statements, the Group disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Please refer to *note 25* for the disclosure on disaggregated revenue.

Interest income
Interest income is recognized using the Effective Interest Rate ("EIR") method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original EIR.

Dividend income
Dividend income from investments is recognized when the Group's rights to receive payment have been established.

Other income
All other income are recognized on an accrual basis when the Group's right to earn the income is established.

D. Investment properties

Investment properties comprise completed property and property under construction or redevelopment that are held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for administrative functions.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer charges, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the costs of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment in value. Land and projects under construction are not depreciated.

Expenditure for repairs and maintenance are charged to consolidated statement of profit or loss as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalized.

Class of assets	Number of years
Building: Electrical components	25 years
Building: Mechanical components	15 years
Building: Firefighting system	30 years
Building: Conveying system	20 years
Building	50 years
Building on leasehold land: Mechanical components	15 – 25 years (Shorter of economic life or lease term)
Building on leasehold land	4 – 50 years (Shorter of economic life or lease term)

7. Summary of significant accounting policies (continued)

D. Investment properties (continued)

Transfers are made to/from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to date the date of change in use.

Investment properties is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefits is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of profit or loss in the period of de-recognition.

E. Property and equipment

Property and equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Expenditures on repairs and maintenance are expensed to the consolidated statement of profit or loss in the period they are incurred. Subsequent expenditures that increase the value or materially extend the life of the related assets are capitalized. Leaseholds improvements are amortized on a straight-line basis over the shorter of the useful life of the improvement and the term of the lease.

Depreciation is calculated from the date the item of property and equipment is available for its intended use. It is calculated on a straight-line basis over the useful life of the asset as follows:

Class of asset	Number of years
Tools and equipment	4 – 8 years
Furniture and fixtures	4 – 10 years
Vehicles	4 years
Leasehold improvements	5 - 6 years (Shorter of economic life or lease term)

Residual values, useful lives and methods of depreciation of property and equipment are reviewed on an annual basis, and adjusted prospectively if appropriate, at each reporting date. Properties under construction, which are not ready for its intended use, are not depreciated.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the period when the asset is derecognized.

The carrying amounts of property and equipment is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

F. Development properties

Development properties are properties that are being developed with a view to sell. The Group's development properties arise when Group purchase properties with an intention to sale or when there is a change in use of investment properties evidenced by the commencement of development with a view to sale. The investment properties are reclassified as development properties at their carrying amount at the date of their reclassification. They are subsequently carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less costs to complete development and selling expenses.
The operating cycle of development properties is such that the majority of development properties are held for longer period and will not be realized within twelve months.

7. Summary of significant accounting policies (continued)

G. Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, cheques under collection and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, used by the Group in the management of its short-term commitments and are available to the Group without any restriction.

H. Financial instruments

i. Recognition and initial measurement

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant finance component) or finance liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets – initial measurement

On initial measurement, a financial asset is classified as measured at: amortized cost, FVOCI – debt instrument; FVOCI – equity instrument or fair value through profit and loss (FVTPL).

Financial assets are not reclassified subsequent to initial measurement unless the Group changes the business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

7. Summary of significant accounting policies (continued)

H. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets: Business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.
- Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose,
- consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

7. Summary of significant accounting policies (continued)

H. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets: Subsequent measurement and gains and losses
The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at Amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment loss, if any. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments At FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss as well.

Financial liabilities: Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iii. Derecognition

Financial assets
The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognized.

Financial liabilities
The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

7. Summary of significant accounting policies (continued)

I. Financial instruments (continued)

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

J. Impairment of financial instruments

The Group applies IFRS 9 simplified approach for measuring ECL, which uses a lifetime expected loss allowance. The method is applied for assessing an allowance against:
- financial assets measured at amortized cost; and
- contract assets

Loss allowances for accounts receivable with or without significant financing component are measured at an amount equal to lifetime ECL.

Bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12-month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECL Model
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets
A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

– significant financial difficulty of the borrower or issuer;
– a breach of contract such as a default or being more than 720 days past due;
– it is probable that the borrower will enter bankruptcy or other financial reorganization; or
– the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

7. Summary of significant accounting policies (continued)

J. Impairment of financial instruments (Continued)

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

K. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its commission rate risk exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in consolidated statement of profit or loss. The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in consolidated statement of comprehensive income and accumulated in the hedging reserve under other reserves. The effective portion of changes in the fair value of the derivative that is recognized in statement of comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in consolidated statement of profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized. For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect consolidated statement of profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to consolidated statement of profit or loss in the same period or periods as the hedged expected future cash flows affect consolidated statement of profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to consolidated statement of profit or loss.

7. Summary of significant accounting policies (continued)

J. Derivative financial instruments and hedge accounting (continued)

Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
The Group has adopted the Phase 2 amendments and retrospecticely applied form 1 April 2021 (see Note 6).

When the basis for determining the contractual cash flows of the hedged item or heding instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the heding instrument, the Group amends the hedge documentation of that hedging relationship to reflect the changes required by IBOR reform.

The Group has cash flow hedges (please refer to *note 30B*) which are exposed to the impact of LIBOR. The Group uses financial instruments as part of its risk management strategy to manage exposures arising from variation of commission rates that could affect net income or other comprehensive income and applies hedge accounting to these instruments. The Group has certain borrowings where the reference rate is linked to the LIBOR. The Group is assessing the impact to ensure a smooth transition from LIBOR to new benchmark rates.

K. Impairment of non-financial assets and liabilities

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

The Group's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU's to which the individual asset is allocated. These budgets and forecast calculations generally cover a five-year period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the budget period.

Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset.

For assets other than above, an assessment is made at each financial year-end as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

7. Summary of significant accounting policies (continued)

L. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

M. Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- The Group classifies all other liabilities as non-current.

7. Summary of significant accounting policies (continued)

N. Expenses

Advertisement and promotion expenses principally comprise expenses incurred in promotion and advertisement of the shopping malls. All other expenses are classified as cost of revenues and general and administration expenses.

General and administration expenses include expenses not specifically part of the cost of revenue and promotion and advertising expenses. Allocations between general and administration expenses and cost of revenues, when required, are made on a consistent basis.

O. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of finance and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized as from the commencement of the development work until the date of practical completion, when substantially all of the development work is completed. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Borrowing costs is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

P. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre- zakat rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognized as financial charges.

Q. Employee benefits and post-employment benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare and child education allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

ii. End-of-services benefits obligation

The Group end of service benefits qualifies as an unfunded defined benefit plan. The liability recognized in the consolidated statement of financial position is the Defined Benefit Obligation (DBO) at the reporting date.

DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For instances where there is no deep market in such bonds, the market rates on government bonds are used. The discount rate is based on government bond yields in KSA.

7. Summary of significant accounting policies (continued)

Q. Employee benefits and post-employment benefits (Continued)

ii. End-of-services benefits obligation (Continued)

The net interest cost is calculated by applying the discount rate to the net balance of the DBO. This cost is included in employees' salaries and other benefits expense in the consolidated statement of profit or loss.

Re-measurement gains and losses arising from changes in actuarial assumptions are recognized in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of profit or loss as past service costs.

The actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labor and Workmen Law as well as the Group's policy.

R. Zakat

Zakat is provided in accordance with the Regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia on an accrual basis. The zakat expense is charged to the consolidated statement of profit or loss. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

S. Dividends

The Company recognizes a liability to make dividend distribution to the shareholders of the Company when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the applicable relevant Regulations of Saudi Arabia, a distribution is authorized when it is approved by the shareholders or when interim dividends are approved by the Board of Directors. A corresponding amount is recognized directly in equity.

T. Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee
The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

7. Summary of significant accounting policies (continued)

T. Leases (Continued)

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Short-term leases and leases of low-value assets
The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19-related rent concessions
During the financial year 2021, the Group has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

As a lessor
The Group leases out its investment property. The Group has classified these leases as operating leases. Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The Group has applied IFRS 15 “Revenue from Contracts with Customers” to allocate consideration in the contract to each lease and non-lease component.

U. Segment reporting

An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses.
- results of its operations are continuously analyzed by chief operating decision maker in order to make decisions related to resource allocation and performance assessment; and
- for which discrete financial information is available.

Management considers the operations of the Group as a whole as one operating segment as all subsidiaries engage in similar business activities.

A geographical segment is a Group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. All of the Group’s operations are conducted in KSA hence only one geographic segment has been identified.

8. Investment properties

A. Reconciliation of carrying amount

		Buildings on freehold land						Buildings on leasehold land				
	Land	**Building component**	**Electrical components**	**Mechanical components**	**Firefighting system**	**Conveying system**	**Total Buildings**	**Building component**	**Mechanical components**	**Total Buildings on leasehold**	**Projects Under construction** *(i)*	**Total**
Cost:												
Balance at 1 April 2020	4,771,814,409	2,444,815,757	404,497,407	288,816,086	65,758,729	58,403,529	3,262,291,508	3,416,790,598	185,916,101	3,602,706,699	1,938,264,349	13,575,076,965
Additions	14,468,583	28,991,328	199,235	3,748,138	250,140	693,500	33,882,341	72,907,329	2,794,545	75,701,874	666,824,512	790,877,310
Transfer from related party *(ii)*	81,165,000	50,175,000	--	--	--	--	50,175,000	--	--	--	--	131,340,000
Transfers	--	50,924,672	2,779,302	13,346,350	402,282	--	67,452,606	375,107,944	17,915,702	393,023,646	(460,476,252)	--
Balance at 31 March 2021	**4,867,447,992**	**2,574,906,757**	**407,475,944**	**305,910,574**	**66,411,151**	**59,097,029**	**3,413,801,455**	**3,864,805,871**	**206,626,348**	**4,071,432,219**	**2,144,612,609**	**14,497,294,275**
Additions	**173,847,285**	**29,316,347**	**--**	**1,479,151**	**--**	**--**	**30,795,498**	**31,775,586**	**3,208,197**	**34,983,783**	**991,481,779**	**1,231,108,345**
Transfer from related party *(ii)*	**85,039,100**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**85,039,100**
Transferred to development properties *(Note 11)*	**(269,403,007)**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**(269,403,007)**
Transfers	**--**	**444,854,608**	**164,493,918**	**132,092,713**	**12,744,253**	**13,673,715**	**767,859,207**	**(17,861,715)**	**24,718,678**	**6,856,963**	**(774,716,170)**	**--**
Balance at 31 March 2022	**4,856,931,370**	**3,049,077,712**	**571,969,862**	**439,482,438**	**79,155,404**	**72,770,744**	**4,212,456,160**	**3,878,719,742**	**234,553,223**	**4,113,272,965**	**2,361,378,218**	**15,544,038,713**
Accumulated depreciation and impairment losses:												
Balance at 1 April 2020	--	404,112,911	147,288,657	188,908,630	25,227,632	31,251,661	796,789,491	1,312,212,613	109,162,016	1,421,374,629	--	2,218,164,120
Charge for the year	--	49,489,015	20,590,426	23,671,054	2,719,634	3,355,004	99,825,133	198,093,998	13,734,251	211,828,249	--	311,653,382
Balance at 31 March 2021	**--**	**453,601,926**	**167,879,083**	**212,579,684**	**27,947,266**	**34,606,665**	**896,614,624**	**1,510,306,611**	**122,896,267**	**1,633,202,878**	**--**	**2,529,817,502**
Charge for the year	**--**	**65,407,844**	**20,653,070**	**23,841,379**	**2,610,072**	**3,381,400**	**115,893,765**	**214,571,100**	**12,584,084**	**227,155,184**	**--**	**343,048,949**
Balance at 31 March 2022	**--**	**519,009,770**	**188,532,153**	**236,421,063**	**30,557,338**	**37,988,065**	**1,012,508,389**	**1,724,877,711**	**135,480,351**	**1,860,358,062**	**--**	**2,872,866,451**
Carrying amounts:												
At 1 April 2020	4,771,814,409	2,040,702,846	257,208,750	99,907,456	40,531,097	27,151,868	2,465,502,017	2,104,577,985	76,754,085	2,181,332,070	1,938,264,349	11,356,912,845
At 31 March 2021	**4,867,447,992**	**2,121,304,831**	**239,596,861**	**93,330,890**	**38,463,885**	**24,490,364**	**2,517,186,831**	**2,354,499,260**	**83,730,081**	**2,438,229,341**	**2,144,612,609**	**11,967,476,773**
At 31 March 2022	**4,856,931,370**	**2,530,067,942**	**383,437,709**	**203,061,375**	**48,598,066**	**34,782,679**	**3,199,947,771**	**2,153,842,031**	**99,072,872**	**2,252,914,903**	**2,361,378,218**	**12,671,172,262**

i. Projects under construction pertains to expenditure relating to 7 malls (31 March 2021: 8 malls) which are in the course of construction as at the end of the reporting period and these are expected to be completed within 2 to 5 years. During the year ended 31 March 2022, the Group capitalized finance costs amounting to SR 259.9 million (31 March 2021: SR 173.5 million).

ii. During the year ended 31 March 2022, Saudi FAS Holding Company transferred lands and buildings worth SR 85 million (31 March 2021: SR 131.3 million) to settle the outstanding receivables from FAS Holding Company for Hotels.

8. Investment properties(Continued)

A. Reconciliation of carrying amount (continued)

iii. This amount includes a piece of land in Riyadh which was acquired by the Group in 2013 from a private real estate investment fund with a carrying value of SR 1,770 million (31 March 2021: SR 1,770 million). The land is under development under an approved scheme issued by the Riyadh Development Authority. The carrying amount of the development is SR 715 million (31 March 2021: SR 519 million).

The Supreme Court through its decision dated 23 Rajab 1442H (7 March 2021), cancelled certain land title deeds citing the violation of applicable legal procedures for the transfer of title deeds and subsequent deeds. Consequently, the title deed of the land owned by the Group was cancelled.

The Group submitted a letter to the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud on 20 September 2021 requesting the cancellation of the Supreme Court decision. During February 2022, decision was issued by the Judicial Authority to reinstate the land title deed in the name of the Company.

iv. The amounts recognized in the consolidated statement of profit or loss for investment properties during the years are as follows:

	Notes	**31 March 2022**	**31 March 2021**
Revenue	*25*	**2,037,485,632**	1,856,358,833
Direct costs	*26*	**(342,775,845)**	(315,243,141)
Depreciation of investment properties	*8A*	**(343,048,949)**	(311,653,382)
		1,351,660,838	**1,229,462,310**

B. Fair value of investment properties

Management appointed independent valuers to determine the fair value of the investment properties as at 31 March 2022. According to the valuers, the fair value of the investment properties as at 31 March 2022 was SR 23,078 million. The valuers have appropriate qualifications and experience in the valuation of properties at the relevant locations. The effective date of the valuation was 31 March 2022 and prepared in accordance with Royal Institution of Chartered Surveyors ("RICS") Global Standards 2017 which comply with the international valuation standards.

The fair value hierarchy for the investment properties for disclosure purposes is grouped in level 3, with significant unobservable inputs adopted by the Valuer which are transparency of retail rental growth; occupancy rates; discount rates; and capitalization rate (yields). The valuation is based on

(i) Discounted cash flow model for operating malls and and considers the present value of net cash flows to be generated from the property; and
(ii) Market value valuation for vacant lands which considers market comparable values.

The estimated fair value is mainly sensitive to market rental growth, occupancy rate and risk adjusted discount rate.

8.Investment properties(Continued)

B. Fair value of investment properties (Continued)

Net book values of the Group's lands as at the end of the reporting years are as follows:

	Notes	Owned by the company or its subsidiaries	Title deeds registered with the company or its subsidiaries	31 March 2022	31 March 2021
Shopping malls - land					
- Al Noor		Yes	Yes	**68,120,000**	68,120,000
- Jubail Mall		Yes	Yes	**32,500,000**	32,500,000
- Mall of Arabia – Jeddah	*(i)*	Yes	No	**141,115,102**	141,115,102
- Sahara Plaza – Riyadh	*(i)*	Yes	No	**75,240,000**	75,240,000
- Al Ehsa Mall	*(i)*	Yes	No	**20,700,145**	20,700,145
- Hamra Mall	*(i)*	Yes	No	**256,100,000**	256,100,000
- Nakheel Dammam Mall	*(i)*	Yes	No	**210,000,000**	210,000,000
- Salam Mall	*(iv)*	Yes	No	**250,000,000**	250,000,000
- Aziziah Mall – Makkah	*(ii)*	Yes	No	**207,696,248**	192,696,248
- Khaleej Mall	*(i)*	Yes	No	**290,209,050**	290,209,050
				1,551,680,545	1,536,680,545
Land					
- Oyoun Al Raed		Yes	Yes	**1,770,439,947**	1,770,439,947
- Oyoun Al Basateen		Yes	Yes	**1,067,162,500**	1,067,162,500
- Al Qasseem	*(v)*	Yes	Yes	**80,596,990**	350,000,000
- Abha		Yes	Yes	**62,000,000**	62,000,000
- Al Ahsa Mall Extention Land		Yes	Yes	**21,735,145**	20,700,000
- Jeddah Land	*(iii)*	Yes	No	**63,488,250**	60,465,000
- Al Kharj Land		Yes	Yes	**89,291,058**	--
- Olaya Land		Yes	Yes	**150,536,935**	--
				3,305,250,825	3,330,767,447
Total land value				**4,856,931,370**	**4,867,447,992**

i. The title deeds of all plots of land are registered in the name of local banks against loans and borrowings (please refer to note *20*).

ii. The title deed of this land is registered in the name of a local bank against facilities which were repaid during the year ended 31 March 2020. The transfer of the title deed to the Company is in progress.

iii. Transfer of the title deed for this land is under progress (please refer to note *14B(ii)*).

iv. During the financial year 2022, title deed of this plot is registered under the name of one of the affiliates who has assigned the beneficial ownership to the Company.

v. During the year, **SR 269.4 million** has been transferred to development property during the year due to change in management's plan of use.

9. Right-of-use assets and lease liabilities

A. Right-of-use assets

	Notes	31 March 2022	31 March 2021
Balance at beginning of the year		**3,121,596,866**	3,561,974,788
Additions during the year		**-**	66,987,624
Remeasurement of ROU assets	*9F*	**-**	(270,541,439)
Depreciation charge for the year	*9C*	**(200,273,758)**	(210,091,177)
Depreciation capitalized for projects under construction		**(20,781,728)**	(26,732,930)
Balance at end of the year		**2,900,541,380**	**3,121,596,866**

9. Right-of-use assets and lease liabilities (Continued)

B. Lease liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	Notes	31 March 2022	31 March 2021
Balance at beginning of the year		3,860,533,052	4,237,227,831
Additions during the year		-	66,987,624
Lease payments during the year		(256,654,383)	(279,855,928)
Rent concessions during the year	9E	-	(76,703,029)
Remeasurement of lease liabilities	9F	-	(270,541,439)
Transfer from prepayments and other assets		-	(36,513,006)
Interest expense during the year	9C	162,339,246	172,238,307
Interest capitalized for projects under construction		37,989,657	47,692,692
Balance at end of the year		**3,804,207,572**	**3,860,533,052**

	31 March 2022	31 March 2021
Non-current portion of lease liabilities	3,397,752,809	3,523,411,045
Current portion of lease liabilities	406,454,763	337,122,007
Balance at end of the year	**3,804,207,572**	**3,860,533,052**

C. Amounts recognized in profit or loss

	Notes	31 March 2022	31 March 2021
Depreciation of right-of-use assets			
- Cost of revenue		(199,014,634)	(206,324,134)
- General and administrative expenses	27C	(1,259,124)	(3,767,043)
		(200,273,758)	**(210,091,177)**
Interest on lease liabilities	9B	**(162,339,246)**	**172,238,307**

D. Group Commitment to lease contracts

	Notes	31 March 2022	31 March 2021
Within one year		601,281,362	521,870,380
After one year but not more than five years		1,338,522,449	1,338,010,402
More than five years		4,139,897,349	4,453,033,818
		6,079,701,160	**6,312,914,600**

E. Rent concessions

During the year ended 31 March 2021, the Group negotiated rent concessions with its landlords for the majority of its leased malls as a result of the severe impact of the COVID-19 pandemic during the year. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its leased lands/ malls. The amount recognized in consolidated profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions is SR 76.70 million (Refer to Note 27A).

F. Lease remeasurements

During the year ended 31 March 2021, the Group negotiated lease amendments for the Company's lease contract for the U-walk Jeddah Centre (formerly named Zahra Mall). The lease amendments mainly included reduction of lease commitments over the term of the contract and corresponding change in lease term.

10. Property and equipment

Reconciliation of carrying amount

	Tools and equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Capital work in progress	Total
Cost:						
Balance at 1 April 2020	146,973,321	95,884,693	3,633,902	34,158,478	97,075	280,747,469
Additions during the year	317,016	288,826	--	480,424	14,475,957	15,562,223
Transfers to assets held for sale(i)	(1,986,125)	(5,133,015)	--	(9,414,279)	--	(16,533,419)
Balance at 31 March 2021	**145,304,212**	**91,040,504**	**3,633,902**	**25,224,623**	**14,573,032**	**279,776,273**
Additions during the year	**1,099,063**	**5,101,070**	--	**5,479,540**	**5,002,436**	**16,682,109**
Transfers during the year	--	--	--	**19,575,468**	**(19,575,468)**	--
Balance at 31 March 2022	**146,403,275**	**96,141,574**	**3,633,902**	**50,279,631**	--	**296,458,382**
Accumulated depreciation						
Balance at 1 April 2020	96,198,283	66,792,980	3,633,902	22,647,493	--	189,272,658
Charge for the year	10,825,396	7,451,260	--	8,539,535		26,816,191
Transfer to assets held for sale(i)	(1,264,793)	(2,740,524)	--	(7,853,455)	--	(11,858,772)
Balance at 31 March 2021	**105,758,886**	**71,503,716**	**3,633,902**	**23,333,573**	--	**204,230,077**
Charge for the year	9,121,977	**7,696,242**	--	**2,898,407**	--	**19,716,626**
Balance at 31 March 2022	**114,880,863**	**79,199,958**	**3,633,902**	**26,231,980**	--	**223,946,703**
Carrying amounts:						
At 31 March 2021	**39,545,326**	**19,536,788**	--	**1,891,050**	**14,573,032**	**75,546,196**
At 31 March 2022	**31,522,412**	**16,941,616**	--	**24,047,651**	--	**72,511,679**

(i) During the year ended 31 March 2021, the Group entered into a sale agreement to sell certain equipment, furniture and leasehold improvements with effect from 15 May 2021 and with a carrying value of SR 4.67 million at a consideration of SR 5.01 million. Accordingly, these assets have been classified as held for sale in the statement of financial position as at 31 March 2021.

11. Development properties

	Notes	31 March 2022	31 March 2021
Cost			
Balance at the beginning of the period / year		--	--
Transferred from investment properties	*8, (A)*	269,403,007	--
Additions during the year		23,450,443	--
Balance at the end of the year		292,853,450	--
Net book value		292,853,450	--

i. This represents the carrying value of piece of land transferred from investment properties due to a change in the intended use of the land to development and sale in normal course of business. The Group does not expect to complete and sell the development property in the next twelve months.

12. Investment in equity accounted investee and others

	Note	31 March 2022	31 March 2021
Investment in a Joint venture	*12A*	63,783,826	--
Investment in a real estate fund at FVTPL (ii)	*12B*	6,597,972	5,975,840
		70,381,798	**5,975,840**

A. Investment in a Joint venture

Name of an entity	**31 March 2022**	**31 March 2021**
FAS Lab Holding Company	63,783,826	--
	63,783,826	--

This represents a 50% equity investment in the share capital of FAS Lab Holding Company, a limited liability company incorporated in the Kingdom of Saudi Arabia, which is engaged primarily in leading the digital initiatives of the Group including but not limited to providing the malls' visitors and shoppers with a specialized and advanced loyalty program, simplified and innovative consumer financing solutions and an e-commerce platform.

i. Reconciliation of carrying amount

	Opening balance	Additions	Share in losses	Dividends	Ending balance
31 March 2022	--	78,828,227	(15,044,401)	--	63,783,826

ii. Summarized financial statements

	31 March 2022
Assets	267,709,353
Liabilities	(133,385,334)
Net Assets	134,324,019
Revenue	133,145,330
Loss from continuing operations	(38,339,655)
Total comprehensive loss	(37,851,576)
Loss For the year attributable to shareholders of the company	(30,088,802)

12. Investment in equity accounted investee and Others (Continued)

B. Investment in a real estate fund at FVTPL

Name of the real estate fund	31 March 2022	31 March 2021
Al Jawhara Real Estate Fund *(i)*	6,597,972	5,975,840
Balance at 31 March 2022	**6,597,972**	**5,975,840**

(i) This represents 0.25% equity investment in Al Jawhara Real Estate Fund (formerly known as Digital City Fund) (68 units each for SR 100,000) purchased for SR 6.8 million. As at 31 March 2022, the net asset value (NAV) of the investment amounted to SR 6.5 million (31 March 2021: SR 5.9 million). An unrealized gain amounting to SR 0.62 million has been recognized in the consolidated statement of profit or loss (31 March 2021: loss of SR 0.28 million).

Reconciliation of carrying amount

	Investments at FVTPL	Investments at FVOCI	Total
Balance at 1 April 2020	6,264,375	98,199,000	104,463,375
Revaluation adjustments			
Unrealized loss to consolidated Profit or loss	(288,535)	--	(288,535)
Unrealized loss to consolidated OCI	--	54,455,273	54,455,273
Movement			
Disposals	--	(152,654,273)	(152,654,273)
Balance at 31 March 2021	**5,975,840**	**--**	**5,975,840**
Balance at 1 April 2021	**5,975,840**	**--**	**5,975,840**
Revaluation adjustments			
Unrealized gain to consolidated Profit or loss	622,132	--	622,132
Balance at 31 March 2022	**6,597,972**	**--**	**6,597,972**

13. Accounts receivable

Accounts receivables comprise interest free net receivables due from tenants with no credit rating. Before accepting any new customer, management of the Group assesses the potential customer's credit quality and defines credit limits. Unimpaired accounts receivable are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and vast majority are, therefore, unsecured.

Reconciliation of carrying amount

	Note	31 March 2022	31 March 2021
Gross accounts receivable		419,644,140	431,919,019
Less: Impairment loss on accounts receivable	*(i)*	(180,657,894)	(184,048,213)
		238,986,246	**247,870,806**

13. Accounts receivable (continued)

i. Movement in the impairment loss allowance was as follows:

	31 March 2022	31 March 2021
Balance at 1 April	**184,048,213**	165,547,299
Impairment charge for the year	**31,158,023**	104,964,101
Write-off	**(34,548,342)**	(86,463,187)
Balance at 31 March	**180,657,894**	184,048,213
Amounts directly charged to consolidated profit and loss *(a) - Impairment of accrued revenue*	**25,190,353**	**33,399,074**

Please refer to Note *30C* for ageing of unimpaired accounts receivable.

a) It represents release of unamortized portion of rent free period / lease straight lining to profit or loss on account of termination of lease.

14. Related party transactions and balances

For the purpose of these consolidated financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, and vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities. Balances and transactions between the Company and its subsidiaries, which are related parties within the Group, have been eliminated on consolidation

A. Key management personnel compensation

The remuneration of directors and other key management personnel (‘KMP’) are as follow:

	31 March 2022	31 March 2021
End of service benefits	**2,524,989**	3,189,786
Salaries and short-term benefits	**14,681,500**	15,841,304
Other remuneration and benefits	**26,102,213**	9,319,621
Total key management compensation	**43,308,702**	**28,350,711**

B. Related party transactions and balances

I - Related party balances are presented in the consolidated statement of financial position as follows:

	31 March 2022	31 March 2021
Amount due from related parties	**325,270,527**	379,445,963
Amount due to related parties	**--**	(162,319)
	325,270,527	**379,283,644**

14. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

II - During the year, the Group transacted with its related parties. The terms of those transactions are approved by management/Board of Directors in the ordinary course of business. The significant transactions and the related amounts are as follows:

			Transactions					
Name of related party	***Notes***	**Business status**	**Renting of retail and office space services rendered**	**Security services rendered**	**Transfer of Zakat payable**	**Others**	**Total**	**Due from related parties**
31 March 2022								
Transactions with ultimate shareholder								
Saudi FAS Holding Company	*(i)*	Closed Joint Stock Company	**1,980,812**	--		**36,229,922**	**38,210,734**	**47,146,009**
Transactions with fellow subsidiaries (subsidiaries of shareholder)								
FAS Holding Company for Hotels and its subsidiaries	*(ii)*	Limited Liability Company	--	--	--	**218,982,570**	**218,982,570**	--
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	*(iii)*	Joint Stock Company	**375,391,063**	--	--	--	**375,391,063**	**129,377,038**
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	*(iv)*	Joint Stock Company	**27,758,647**	--	--	--	**27,758,647**	**3,026,229**
Salman & Sons Holding Co and its associates	*(v)*	Limited Liability Company	**52,646,187**	--	--	--	**52,646,187**	**38,847,672**
Majd Al Amal Co. Limited and its associates	*(vi)*	Limited Liability Company	**22,887,263**	--	--	--	**22,887,263**	**33,248,863**
Tadaris Alnajd Security Company	*(vii)*	Limited Liability Company	--	**51,093,917**	--	--	**51,093,917**	**20,840,813**
Ezdihar Holding Co and its subsidiaries	*(viii)*	Limited Liability Company	**44,856,125**	--	--	--	**44,856,125**	**43,892,560**
Others, net	*(ix)*	Limited Liability Company	**5,196,892**	--	--	--	**5,196,892**	**8,891,343**
			530,716,989	**51,093,917**	--	**255,212,492**	**837,023,398**	**325,270,527**
31 March 2021								
Transactions with ultimate shareholder								
Saudi FAS Holding Company	*(i)*	Closed Joint Stock Company	3,449,751	--	(20,319,528)	--	(16,869,777)	--
Transactions with fellow subsidiaries (subsidiaries of shareholder)								
FAS Holding Company for Hotels and its subsidiaries	*(ii)*	Limited Liability Company	--	--	--	131,340,000	131,340,000	218,982,570
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	*(iii)*	Joint Stock Company	359,963,174	--	--	--	359,963,174	81,369,641
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	*(v)*	Limited Liability Company	21,395,241	--	--	--	21,395,241	28,947,242
Salman & Sons Holding Co and its associates	*(viii)*	Limited Liability Company	33,433,898	--	--	--	33,433,898	23,588,248
Majd Al Amal Co. Limited and its associates	*(iv)*	Joint Stock Company	23,842,530	--	--		23,842,530	8,855,548
Tadaris Alnajd Security Company	*(vii)*	Limited Liability Company	--	67,766,094	--	--	67,766,094	8,825,690
Ezdihar Holding Co and its subsidiaries	*(vi)*	Limited Liability Company	36,845,540	--	--	--	36,845,540	6,741,667
Others, net	*(ix)*	Limited Liability Company	5,834,529	--	--	--	5,834,529	1,973,038
			484,764,663	**67,766,094**	**(20,319,528)**	**131,340,000**	**663,551,229**	**379,283,644**

14. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

III - Information about the fellow subsidiaries and their relationship

I. Saudi FAS Holding Company is the ultimate parent of the Company via assignment of shares by the Company's immediate parent company (FAS Real Estate Company Limited). The Company has various transactions with its ultimate parent in relation to ongoing business support activities provided by the ultimate parent.

II. FAS Holding Company for Hotels is a subsidiary of the Company's ultimate parent Saudi FAS Holding Company. During the year, as per mutual agreement between Saudi FAS Holding Company (Ultimate Parent Company), FAS holding Company for Hotels and Arabian Centres Company, FAS Hotels settled the amount by transferring lands of SR 85 million to the Group (Refer note 8) and cash received of SR 133 million. The title of these lands are in the name of Saudi FAS Holding Company (Ultimate Parent Company) and transfer of title deeds are in the process.

III. Fawaz Abdulaziz Al Hokair Company, a subsidiary of the Company's ultimate parent Saudi FAS Holding Company, is one of the Group's Key Account Tenants and leases stores in various of the Company's malls. The Company is party to a framework agreement with Fawaz Abdulaziz Al Hokair Company which aims to ensure that all tenancy leases between the parties for all of the Company's malls are conducted on a basis which are approved by the management / Board of Directors.

IV. Abdul Mohsin Al Hokair Group for Tourism and Development leases space for indoor and outdoor family entertainment centres in the Group's shopping malls. These leases range from 5 to 10 years in length. Abdul Mohsin Al Hokair and Tourism and Development is owned by a relative of the Controlling Shareholders.

V. Salman & Sons Holding Co and its associates is a mix of entities which leases spaces in several of the Group's shopping malls mainly for entertainment purposes. These entities are owned by the controlling shareholder (Salman Abdulaziz Alhokair) and their close family members. These are as follows:

- Sala Entertainment Company leases space for an indoor soft play entertainment venue in the Company's shopping malls. The leases are for a term of 10 years.
- Kids Space Company leases space in the Mall of Arabia (Jeddah) for 'Kidzania', a children's interactive play centre. The term of the lease is ten years, with renewal unless one party gives notice. The lease contains turnover rent provisions and rent escalation mechanics.
- Via Media, Vida first for beverages Est., Vida Trading Est. and Fashion District Co. leases spaces in several of the Group's shopping malls. The term of the leases range from 1 to 3 years.
- Skills Innovative Games leases space for entertainment venues in Yasmeen Mall Jeddah. The term of the lease is approximately 10 years.

VI. Majd Al Amal Co. Limited and its associates is a mix of entities which leases spaces in several of the Company's shopping malls. The term of the leases range from 3 to 7 years. The Company is owned by close family members of the Controlling Shareholders. Entities includes Majd Al Amal Co. limited, Wealth Company Limited, Almuzn Foods and Sarya Al Majd Co.

VII. Tadaris Alnajd Security Company (TNS) currently provides security services to all of the Company's shopping malls. The entity is owned by the controlling shareholder (Salman Abdulaziz Alhokair) and his close family members. The Company entered into a civil security services agreement with TNS providing that TNS provides civil security services in the malls, which includes the provision of security guards and other security personnel and security vehicles. The agreement is automatically renewable by mutual consent .

VIII. Ezdihar Holding Co and its subsidiaries is a mix of entities which leases spaces in several of the Company's shopping malls mainly for trading purposes. These entities are owned by close family members of the Controlling Shareholder (Fawaz Abdulaziz Alhokair) and their close family members.

14. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

These are as follows:

- Next Generation Company Limited currently leases cinemas and space planned for cinemas in the Company's shopping malls.

- Ezdihar Sports Co. leases space for a fitness centres in U-Walk. The term of the lease range is approximately 10 years.

IX. Others mainly include transactions with Etqan Facilities Management, Echo Design Consultant, Fahad Abdulaziz Al Hokair Trading EST, FAS Technologist Trading Company, Coffee Centres Company Limited, Nail Place Trading Est and Food and Entertainment company Limited.

C. Advances to a contractor

Advances to a contractor represents advance paid to Lynx Contracting Company (formerly known as Fawaz Abdulaziz Al Hokair & Partners Real Estate Company) for the construction of shopping malls, which are under various stages of completion.

			Construction work services received		Balances	
Name of related party	**Business status**	**Relationship**	**2022**	**2021**	**31 Mar 2022**	**31 Mar 2021**
Lynx Contracting Company	Limited Liability	Affiliate	**711,920,602**	**370,293,611**	**595,352,020**	**582,469,359**

With the consent of the shareholders of the Company, the Company has signed framework agreement for the construction of all projects are awarded to other related party Lynx Contracting Company (formerly known as Fawaz Abdulaziz Al Hokair & Partners Real Estate Company).

15. Prepayments and other assets

	31 March 2022	**31 March 2021**
Advances to suppliers	**57,632,815**	92,991,316
Prepaid expenses	**26,741,864**	21,845,811
Employees' receivables	**3,370,748**	3,495,328
Profit rate swaps used for hedging	**5,081,126**	--
Others	**105,329,183**	3,626,584
	198,155,736	121,959,039
Less: Non-current advances	**)17,500,000(**	(22,500,000)
	180,655,736	**99,459,039**

16. Cash and cash equivalents

	Note	**31 March 2022**	**31 March 2021**
Bank balances – current accounts		**423,520,640**	548,856,924
Cheques under collection		**131,434,993**	--
Cash in hand		**1,172,117**	1,122,083
Bank balances – time deposits	*(i)*	**--**	85,690,914
		556,127,750	**635,669,921**

i. The average rate on bank time deposits during the year ranges from 0.2% to 0.6% (2021: 0.43% to 0.71%) per annum with an average maturity of 30 to 106 days.

All amounts are presented in Saudi Riyals unless otherwise stated.

17. Share capital

On 14 Rajab 1440H (corresponding to 21 March 2019), the general assembly of shareholders approved an increase in the share capital of the Company from SR 4,450 million to SR 4,750 million through the proceeds received from the initial public offering of the Company. All legal formalities required to enforce the increase in the share capital were completed during the year ended 31 March 2020. The movement in share capital and share premium are as follows:

	No. of shares	Share capital	Share premium
Balance at 31 March 2021	475,000,000	4,750,000,000	411,725,703
Balance at 31 March 2022	475,000,000	4,750,000,000	411,725,703

18. Reserves

Statutory reserve

In accordance with Company's by-laws and regulation for Companies, the Company must transfer 10% of its profit for the year to the statutory reserve. In accordance with Company's by-laws and regulation for Companies, the Company may resolve to discontinue such transfers when the reserve totals 30% of the capital. The reserve is not available for distribution. The reserve would be set aside based on the annual consolidated financial statements.

Other reserves

Other reserves include fair value reserve, hedging reserve and reserve for actuarial gain/loss of employees' end-of-service benefits.

19. Dividends distribution

31 March 2022

i. During the year, the Board of Directors resolved to distribute an interim dividend for the second half of the year ended 31 March 2021 amounting to SR 0.75 per share, aggregating to SR 356,250,000 as per resolution dated 15th Ramadan 1442H (corresponding to 27 April 2021). The Company has paid the dividends during the year.

ii. During the year, the Board of Directors have resolved to distribute interim dividends for the year ending 31 March 2022 amounting to SR 0.75 per share aggregating to SR 356,250,000 as per resolution dated 20th Jumada Al-Thani 1443H (corresponding to 23 January 2022). The Company has paid the dividends during the year.

31 March 2021

i. During the year ended 2021, the Board of Directors resolved to distribute final dividends amounting to SR 0.50 per share aggregating to SR 237,500,000 as per resolution dated 22 Dhul Qadah 1441H (corresponding to 13 July 2020) and was approved by shareholders on 30 September 2020. The Company paid the dividends during the year.

ii. During the year ended 2021, the Board of Directors resolved to distribute interim dividends amounting to SR 0.50 per share aggregating to SR 237,500,000 as per resolution dated 14th Jumada Al-Awwal 1442H (corresponding to 29 December 2020). The Company paid the dividends during the year.

All amounts are presented in Saudi Riyals unless otherwise stated.

20. Loans and borrowings

	Note	31 March 2022	31 March 2021
Islamic facility with banks *(i)*		**2,669,952,315**	5,143,177,982
Sukuk *(ii)*		**5,121,221,267**	1,837,482,270
	20 B	**7,791,173,582**	**6,980,660,252**
Loans and Borrowings - Current liabilities		**277,570,313**	119,375,000
Loans and Borrowings - Non current liabilities		**7,513,603,269**	6,861,285,252
		7,791,173,582	**6,980,660,252**

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note *30.*

A. Terms and repayment

i. The Group entered into a long-term Islamic facility arrangement amounting to SR 5,250 million (equivalent USD 1,400 million), with local and international banks. This facility is divided into a Murabaha facility up to SR 500 million (maturing in 12 years), Ijara facilities up to SR 4,000 million (maturing in 8 and 12 years), and Revolving Murabaha up to SR 750 million (maturing in 3 years). These facilities are fully utilized as at reporting date except revoloving Murahaba facility.

The long-term loan is repayable in unequal semi-annual instalments and are subject to commission rates based on SIBOR/LIBOR plus an agreed commission rate. In order to reduce its exposure to commission rate risks the Group has entered into an Islamic profit rate swap for portion of its long-term loan. For details refer *note 30*.

The facilities are secured by insurance policies, proceeds of rental income, and land and buildings of several malls. However, formalities relating to registration of security documents are under process.

The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained. These facilities were fully utilized by the company during the financial year ended 31 March 2021.

During the year ended 31 March 2022, in addition to the scheduled semi-annual repayment of SR 45 million, the Company made voluntary repayments of SR 202 million against the Murabaha facility, SR 1,617 million against the Ijara facility, and SR 750 million to fully repay the Revolving Murabaha facility.

ii. Sukuks

a) On 20 November 2019, Arabian Centres Sukuk Limited (a special purpose company established for the purpose of issuing Sukuk) completed the issuance of an International USD denominated Shari'ah compliant Sukuk "Sukuk Certificates" amounting to USD 500 million (equivalent SR 1,875 million), at a par value of USD 0.2 million each, annual yield of 5.375% payable semi-annually and a maturity in five years. Sukuk Certificates may be subject to early redemption at the option of the Company as per certain specified conditions mentioned in the Sukuk Certificate.

b) On 7 April 2021, Arabian Centres Sukuk II Limited (a special purpose company established for the purpose of issuing Sukuk) completed the issuance of a Five and half year International USD denominated Shari'ah compliant Sukuk "Sukuk II Certificates" amounting to USD 650 million (equivalent SR 2,437.5 million), at a par value of USD 0.2 million each, annual yield of 5.625% payable semi-annually. On 28 July 2021, the Company issued additional Sukuk II certificates amounting to USD 225 million (equivalent SR 843.75 million), at a premium of 4.75%. These certificates are secured by the proceeds of rental income of certain malls. Sukuk Certificates may be subject to early redemption at the option of the Company as per specified conditions mentioned in the Sukuk Certificate.

All amounts are presented in Saudi Riyals unless otherwise stated.

20. Loans and borrowings (continued)

B. Reconciliation of carrying amount

	Notes	**Islamic facility with banks**	**Sukuk**	**Total**
Balance at 1 April 2020		5,249,993,272	1,874,950,000	7,124,943,272
Repayments made during the year		(45,000,000)	--	(45,000,000)
	(i)	5,204,993,272	1,874,950,000	7,079,943,272
Un-amortized transaction costs	*(ii)*	(61,815,290)	(37,467,730)	(99,283,020)
Balance at 31 March 2021		**5,143,177,982**	**1,837,482,270**	**6,980,660,252**
Balance at 1 April 2021		**5,204,993,272**	**1,874,950,000**	**7,079,943,272**
Proceeds received during the year		**175,000,000**	**3,281,250,000**	**3,456,250,000**
Repayments made during the year		**(2,656,577,603)**	**--**	**(2,656,577,603)**
	(i)	**2,723,415,669**	**5,156,200,000**	**7,879,615,669**
Un-amortized transaction costs	*(ii)*	**(53,463,354)**	**(67,890,041)**	**(121,353,395)**
Deferred Sukuk premium	*(iii)*	**--**	**32,911,308**	**32,911,308**
Balance at 31 March 2022		**2,669,952,315**	**5,121,221,267**	**7,791,173,582**

i. Below is the repayment schedule of the outstanding long-term loans:

	Islamic facility with banks	**Sukuk**	**Total**
31 March 2021			
Within one year	119,375,000	--	119,375,000
Between two to five years	1,944,376,272	--	1,944,376,272
More than five years	3,141,242,000	1,874,950,000	5,016,192,000
	5,204,993,272	1,874,950,000	**7,079,943,272**
31 March 2022			
Within one year	**277,570,313**	**--**	**277,570,313**
Between two to five years	**585,190,625**	**1,874,950,000**	**2,460,140,625**
More than five years	**1,860,654,731**	**3,281,250,000**	**5,141,904,731**
	2,723,415,669	**5,156,200,000**	**7,879,615,669**

ii. Un-amortized transaction costs movement is as follows:

	Notes	**Islamic facility with banks**	**Sukuk**	**Total**
Balance at 1 April 2020		61,490,717	47,709,478	109,200,195
Arrangement fees paid		8,659,934	--	8,659,934
Amortization for the year	*27E*	(7,265,298)	(8,963,487)	(16,228,785)
Capitalized arrangement fees		(1,070,063)	(1,278,261)	(2,348,324)
Balance at 31 March 2021		**61,815,290**	**37,467,730**	**99,283,020**
Balance at 1 April 2021		**61,815,290**	**37,467,730**	**99,283,020**
Arrangement fees paid		**--**	**48,857,946**	**48,857,946**
Amortization for the year	*27E*	**(6,931,111)**	**(15,428,249)**	**(22,359,360)**
Capitalized arrangement fees		**(1,420,825)**	**(3,007,386)**	**(4,428,211)**
Balance at 31 March 2022		**53,463,354**	**67,890,041**	**121,353,395**

All amounts are presented in Saudi Riyals unless otherwise stated.

20. Loans and borrowings (continued)

iii. Deferred Sukuk premium

This represents the premium received on further issuance of Sukuk II (i.e. Issue price less face value of the certificate) and is amortized over the life of the instrument using the effective interest rate at the date of initial recognition of the instrument. Movement is as follows:

	Islamic facility with banks	Sukuks	Total
Balance at 1 April 2021	--	--	--
Addition during the year	--	**40,078,125**	**40,078,125**
Amortization for the year	--	**(7,166,817)**	**(7,166,817)**
Balance at 31 March 2022	--	**32,911,308**	**32,911,308**

21. Employee benefits

The Group grants end-of-service benefits (benefit plan) to its employees taking into consideration the local labor law requirements in KSA. The benefit provided by this benefit plan is a lump sum based on the employees' final salaries and allowance and their cumulative years of service at the date of the termination of employment.

The benefit liability recognized in the consolidated statement of financial position in respect of defined benefit end-of-service plan is the present value of the DBO at the reporting date.

The DBO is calculated periodically by qualified actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using yields on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation (equivalent to a duration of around 12 years). In countries where there is no deep market in such bonds, the market rates on government bonds are used. As there are insufficient corporate and government bonds in the Kingdom to generate a credible discount rate, the discount rate has instead been based on US Treasury bonds adjusted for country differences between the US and Saudi Arabia.

Re-measurement amounts of actuarial gains and losses on the DBO, if any, are recognized and reported within other reserves under the consolidated statement of comprehensive income and in the consolidated statement of changes in equity.

A. Movement in employee benefits liability

	31 March 2022	31 March 2021
Balance at 1 April	**21,673,040**	30,370,714
Total amount recognized in the consolidated statement of profit or loss		
Past service cost	**101,099**	--
Current service cost	**6,185,415**	6,334,716
Interest cost	**664,681**	914,175
	6,951,195	7,248,891
Amount recognized in the consolidated statement of comprehensive income		
Actuarial gain arising from		
– other assumptions and experience adjustments	**(649,885)**	(3,069,871)
Benefits paid	**(2,536,775)**	(12,876,694)
Balance at 31 March	**25,437,575**	**21,673,040**

All amounts are presented in Saudi Riyals unless otherwise stated.

21. Employee benefits (continued)

B. Significant actuarial assumptions

The significant actuarial assumptions used were as follows:

	31 March 2022	31 March 2021
Economic assumptions		
Gross discount rate	**3.45%**	**3.2%**
Withdrawal rate	**10%**	**10%**
Salary growth rate	**3%**	**3%**
Retirement age	**60**	**60**

C. Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions made in the calculation is as follows:

	31 March 2022		31 March 2021	
	Increase	Decrease	Increase	Decrease
Salary inflation (1% movement)	**28,038,392**	**23,164,657**	23,889,878	19,736,467
Discount rate (1% movement)	**23,194,195**	**28,053,339**	19,757,337	23,908,461
Withdrawal rate (20% movement)	**24,542,751**	**26,345,043**	20,903,100	22,473,896

22. Accounts payable and other liabilities

	Notes	31 March 2022	31 March 2021
Accounts payable			
Accounts payable	*(i)*	**135,545,542**	164,525,699
		135,545,542	164,525,699
Other liabilities			
Accrued finance cost	*(iii)*	**152,188,605**	87,356,027
Tenants' security deposits	*(ii)*	**93,374,649**	57,964,566
Accrued expenses		**76,003,556**	60,976,225
Employees' salaries and benefits		**35,073,462**	24,241,134
Government duties & taxes		**23,575,023**	8,955,780
Profit rate swaps used for hedging	*30*	**--**	1,082,698
		380,215,295	240,576,430
Accounts payable and other liabilities		**515,760,837**	**405,102,129**

i. Accounts payable are amounts which are owed to suppliers for the purchase of goods or services. The amounts are unsecured and are usually paid within 30 to 60 days of recognition.

ii. Non-current portion of tenants' security deposits aggregating to SR 53.58 million (31 March 2021: SR 69.45 million) are disclosed as other non-current liabilities.

iii. Movement in accrued finance cost is as follows:

	Note	31 March 2022	31 March 2021
Balance at beginning of the year		**87,356,027**	101,061,998
Commission expense	*27E*	**145,816,859**	155,560,061
Reimbursement of commission on Sukuk II		**14,633,787**	--
Payment of finance costs		**(313,185,149)**	(292,694,175)
Capitalized finance costs		**217,567,081**	123,428,143
Balance at end of the year		**152,188,605**	**87,356,027**

All amounts are presented in Saudi Riyals unless otherwise stated.

23. Contract balances

i) Unearned revenue represents cash received against services to be performed or goods to be delivered by the Group in the future. At the end of each accounting period, adjusting entries are made to recognize the portion of unearned revenue that has been earned during the year.

ii) Accrued revenue represents the following:

	31 March 2022	31 March 2021
Unamortized portion of lease incentives		
- discounts	**131,886,263**	312,592,014
- rent free period and straight-lining	**227,923,477**	199,500,875
	359,809,740	**512,092,889**
Presented in statement of financial position as follows:		
Accrued revenue – non-current portion	**239,873,160**	341,395,259
Accrued revenue – current portion	**119,936,580**	170,697,630
	359,809,740	**512,092,889**

24. Zakat

A. Amounts recognized in consolidated statement of profit or loss

	Note	31 March 2022	31 March 2021
Zakat charge / (reversal)			
- Current year		**41,992,138**	25,000,000
- Prior year		**(2,222,215)**	--
Prior years reversal	*24C(ii)*	**--**	(38,641,266)
		39,769,923	**(13,641,266)**

Computation of zakat charge is as follows:

	31 March 2022	31 March 2021
Shareholders' equity and other payables	**17,494,036,375**	16,270,216,874
Adjusted net income	**523,501,872**	583,639,718
Deductions	**(16,337,852,731)**	(15,860,696,524)
Zakat base	**1,679,685,516**	993,160,068
Zakat at 2.5% (higher of adjusted net income or Zakat base)	**41,992,138**	**25,000,000**

B. Reconciliation of carrying amount

	Note	31 March 2022	31 March 2021
Balance at beginning of the year		**24,278,533**	78,524,952
Current year zakat charge	*24A*	**41,992,138**	25,000,000
Prior years reversal	*24C(ii)*	**(2,222,215)**	(38,641,266)
Transferred to ultimate parent company		**--**	(20,319,528)
Payments		**(22,860,734)**	(20,285,625)
Balance at end of the year		**41,187,722**	**24,278,533**

All amounts are presented in Saudi Riyals unless otherwise stated.

24. Zakat (Continued)

C. Status of assessment

i. Status of zakat assessments is as follows:

- The Group has submitted the zakat return up to the year ended 31 March 2021 and obtained the provisional zakat certificate. The zakat certificate is valid until 31 July 2022.

- Until the year ended 31 March 2019, the Ultimate Parent Company prepared and submitted combined zakat returns for the Ultimate Parent Company and its wholly owned subsidiaries, including Arabian Centres Company, to Zakat, Tax and Customs Authority as per Zakat, Tax and Customs Authority letter. The ultimate parent Company has received final assessment order for zakat until the year 31 March 2016.

ii. The Ultimate parent company has allocated SR 38.66 million as Group's share of Zakat liability for the years 2017 to 2019. The group has Zakat provision of SR 77.3 million for the years 2017 to 2019. Accordingly, the Group has recorded the reversal of excess provisions in the consolidated statement of profit or loss for year ended 31 March 2021. Any additional settlements with Zakat, Tax and Customs Authority until the years 2019 will be borne by ultimate parent company.

25. Revenue

	Note	**31 March 2022**	**31 March 2021**
Rental income	*(i)*	**1,881,682,954**	1,736,243,466
Service and management charges income		**96,922,520**	89,577,726
Commission income on provisions for utilities for heavy users, net		**4,278,194**	2,771,570
Turnover rent		**54,601,964**	27,766,071
		2,037,485,632	**1,856,358,833**

i. Rental income includes related maintenance and insurance costs of Malls' premises included as a part of rent for each of the tenants.

Group as a lessor:
The Group has entered into operating leases on its investment properties portfolio consisting of various buildings. These leases have terms of between 1 to 5 years. Leases include a clause to enable upward revision of the rental charge depending on the lease agreements. Future minimum rentals receivable under non-cancellable operating leases as at the end of the reporting periods are as follows:

	31 March 2022	**31 March 2021**
Within one year	**1,711,178,874**	1,918,964,222
After one year but not more than five years	**1,914,060,983**	2,438,912,279
More than five years	**410,990,333**	600,834,616
	4,036,230,190	**4,958,711,117**

All amounts are presented in Saudi Riyals unless otherwise stated.

26. Direct costs

	31 March 2022	31 March 2021
Utilities expense	121,704,409	103,718,959
Security expense	50,501,782	67,429,816
Cleaning expense	70,477,757	63,158,628
Repairs and maintenance	55,536,300	46,562,118
Employees' salaries and other benefits	35,817,540	34,233,843
Others	8,738,057	139,777
	342,775,845	**315,243,141**

27. Income and expenses

A. Other operating income

	Note	31 March 2022	31 March 2021
Waiver of amount payable to disposed subsidiaries	*34*	18,129,016	--
Compensation received from landlord		3,750,000	10,750,000
Commission income on bank deposits		2,042,165	4,698,264
Gain on lease termination		999,000	--
Change in fair value of other investments	*12*	622,132	--
Foreign exchange gain		722,619	256,610
Gain on assets held for sale		429,474	--
Rental concession on leases	*9B*	--	76,703,029
Income from sale of equity accounted investment		--	42,767,629
Reversal of liability no longer payable	*(i)*	--	6,840,105
Dividend income		--	2,857,500
Other income		730,929	743,201
		27,425,335	**145,616,338**

i. Represents long aged deposits which are no longer payable.

B. Advertisement and promotion expenses

	31 March 2022	31 March 2021
Sponsorship	10,068,901	9,472,295
Advertisement	5,126,665	7,616,849
Promotions	10,245,083	3,185,982
	25,440,649	**20,275,126**

C. General and administrative expenses

	Note	31 March 2022	31 March 2021
Employees' salaries and other benefits		156,263,775	109,652,095
Depreciation on property and equipment	*10*	19,716,626	26,816,191
Professional fees		22,897,256	20,021,346
Communication and internet expense		12,953,273	8,931,642
Insurance expense		10,964,722	7,477,619
Government expenses		10,231,037	4,406,172
Depreciation of right-of-use assets	*9C*	1,259,124	3,767,043
Board expenses		5,539,343	4,095,000
Maintenance		964,599	1,609,008
Others		7,526,905	4,712,281
		248,316,660	191,488,397

D. Other operating expense

	Note	31 March 2022	31 March 2021
Loss on transfer of subsidiaries	*34*	18,194,017	--
Real estate tax on purchase of investment property		12,645,300	--
Impairment loss on advances to suppliers		1,267,388	--
Change in fair value of other investments	*12*	--	288,535
Others		--	1,781,803
		32,106,705	**2,070,338**

All amounts are presented in Saudi Riyals unless otherwise stated.

27.Income and expenses (continued)

E. Finance costs over loans and borrowings

	Note	31 March 2022	31 March 2021
Commission expense,net	22	**145,816,859**	155,560,061
Amortization of upfront fees	20B(ii)	**22,359,360**	16,228,785
Deferred Sukuk premium	20B(iii)	**(7,166,817)**	--
Bank charges		**5,847,334**	1,103,599
		166,856,736	**172,892,445**

28.Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to the ordinary Shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period as all the Company's shares are ordinary shares. Diluted earnings per share is calculated by adjusting the basic earnings per share for the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	Note	31 March 2022	31 March 2021
Profit attributable to ordinary shareholders		**436,838,271**	486,659,016
Weighted average number of ordinary shares	17	**475,000,000**	475,000,000
Basic and diluted earnings per share		**0.92**	**1.02**

29.Operating segments

The Group's activities and business lines used as a basis for the financial reporting are consistent with the internal reporting process and information reviewed by the Chief operating decision maker (CODM). Management considers the operations of the Group as a whole as one operating segment as all subsidiaries engage in similar business activities.

The Group's revenue, gross profit, investment properties, total assets and total liabilities pertaining to the Group's operations as a whole are presented in the consolidated statement of financial position and in the consolidated statement of profit or loss and other comprehensive income.

All of the Group's operations are conducted in KSA. Hence, geographical information is not applicable in this case.

30.Financial instruments - fair values and risk management

A. Accounting classification and fair values

Financial instruments have been categorized as follows:

Financial Assets	Notes	31 March 2022	31 March 2021
Other investments	12	**6,597,972**	5,975,840
Other financial receivables		**17,500,000**	22,500,000
Amounts due from related parties	14B	**325,270,527**	379,445,963
Accounts receivable	13	**238,986,246**	247,870,806
Cash and cash equivalents	16	**556,127,750**	635,669,921
Profit rate swaps used for hedging	15	**5,081,126**	--
		1,149,563,621	**1,291,462,530**
Financial Liabilities			
Loans and borrowings	20	**7,791,173,582**	6,980,660,252
Lease liabilities	9B	**3,804,207,572**	3,860,533,052
Accounts payable	22	**135,545,542**	164,525,699
Tenants' security deposits	22	**146,958,481**	127,413,234
Amount due to related parties	14B	**--**	162,319
Profit rate swaps used for hedging	22	**--**	1,082,698
		11,877,885,177	**11,134,377,254**

All amounts are presented in Saudi Riyals unless otherwise stated.

30.Financial instruments - fair values and risk management (continued)

A. Accounting classification and fair values (continued)

The following table presents the Group's financial instruments measured at fair value at 31 March 2022 and 31 March 2021:

	31 March 2022				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets					
FVTPL – equity instruments					
Al Jawhara Real Estate Fund	6,597,972	--	--	6,597,972	6,597,972

	31 March 2021				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets					
FVTPL – equity instruments					
Al Jawhara Real Estate Fund	5,975,840	--	--	5,975,840	5,975,840

B. Derivatives designated as hedging instruments

As at 31 March 2022, the Group held Islamic Profit/commission Rate Swaps ("IRS") of a notional value of USD 80 million (equivalent to SR 300 million) in order to reduce its exposure to commission rate risks against long term financing. The table below shows the fair values of derivatives financial instruments, recorded as negative fair value. The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor the credit risk.

Description of the hedged items	Hedging instrument	Fair Value	31 March 2022	31 March 2021
Commission payments on floating rate loan	IRS	Positive	5,081,126	(1,082,698)

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the rate underlying a derivative contract may have a significant impact on the income or equity component of the Group.

Fair values of cash flow hedge represent the mark to market values of the Islamic Profit rate swaps as at 31 March 2022. The cash flow hedge reserve included under other reserves represents the effective portion of cash flow hedge.

All amounts are presented in Saudi Riyals unless otherwise stated.

30.Financial instruments - fair values and risk management (continued)

C. Financial risk management

The Group has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including commission rate risk, real estate risk, currency risk and commodity risk)
- Capital management risk

The Group's principal financial liabilities are loans and borrowings. The main purpose of the Group's loans and borrowings is to finance the acquisition and development of the Group's investment properties portfolio. The Group has accounts receivable, amounts due to and from related parties, accounts payable and cash and bank balances that arise directly from its operations.

i. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its leasing activities, including deposits with banks and financial institutions.

Credit risk is managed by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

Bank balances and deposits are held with local banks with sound external credit ratings.

Accounts Receivable
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and sector in which customers operate.

Each entity within the group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the entity's standard payment and delivery terms and conditions are offered. The review includes financial statements, industry information and in some cases bank references. Credits to each customer are reviewed periodically. The Group limits its exposure to credit risk by offering credit terms which are typically not longer than three months on average.

In monitoring customer credit risk, customers are grouped according to their credit characteristics trading history with the Group and existence of previous financial difficulties.

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth and unemployment rates.

30. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

i. Credit risk (continued)

Accounts Receivable (continued)
The following table provides information about the exposure to credit risk and ECLs for accounts receivable from customers as at 31 March 2022 and 31 March 2021:

	31 March 2022		
	Gross carrying amount	Weighted-average loss	Loss allowance (%)
0–90 days	**57,043,842**	**9,781,339**	**17.1%**
91–180 days	**59,102,274**	**11,242,546**	**19.0%**
181–270 days	**54,157,620**	**11,215,120**	**20.7%**
271–360 days	**45,801,646**	**12,742,090**	**27.8%**
361 –450 days	**37,627,522**	**13,228,561**	**35.2%**
451 -540 days	**22,959,442**	**9,266,082**	**40.4%**
541 –630 days	**24,675,270**	**12,051,280**	**48.8%**
631 -720 days	**18,665,285**	**11,070,752**	**59.3%**
More than 720 days	**99,611,239**	**90,060,124**	**90.4%**
	419,644,140	**180,657,894**	

	31 March 2021		
	Gross carrying amount	Weighted-average loss	Loss allowance (%)
0–90 days	64,458,039	11,979,514	18.6%
91–180 days	64,170,804	13,583,431	21.2%
181–270 days	65,728,423	15,447,076	23.5%
271–360 days	46,139,512	15,462,182	33.5%
361 –450 days	45,558,472	20,135,619	44.2%
451 -540 days	37,876,023	20,073,473	53.0%
541 –630 days	31,807,854	19,005,528	59.8%
631 -720 days	24,792,400	16,973,898	68.5%
More than 720 days	51,387,492	51,387,492	100.0%
	431,919,019	**184,048,213**	

Due from related parties
An impairment analysis is performed at each reporting date on an individual basis for the major related parties. The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from related parties (please refer to note *14B*). The Group does not hold collateral as a security. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operates. The Group evaluates the risk with respect to due from related parties as low, as majority of the related parties are owned by the same shareholders.

Financial instruments and cash deposit
Credit risk from balances with banks and financial institutions is managed by Ultimate Parent Company's treasury in accordance with the Group's policy. Cash is substantially placed with national banks with sound credit ratings. The Group does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

All amounts are presented in Saudi Riyals unless otherwise stated.

30.Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The management believes that the Group is not exposed to significant risks in relation to liquidity and maintains different lines of credit. Upon careful comparison of the financial liabilities included within the current liabilities (excluding amounts due to related parties as these could be deferred during liquidity crunch situation) with the financial assets forming part of the current assets, there seems to be a reasonably hedging position between the two categories.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Contractual maturities of financial liabilities:	Carrying amount	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
31 March 2022							
Accounts payable	**135,545,542**	**135,545,542**	**--**	**--**	**--**	**--**	**135,545,542**
Tenants' security deposits	**146,958,481**	**66,561,240**	**26,813,409**	**30,839,499**	**22,438,502**	**305,831**	**146,958,481**
Other liabilities	**263,265,623**	**263,265,623**	**--**	**--**	**--**	**--**	**263,265,623**
Lease liabilities	**3,804,207,572**	**433,492,347**	**167,789,014**	**355,693,657**	**982,828,792**	**4,139,897,350**	**6,079,701,160**
Loans and borrowings	**7,791,173,582**	**225,187,421**	**415,872,179**	**513,832,523**	**6,736,832,663**	**1,686,251,429**	**9,577,976,215**
	12,141,150,800	**1,124,052,173**	**610,474,602**	**900,365,679**	**7,742,099,957**	**5,826,454,610**	**16,203,447,021**
31 March 2021							
Accounts payable	164,525,699	164,525,699	--	--	--	--	164,525,699
Amount due to related parties	162,319	162,319	--	--	--	--	162,319
Tenants' security deposits	127,413,234	40,293,459	17,671,107	38,219,100	30,650,403	579,165	127,413,234
Other liabilities	172,573,386	172,573,386	--	--	--	--	172,573,386
Lease liabilities	3,860,533,052	364,037,743	157,833,637	326,538,899	1,011,471,503	4,453,033,818	6,312,915,600
Loans and borrowings	6,980,660,252	171,452,233	202,685,196	430,030,285	4,204,876,875	3,449,478,272	8,458,522,861
	11,305,867,942	**913,044,839**	**378,189,940**	**794,788,284**	**5,246,998,781**	**7,903,091,255**	**15,236,113,099**

All amounts are presented in Saudi Riyals unless otherwise stated.

30. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

iii. Market risk

Market risk is the risk that changes in market prices, such as currency rates and interest rates that will affect the Group's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Commission rate risk
Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group has no significant commission bearing long-term assets, but has commission bearing liabilities at 31 March 2022 and 31 March 2021. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

The following table demonstrates the sensitivity of the Group to a reasonably possible change, with all other variables held constant, of the Groups profit before zakat (through the impact on floating rate borrowings):

Gain/(loss) through the consolidated statement of profit or loss	31 March 2022	31 March 2021
Floating rate debt:		
SIBOR +100bps	**(77,917,358)**	(70,799,433)
SIBOR -100bps	**77,917,358**	70,799,433

Real estate risk
The Group has identified the following risks associated with the real estate portfolio:

- The cost of the development projects may increase if there are delays in the planning process. The Group uses advisors who are experts in the specific planning requirements in the project's location in order to reduce the risks that may arise in the planning process.
- A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property. To reduce this risk, the Group reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises from recognized assets and liabilities which are denominated in currency that is not Group's functional currency. The Group has certain US Dollar denominated financial liabilities which are not exposed to significant currency risk as Group's functional currency is pegged to US Dollar.

All amounts are presented in Saudi Riyals unless otherwise stated.

30. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

iv. Capital management risk

The Board's policy is to maintain an efficient capital base as to maintain investor, creditor and market confidence and to sustain future development of its business. The Board of Directors monitor the return on capital employed and the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

i. to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
ii. to provide an adequate return to shareholders

31. Commitments and contingencies

During the year 2020, the Group received a value added tax (VAT) assessment from the Zakat, Tax and Customs Authority (ZATCA) claiming additional VAT of SR 24.6 million and penalties of SR 40.8 million for the period from February 2018 till 31 December 2019. The penalties were waived by ZATCA based on the Royal decree No. (45089) dated 23/7/1441 (corresponding 17/3/2020).

The Group objected to the VAT assessment and has deposited SR 24.6 million under appeal. The ruling has been issued in favor of the Group by the General Secretariat of the Tax Committees (GSTC) on December 2021 and the amount paid will be refunded / adjusted against future VAT liability of the Group.

At 31 March 2021, the Group has outstanding bank guarantees of SR 91,076,025 (2021: SR 304,233) issued by a local bank.

	Note	31 March 2022	31 March 2021
Commitments			
Commitments for projects under construction	*(i)*	**3,513,755,880**	3,622,612,328
Commitments for acquisition of investment		**--**	68,856,933
Outstanding bank guarantees		**91,076,025**	304,233

i. These commitments pertain to construction of shopping malls across the Kingdom of Saudi Arabia.

32. Standards issued but not yet effective

There are no new standards issued that were effective from 1 April 2021, however, there are number of amendments to the existing standards but they do not have a material effect on the consolidated financial statements of the Group except as detailed in note 6.

A number of new pronouncements are effective for annual years beginning on or after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements:

- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)
- COVID-19 Related rent concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of accounting estimate (Amendments to IAS 8)

These amended standards and interpretations are not expected to have a significant impact on the consolidated financial statements.

All amounts are presented in Saudi Riyals unless otherwise stated.

33. Impact of covid-19

The COVID-19 pandemic, which commenced at the beginning of 2020 caused significant disruption in the economic and commercial sectors in general at both the global and local levels. The government of the Kingdom of Saudi Arabia undertook stimulus measures and launched initiatives to support the economy to reduce the adverse effects of this pandemic. On May 21, 2020, the Company announced rent relief and support packages, offered waiver of contractual base rent and service charge for all tenants from 16 March 2020 for a period of six weeks (45 days). For tenants whose stores were mandatorily closed by government decision they benefited also from the rent relief program starting the date of government closure until the earlier of (i) date of closure was lifted or (ii) 30 June 2020. Further, all escalations on the contracts was paused for two years 2020 and 2021.

Accordingly, as at 31 March 2021 management approved a total discount of **SR 579 million** which will be amortized over the remaining period of lease. The impact of rent relief for the year ended 31 March 2022 is **SR 174 million** (31 March 2021: SR 241 million).

The Group's management continues to study and follow up all the variables that affect the Group's activities, however, due to the inability to determine the time period of this pandemic and the precautionary measures and procedures as to what will emerge in the future, it is currently difficult to determine the size and extent of any financial impact accurately on the results of the Group up to the date of issuance of these consolidated financial statements. However, the Group does not anticipate any significant adverse implication in future related to the Group remaining as a going concern.

34. Disposal of subsidiaries

i) The Group transferred certain subsidiaries during the year **(Refer note 1)** to one of its shareholders. The transfer was made without any consideration and accordingly the net book value of the disposed subsidiaries of **SR 18,194,017** has been recognised as loss on transfer **(Note 27D)**.

ii) Further, the amount due to these subsidiaries of **SR 18,129,016** has been waived off the by the shareholder of the transferred subsidiaries. Consequently, the gain on waiver of liabilities has been recognized in the consolidated statement of profit and loss **(Note 27A)**.

35. Subsequent events

i) On 15 May 2022, there was partial fire outbreak at the Mall of Dahran in the Eastern Province of Saudi Arabia. The mall was closed for a short period and reopened its doors on 7 June 2022, with an exception to some damaged area that is currently under restoration. The financial impact of the incident on the Group's consolidated financial statements is not expected to exceed SAR 25 million taking into consideration the full insurance coverage policy, where the assessment of damage is under discussion with the insurance company.

ii) On 14 June 2022, the Group established two closed-end real estate funds for the purpose of developing the Jawarahat Riyadh and the Jawarahat Jeddah projects, two major projects in the Group's investment pipeline. The funds have acquired the land plots previously registered with the Company. The Company owns 100% of the unit funds and retains full rights of ownership and related control.

iii) On 29 June 2022, the Board of Directors of the Company resolved to adopt the fair value model to measure the investment properties starting from period ending 31 December 2022.

iv) On 2 July 2022, the Board of Directors have resolved to distribute dividends for second half of year ended 31 March 2022 amounting to SR 0.75 per share aggregating to SR 356,250,000. The expected date of payment will be 26 July 2022.

36. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors for issuance on 29 Dhul Qi'dah 1443H (corresponding to 28 June 2022).

Arabian Centres Company

(A Saudi Joint Stock Company)

Consolidated financial statements
For the nine-month period ended 31 December 2022

together with the **Independent Auditor's Report**

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KPMG

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Arabian Centres Company

Opinion

We have audited the consolidated financial statements of **Arabian Centres Company** ("the Company") (and its subsidiaries) (collectively referred to as "the Group"), which comprise the consolidated statements of financial position as at 31 December 2022, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-month period ended 31 December 2022, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the nine-month period then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Change in accounting policy

We draw attention to Note 6 of the consolidated financial statements which describes that the Group has changed its accounting policy for measurement of investment properties from cost to fair value model. Accordingly, the comparative information presented as at and for the year ended on 31 March 2022 has been restated. Our opinion is not modified in respect of this matter.

Emphasis of Matter - Change in reporting period

We draw attention to Note 1 of the consolidated financial statements, which describes that the Company changed its year-end from 31 March to 31 December, with effect from 5 Jumada'II 1444H (corresponding to 29 December 2022). As a result, the comparative information presented is not comparable. Our opinion is not modified in respect of this matter.

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

See Notes 7(c) and 25 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
During the nine-month period ended 31 December 2022, the Group recognized total revenue of SAR 1.69 billion (31 March 2022: SAR 2.04 billion). The Group revenue mainly consists of rental income from lease contracts. Revenue recognition is considered a key audit matter since revenue is a key measure of the Group's performance and there is a risk that revenue may be overstated resulting from the pressure management may face to achieve performance targets and without achieving revenue recognition requirements as per requirements of IFRS.	Our audit procedures, included among others: – Assessed the Group accounting policies by considering the requirements of the relevant accounting standards; – Assessed the design and implementation, and tested the operating effectiveness of both manual and automated controls over: o The accuracy and validity of the input of key terms of the contract, o Tenant's acknowledgement to the amendments of lease contracts including modified and terminated leases; and o Recognition of revenue accurately over the term of the lease contracts. – Evaluated key contractual arrangements including rental discounts by considering relevant documentation and agreements with customers; – Tested revenue recognized during the period in respect of a sample of lease contracts to assess whether revenue recognized under these contracts complies with Group's revenue recognition policy and terms of the lease contracts; – Obtained on a sample basis, accounts receivable balance confirmations from the Group's tenants and investigated any discrepancies; – Tested manual journal entries posted to the revenue accounts to identify any unusual items; – Performed cut off procedures to assess that revenue was recognised in the correct period; and – Evaluated the disclosures included in the consolidated financial statements.

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Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

<table>
<tr><th colspan="2">Fair valuation of investment properties</th></tr>
<tr><td colspan="2">See Note 7(d), 8 and 36 to the consolidated financial statements.</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>
As at 31 December 2022, the Group held investment properties with a fair value of SR 23.01 billion (31 March 2022: SR 23.97 billion) which are used for earning rentals and capital appreciation.
During the current nine-month period, the Group changed its accounting policy for subsequent measurement of investment properties from cost model to fair value model which resulted in re-statement of prior periods comparative figures.
Valuation of investment properties is considered a key audit matter since valuation of the property portfolio is a significant area of judgement, underpinned by a number of assumptions and has a high degree of estimation uncertainty, with a potentially significant range of reasonable outcomes.
The Group engaged multiple professionally qualified external valuers to fair value its property portfolio performing their work in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation Professional Standards in line with Capital Market Authority (CMA) requirements to obtain two valuations for each investment property.
The property portfolio (excluding lands) was valued using the discounted cash-flows method. The valuation of land is based on the sales comparison method.
Key inputs in the valuation process included discount rates, yield rates, contracted estimated rental values, forecasted occupancy and cost to complete expenses which are influenced by prevailing market forces and the specific characteristics of each property in the portfolio.
</td><td>
Our audit procedures, included among others:

Evaluated the experience and qualification of the real estate valuation experts appointed by management and whether the valuation approach was suitable for determining the fair value of the properties;
Verified the accuracy of the underlying data by agreeing the specific details (area, location etc.) of the investment properties as per the valuation reports with the Group records and title deeds of the investment properties;
Verified on sample basis whether property-specific current information supplied to the external valuers by management reflects the underlying property records held by the Group which have been tested during our audit;
Verified the mathematical calculation that management has taken lower of the two fair valuations for each investment property as required in line with CMA requirements;
Involved our real estate valuation specialist to assess the valuation methodology and determine whether significant assumptions including market comparability for land, discount rates, annual growth rate and yield rates for shopping malls are within an acceptable range.
Where assumptions and the resulting fair values were outside expected range or otherwise deemed unusual, we undertook further inquiries with the external valuers to challenge the assumptions; and
Evaluated the adequacy of the financial statement disclosures, including disclosure of key assumptions, judgements and sensitivities.

</td></tr>
</table>

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Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements/

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Arabian Centres Company ("the Company") and its subsidiaries ("the Group").**

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services

كي. بي. إم. جي للاستشارات المهنية
Lic No. 46 ترخيص رقم ٤٦
C.R. 1010425494 س.ت: ١٠١٠٤٢٥٤٩٤
R : 1.
KPMG
KPMG Professional Services

Hani Hamzah A. Bedairi
License No: 460

Al Riyadh, 18 Ramadan 1444H
Corresponding to: 9 April 2023

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of financial position
As at 31 December 2022

	Notes	31 December 2022	31 March 2022 Restated–Note 36	1 April 2021 Restated – Note 36
Assets				
Investment properties	8	**23,075,741,378**	23,971,829,249	23,158,687,381
Right-of-use assets		**--**	--	1,259,122
Property and equipment	10	**63,412,471**	72,511,679	75,546,196
Accrued revenue – non-current portion	23(ii)	**182,392,826**	239,873,160	341,395,259
Investment in equity accounted investee and others	12	**64,874,137**	70,381,798	5,975,840
Other non-current assets	15	**24,818,172**	17,500,000	22,500,000
Non-current assets		**23,411,238,984**	24,372,095,886	23,605,363,798
Development properties	11	**345,683,721**	292,853,450	--
Accrued revenue	23(ii)	**91,196,413**	119,936,580	170,697,630
Accounts receivable	13	**388,214,220**	238,986,246	247,870,806
Amounts due from related parties	14B	**417,815,065**	325,270,527	379,445,963
Prepayments and other assets	15	**206,384,728**	180,655,736	99,459,039
Cash and cash equivalents	16	**610,445,796**	556,127,750	635,669,921
		2,059,739,943	1,713,830,289	1,533,143,359
Asset held for sale	8A	**405,880,057**	--	4,674,647
Current assets		**2,465,620,000**	1,713,830,289	1,537,818,006
Total assets		**25,876,858,984**	26,085,926,175	25,143,181,804
Equity				
Share capital	17	**4,750,000,000**	4,750,000,000	4,750,000,000
Share premium	17	**411,725,703**	411,725,703	411,725,703
Statutory reserve	18	**722,492,544**	639,301,787	561,758,636
Other reserves	18	**16,511,299**	13,998,340	7,184,631
Retained earnings		**8,118,388,376**	7,725,921,564	7,740,533,200
Equity attributable to the shareholders of the Company		**14,019,117,922**	13,540,947,394	13,471,202,170
Non-controlling interest		**49,482,783**	44,397,258	69,619,848
Total equity		**14,068,600,705**	13,585,344,652	13,540,822,018
Liabilities				
Loans and borrowings	20	**7,433,674,604**	7,513,603,269	6,861,285,252
Lease liabilities	9	**2,383,687,028**	3,397,752,809	3,523,411,045
Employee benefits	21	**28,486,108**	25,437,575	21,673,040
Other non-current liabilities	22(ii)	**47,571,467**	53,583,832	69,448,668
Non-current liabilities		**9,893,419,207**	10,990,377,485	10,475,818,005
Loans and borrowings – current portion	20	**903,315,625**	277,570,313	119,375,000
Lease liabilities – current portion	9	**255,589,354**	406,454,763	337,122,007
Accounts payable and other liabilities	22	**459,263,679**	515,760,837	405,102,129
Amount due to related parties	14B	**6,339,458**	--	162,319
Unearned revenue	23(i)	**239,109,599**	269,230,403	240,501,793
Zakat liabilities	24B	**51,221,357**	41,187,722	24,278,533
Current liabilities		**1,914,839,072**	1,510,204,038	1,126,541,781
Total liabilities		**11,808,258,279**	12,500,581,523	11,602,359,786
Total equity and liabilities		**25,876,858,984**	26,085,926,175	25,143,181,804

*The attached notes **from 1 to 38** are an integral part of these consolidated financial statements.*

These consolidated financial statements were authorized for issue by the Board of Directors, on behalf of the Shareholders, on 8 Ramadan 1444H (corresponding to 30 March 2023) and signed on its behalf by:

Waleed Al-Rebdi	Alison Rehill-Erguven	Fawaz Al-Hokair
Chief Financial Officer	*Chief Executive Officer*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of profit or loss
For the nine-month period ended 31 December 2022

	Notes	**Nine-month period ended 31 December 2022**	Year ended 31 March 2022 *Restated Note 36*	Nine-month period ended 31 December 2021 "Pro forma" *Restated Note 36*
Revenue	*25*	**1,687,534,280**	2,037,485,632	1,518,317,628
Cost of revenue - Direct costs	*26*	**(275,997,528)**	(359,445,164)	(286,332,068)
Gross profit		**1,411,536,752**	1,678,040,468	1,231,985,560
Other operating income	*27A*	**3,572,849**	27,425,335	7,407,717
Net fair value gain / (loss) on investment properties	*8A*	**60,760,555**	(210,816,079)	(136,690,420)
Advertisement and promotion expenses	*27B*	**(28,544,793)**	(25,440,649)	(15,801,526)
General and administrative expenses	*27C*	**(207,068,519)**	(248,316,660)	(173,788,624)
Impairment loss on accounts receivable and accrued revenue rentals	*13*	**(83,315,372)**	(56,348,376)	(73,222,259)
Other operating expenses	*27D*	**(26,574,648)**	(30,324,808)	(1,259,124)
Operating profit		**1,130,366,824**	1,134,219,231	838,631,324
Finance costs over loans and borrowings	*27E*	**(146,848,717)**	(166,856,736)	(126,065,291)
Finance costs over lease liabilities	*9A*	**(102,262,967)**	(162,339,246)	(121,847,884)
Net finance costs		**(249,111,684)**	(329,195,982)	(247,913,175)
Share from loss of equity-accounted investee	*12*	**(7,159,334)**	(15,044,401)	(4,000,000)
Profit before zakat		**874,095,806**	789,978,848	586,718,149
Zakat charge	*24*	**(37,102,712)**	(39,769,923)	(8,366,222)
Profit for the period / year		**836,993,094**	750,208,925	578,351,927
Profit for the period / year is attributable to:				
- Shareholders of the Company		**831,907,569**	775,431,515	600,252,961
- Non-controlling interest		**5,085,525**	(25,222,590)	(21,901,034)
		836,993,094	750,208,925	578,351,927
Earnings per share				
Basic and diluted earnings per share	*28*	**1.75**	1.63	1.26

The attached notes from 1 to 38 are an integral part of these consolidated financial statements.

Waleed Al-Rebdi	**Alison Rehill-Erguven**	**Fawaz Al-Hokair**
Chief Financial Officer	*Chief Executive Officer*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of comprehensive income
For the nine-month period ended 31 December 2022

	Notes	Nine-month period ended 31 December 2022	Year ended 31 March 2022 *Restated Note 36*	Nine-month period ended 31 December 2021 "Pro forma" *Restated Note 36*
Profit for the period / year		**836,993,094**	750,208,925	578,351,927
Other comprehensive income/ (loss)				
Items that are or may be reclassified subsequently to consolidated statement of profit or loss:				
- Cash flow hedges – effective portion of change in fair value	*30B*	**1,962,835**	6,163,824	2,048,882
- Foreign currency translation difference of equity accounted investee	*12A*	**(923,491)**	--	--
Items that will not be reclassified to consolidated statement of profit or loss:				
- Re-measurement of defined benefit liability	*21A*	**1,473,615**	649,885	(1,154,774)
Total comprehensive income for the period / year		**839,506,053**	757,022,634	579,246,035
Total comprehensive income for the period / year attributable to:				
- Shareholders of the Company		**834,420,528**	782,245,224	601,147,069
- Non-controlling interests		**5,085,525**	(25,222,590)	(21,901,034)
		839,506,053	757,022,634	579,246,035

The attached notes from 1 to 38 are an integral part of these consolidated financial statements.

Waleed Al-Rebdi
Chief Financial Officer

Alison Rehill-Erguven
Chief Executive Officer

Fawaz Al-Hokair
Chairman

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of changes in equity
For the nine-month period ended 31 December 2022

	Notes	Share capital	Share premium	Statutory reserve	Other reserves	Retained earnings	Total	Non-Controlling interest	Total equity
		Attributable to shareholders of the Company							
Balance at 1 April 2021 – As reported		4,750,000,000	411,725,703	561,758,636	7,184,631	320,429,968	6,051,098,938	1,319,575	6,052,418,513
Impact of restatement due to change in accounting policy (note 36)		--	--	--	--	7,420,103,232	7,420,103,232	68,300,273	7,488,403,505
Balance at 1 April 2021 - Restated		4,750,000,000	411,725,703	561,758,636	7,184,631	7,740,533,200	13,471,202,170	69,619,848	13,540,822,018
Total comprehensive income for the year - Restated									
Profit for the year		--	--	--	--	775,431,515	775,431,515	(25,222,590)	750,208,925
Other comprehensive income		--	--	--	6,813,709	--	6,813,709	--	6,813,709
Total comprehensive income for the year		--	--	--	6,813,709	775,431,515	782,245,224	(25,222,590)	757,022,634
Transfers to statutory reserve		--	--	77,543,151	--	(77,543,151)	--	--	--
Transactions with shareholders of the company									
Dividends	*19*	--	--	--	--	(712,500,000)	(712,500,000)	--	(712,500,000)
Balance at 31 March 2022 – Restated (note 36)		4,750,000,000	411,725,703	639,301,787	13,998,340	7,725,921,564	13,540,947,394	44,397,258	13,585,344,652
Balance at 1 April 2022		**4,750,000,000**	**411,725,703**	**639,301,787**	**13,998,340**	**7,725,921,564**	**13,540,947,394**	**44,397,258**	**13,585,344,652**
Total comprehensive income for the period									
Profit for the period		--	--	--	--	**831,907,569**	**831,907,569**	**5,085,525**	**836,993,094**
Other comprehensive income		--	--	--	**2,512,959**	--	**2,512,959**	--	**2,512,959**
Total comprehensive income for the period		--	--	--	**2,512,959**	**831,907,569**	**834,420,528**	**5,085,525**	**839,506,053**
Transfers to statutory reserve		--	--	**83,190,757**	--	**(83,190,757)**	--	--	--
Transactions with shareholders of the company									
Dividends	*19*	--	--	--	--	**(356,250,000)**	**(356,250,000)**	--	**(356,250,000)**
Balance at 31 December 2022		**4,750,000,000**	**411,725,703**	**722,492,544**	**16,511,299**	**8,118,388,376**	**14,019,117,922**	**49,482,783**	**14,068,600,705**

The attached notes from 1 to 38 are an integral part of these consolidated financial statements.

Waleed Al-Rebdi
Chief Financial Officer

Alison Rehill-Erguven
Chief Executive Officer

Fawaz Al-Hokair
Chairman

All amounts are presented in Saudi Riyals unless otherwise stated.

	Notes	Nine-month period ended 31 December 2022	Year ended 31 March 2022 Restated – Note 36
Cash flows from operating activities:			
Profit before Zakat		**874,095,806**	789,978,848
Adjustments for:			
- Depreciation on property and equipment	10	**13,468,735**	19,716,626
- Depreciation on right-of-use assets	8	**5,550,331**	17,928,443
- Impairment loss on accounts receivable and accrued revenue rentals	13	**83,315,372**	56,348,376
- Provision for employee benefits	21A	**5,140,951**	6,951,195
- Finance cost over loans and borrowings	27E	**146,848,717**	166,856,736
- Finance cost over lease liabilities	9A	**102,262,967**	162,339,246
- Advances to suppliers written-off	27D	**3,000,000**	--
- Share of loss from equity-accounted investee and other	12A	**7,159,334**	15,044,401
- Loss on disposal of investment property	27D	**23,283,650**	--
- Fair value gain of other investments	12B	**(381,442)**	(622,132)
- Gain on disposal of other investments	12B	**(180,000)**	--
- Lease rental concession	9A	**(2,812,500)**	--
- Gain from disposal of Assets held for sale		**--**	(429,474)
- Gain on disposal of subsidiary	34	**(10,100)**	--
- Impairment on advances to suppliers		**--**	1,267,387
- Net fair value gain / (loss) on investment properties	8	**(60,760,555)**	210,816,079
		1,199,981,266	1,446,195,731
Changes in:			
- Accounts receivable		**(217,938,448)**	(22,273,463)
- Amounts due from related parties, net		**(87,981,296)**	(31,025,983)
- Prepayments and other current assets		**(34,084,330)**	(72,382,959)
- Accounts payable and other liabilities		**(2,275,759)**	25,196,659
- Accrued revenue		**71,615,604**	127,092,796
- Unearned revenue		**(30,120,804)**	28,728,610
Cash generated from operating activities		**899,196,233**	1,501,531,391
Employee benefits paid	21A	**(618,803)**	(2,536,775)
Zakat paid	24B	**(27,069,077)**	(22,860,734)
Net cash from operating activities		**871,508,353**	1,476,133,882
Cash flows from investing activities:			
Development properties	11	**(52,830,271)**	(23,450,443)
Additions to investment properties, net	8	**(508,138,246)**	(965,006,226)
Acquisition of equity-accounted investee and other		**(7,790,731)**	(78,828,227)
Acquisition of property and equipment	10	**(4,369,527)**	(16,682,109)
Proceeds from disposal of investment property		**230,528,350**	--
Proceeds from disposal of assets held for sale		**--**	5,104,121
Proceeds from disposal of other investments		**6,000,000**	--
Net cash used in investing activities		**(336,600,425)**	(1,078,862,884)

All amounts are presented in Saudi Riyals unless otherwise stated.

	Notes	**Nine-month period ended 31 December 2022**	Year ended 31 March 2022 *Restated – Note 36*
Cash flows from financing activities			
Proceeds from loans and borrowings	*20B*	**638,308,994**	3,456,250,000
Repayments of loans and borrowings	*20B*	**(102,563,584)**	(2,656,577,603)
Transaction costs paid	*20B*	**(5,118,750)**	(48,857,946)
Proceeds from Sukuk II Payable Deferred Premium	*20B*	**–**	40,078,125
Payment of finance costs over loans and borrowings	*22*	**(402,729,521)**	(298,551,362)
Repayments of lease liabilities	*9A*	**(252,237,021)**	(256,654,383)
Dividends paid	*19*	**(356,250,000)**	(712,500,000)
Net cash used in financing activities		**(480,589,882)**	(476,813,169)
Net decrease in cash and cash equivalents		**54,318,046**	(79,542,171)
Cash and cash equivalents at beginning of the year		**556,127,750**	635,669,921
Cash and cash equivalents at end of the period / year	*16*	**610,445,796**	556,127,750
Significant non-cash transactions:			
- Investment properties transferred from Saudi FAS Hotels to Arabian Centres Company	*8A*	**–**	85,039,100
- Capitalized finance cost for project under construction	*22*	**193,388,790**	217,567,081
- Capitalized arrangement fees for project under construction	*20B*	**4,055,972**	4,428,211
- Capitalized finance cost over lease liabilities for project under construction	*9A*	**25,865,912**	37,989,657
- Capitalized employee benefits for projects under construction and property and equipment		**13,062,019**	--
- Disposal of subsidiaries	*34*	**750,000**	--
- Captalized investment property paid by related party		**1,300,000**	--
- Investment in joint venture paid by related party		**222,991**	--
- Transfer of land to development property from investment property	*11*	**–**	269,403,007

The attached notes from 1 to 38 are an integral part of these consolidated financial statements.

Waleed Al-Rebdi	**Alison Rehill-Erguven**	**Fawaz Al-Hokair**
Chief Financial Officer	*Chief Executive Officer*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

1. Reporting entity

Arabian Centres Company ("the Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia ("KSA") under commercial registration numbered 1010209177 and dated 7 Rabi Thani 1426H (corresponding to 15 May 2005). The registered office is located at Nakheel District, P.O. Box 341904, Riyadh 11333, KSA.

The Company was formed on 7 Rabi Thani 1426H (corresponding to 15 May 2005) as Limited Liability Company. On 8 Muhurram 1439H (corresponding to 28 September 2017) the legal status of the Company changed from a Limited Liability Company to a Saudi Closed Joint Stock Company.

On 22 May 2019, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Stock Exchange ("Tadawul"). In connection with IPO, the Company issued 95 million of its ordinary shares for a cash payment and the legal status of the Company changed from Saudi Closed Joint Stock Company to Saudi Joint Stock Company.

The Company and its subsidiaries' (collectively referred to as "the Group") principal business objectives are to purchase lands, build, develop and invest in buildings, sell or lease of buildings and the construction of commercial buildings including demolition, repair, excavation and maintenance works. It also includes maintenance and operation of commercial centres, tourist resorts, hotels and restaurants, managing and operating temporary and permanent exhibitions, compounds and hospitals.

On 29 December 2022, the shareholders approved the change of the fiscal year of the Company to 31 December from 31 March. The change in fiscal year will not have any negative effects on the Company's financial or operational performance. As a result of the change in fiscal year, the Company has presented the consolidated financial statements for a period shorter than one year (i.e. nine-month period from 1 April 2022 to 31 December 2022). Accordingly, the amounts presented in the consolidated financial statements are not entirely comparable. The Group has included additional comparative information in the consolidated statement of profit or loss for the nine-month period ended 31 December 2021.

1. Reporting entity (continued)

Following is the list of subsidiaries included in these consolidated financial statements as at 31 December 2022 and 31 March 2022:

No	Subsidiaries	Country of incorporation	Direct ownership interest held by the Group as at:		Indirect ownership interest held by the Group as at:		Share Capital (SR)	Number of shares issued
			31 December 2022	31 March 2022	**31 December 2022**	31 March 2022		
1	Riyadh Centres Company Limited **(Note 34)**	Kingdom of Saudi Arabia	**--**	95%	**--**	5%	500,000	500
2	Al Bawarij International for Development & Real Estate Investment Company	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	500,000	500
3	Al Makarem International for Real Estate Development Company	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	500,000	500
4	Oyoun Al Raed Mall Trading	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	100,000	100
5	Oyoun Al Basateen Company for Trading	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	100,000	100
6	Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin AlHokair and Company	Kingdom of Saudi Arabia	**50%**	50%	**--**	--	500,000	500
7	Yarmouk Mall Company Limited	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	500,000	500
8	Mall of Arabia Company Limited	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	500,000	500
9	Dhahran Mall Trading Company Limited	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	500,000	500
10	Al Noor Mall Trading Company Limited	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	500,000	500
11	Al Yasmeen Mall Trading Company Limited	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	100,000	100
12	Al Dammam Mall Trading Company Limited **(Note 34)**	Kingdom of Saudi Arabia	**--**	95%	**--**	5%	100,000	100
13	Al Hamra Mall Trading Company Limited	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	100,000	100
14	Al Erth Al Rasekh Trading Company Limited	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	100,000	100
15	Derayah Destination Arabia Diversified Fund	Kingdom of Saudi Arabia	**100%**	100%	**--**	--	--	--
16	Riyad Real Estate Development Fund – Jawharat AlRiyadh ***(i)***	Kingdom of Saudi Arabia	**100%**	--	**--**	--	--	--
17	Riyad Real Estate Development Fund – Jawharat Jeddah ***(ii)***	Kingdom of Saudi Arabia	**100%**	--	**--**	--	--	--

i) During the nine-month period ended 31 December 2022, the Group invested in a newly established private real estate fund named Riyad Real Estate Development Fund – Jawharat AlRiyadh. The Group signed an agreement with Riyad Capital Company to manage the fund. The units were subscribed by transfer of a parcel of land, construction work in progress and advances to contractor to the fund with a carrying value of **SR 2,796 million.**

ii) During the nine-month period ended 31 December 2022, the Group invested in a newly established private real estate fund named Riyad Real Estate Development Fund – Jawharat Jeddah. The Group signed an agreement with Riyad Capital Company to manage the fund. The units were subscribed by transfer of a parcel of land, construction work in progress and advances to contractor to the fund with a carrying value of **SR 1,568 million.**

All amounts are presented in Saudi Riyals unless otherwise stated.

2. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants and Company's by-laws.

3. Basis of measurement

These consolidated financial statements are prepared under the historical cost convention, except for the following material items in the consolidated statement of financial position:

- Other investments at fair value
- Derivative financial instruments at fair value
- Employee end of service benefits using projected unit credit method
- Investment properties at fair value

4. Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyal ("SR"), which is the functional currency of the Company.

5. Significant accounting estimates, assumptions and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses and assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

A. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material differences in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Group used these assumptions and estimates on the basis available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment test of non-financial assets
Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

Fair value of investment properties
The fair value of investment properties is determined by using valuation techniques. For further details of the judgement and assumption made, see note 8.

5. Significant accounting estimates, assumptions and judgements (continued)

A. Estimates and assumptions (continued)

Long-term assumptions for employee benefits
Employees end-of-service benefits represent obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

Measurement of Expected Credit Loss (ECL) allowance for accounts receivable: key assumptions in determining the weighted average loss rate
The Group's exposure to credit risk is influenced mainly by the individual characteristics of the customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with other social-economic factors. Such estimates are based on assumptions relating to those factors and actual results may differ, resulting in future changes to the impairment.

B. Critical judgements in applying accounting standards

The following critical judgements have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of the reasonable certainty of exercising options of lease term extension
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

5. Significant accounting estimates, assumptions and judgements (continued)

B. Critical judgements in applying accounting standards (continued)

Determination of the incremental borrowing rate of lease liabilities

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when the need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates.

Determination of control and significant influence

i. Management's judgement in assessing control over consolidated subsidiaries:

Subsidiaries are all investees over which the Group has control. The Group's management considers that the Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has equal or less than a majority of the voting or similar rights of an investee, the Group considers all other relevant facts and circumstances in assessing whether it has power over an investee, including any contractual and other such arrangements which may affect the activities which impact investees' return.

The determination about whether the Group has power thus depends on such relevant activities, the way decisions about the relevant activities are made and the rights the Group has in relation to the investees.

In certain cases where the Group owns 50% or less of voting rights, it may still be the single largest shareholder with presence on the governing body giving it power to direct relevant activities of the investees, whereby the other shareholders individually do not hold sufficient voting rights and power to overrule the Group's directions. There is no prior instance of other shareholders collaborating to exercise their votes collectively or to out-vote the Group.

The management has considered the integration of all such investees (where the Group has equal or less than a majority of the voting rights) within the Group structure and located in cities in KSA, the ability of the Group to impact variable returns of the investees through the provision of various key services to such investees, the relationship of the Group with other entities which may impact returns of investees, appointment of certain key management personnel and various other such factors.

5. Significant accounting estimates, assumptions and judgements (continued)

B. Critical judgements in applying accounting standards (continued)

Determination of control and significant influence (continued)
Based on above considerations, management of the Group believes:

- there is a pattern of past and existing practice of the Group's involvement in the relevant activities of these investees resulting in an impact on their returns and also indicating a more than passive interest of the Group in such investees; and
- the Group has created an environment in which the set-up and function of these investees and their interrelationship with the Group leads towards a judgement of 'control'.

Hence, the Group has consolidated those investees, which meet the above criteria as part of the Group's consolidated financial statements.

ii. Management's judgement in assessing significant influence over investees:

Judgement is required, particularly where the Group owns shareholding and voting rights of generally 20% and above but where the management does not believe that it has 'control' or 'joint control' over such investee.

In case of such investee, the Group's management has concluded it has 'significant influence' in line with the requirements of IFRSs as endorsed in KSA. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee but is not 'control' or 'joint control'. IFRSs as endorsed in KSA provides various indicators of 'significant influence', including representation in the Board of Directors and participation in policymaking process.

By virtue of the Group's shareholding rights in the investee's general meetings, as well as the Group's representation on Board of Directors of such investee and the Group's involvement in operating and financial policies and decision making, management believes it has 'significant influence' over such investee ("associate").

The Group is accounting for such investment in an associate under the equity method of accounting.

6.Changes in significant accounting policies

During the period ended 31 December 2022, the Group has adopted the fair value model for subsequent measurement of its investment properties under IAS 40 as this reflects more relevant information considering the variability and changes in the underlying value of investment properties, represented by land and buildings. As required under IAS 8, the change in accounting policy has been applied retrospectively. Accordingly, the comparative information presented for 31 March 2022 and 1 April 2021 (earliest period presented) has been restated. Refer to Note 36 for details of changes in comparatives due to the change in the accounting policy. The details of the changes in accounting policies are disclosed below.

Previously, the Group measured investment properties (including investment properties held under lease), subsequent to initial recognition at cost less accumulated depreciation and any impairment in value. Land and projects under construction were not depreciated. Due to change in accounting policy, investment property (including investment properties held under lease) will be measured at fair value with any change therein recognized in profit or loss. In the case of property under construction, where the fair value is not reliably measurable, it is measured at cost less any impairment until either its fair value becomes reliably measurable or construction is substantially completed (whichever is earlier). Refer to note 7D for detailed accounting policy.

7. Summary of significant accounting policies

A. Basis of consolidation

i. Subsidiaries

Please refer to *note 5* for details on judgements applied by the Group in respect of determination of control.

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to the elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit / loss and each component of OCI are attributed to the Shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group asset and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A list of subsidiaries is provided in *note 1* which also discloses the percentage of ownership.

ii. Change in ownership interest

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests;
- derecognizes the cumulative translation differences recorded in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in the consolidated statement of profit or loss; and
- reclassifies the shareholders' share of components previously recognized in OCI to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

When the Group ceases to consolidate for an investment in subsidiary because of a loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognized in the consolidated statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in OCI in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in OCI are reclassified to the consolidated statement of profit or loss.

iii. Non-controlling interests

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of changes in equity.

7.Summary of significant accounting policies (continued)

A. Basis of consolidation (continued)

iv. Associate

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Equity method of accounting is used for the investment in an associate. Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in the consolidated statement of profit or loss, and the Group's share of movements in OCI of the investee in consolidated statement of comprehensive income, if any.

Dividends received or receivable from an associate are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions, if any, between the Group and its associate are eliminated to the extent of the Group's interest in its associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Goodwill, if any, relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss, outside operating income.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in an associate. At each reporting date, the Group determines whether there is objective evidence that the investment in an associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss as ‘share in earnings’ of an associate in the consolidated statement of profit or loss.

Upon loss of significant influence over an associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in OCI are reclassified to the consolidated statement of profit or loss where appropriate.

v. Joint Venture

A Joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to the initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and OCI of equity accounted investee, until the date on which joint control ceases.

7. Summary of significant accounting policies (continued)

B. Foreign currencies

Foreign currency transactions are translated into Saudi Riyal (SR) at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of profit or loss. Translation of non-monetary items depends on whether they are recognized at historical cost or at fair value. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in consolidated statement of comprehensive income or consolidated statement of profit or loss).

C. Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding any levies or duty.

Rental income

The Group is the lessor for various operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature, except for contingent rental income which is recognized when it arises. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, management are reasonably certain that the tenant will exercise that option. Accrued revenue is recognized to the extent that the revenue has been earned but not yet billed.

Tenant lease incentives including rental discounts are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. Unamortized portion of these incentives are classified under accrued revenue in the consolidated statement of financial position.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the consolidated statement of profit or loss when the right to receive them arises.

Turnover rent

The Group recognizes income from turnover rent on the basis of turnover reports submitted by the tenants. In the absence of reports, management makes its own assessment about the tenants achieving or exceeding the stipulated turnover in the lease contracts based on their historical performance. Revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of revenue recognized will not occur.

Service charges, management charges and other expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognized in the period in which the compensation becomes due. Service and management charges related to repairs and maintenance of the building facilities and other such receipts are included in revenue while the related costs, which are included as part of cost of revenue, as the management considers that the Group acts as a principal in this respect.

Service charges related to utilities for heavy users are presented net of the related costs and are recorded as part of "commission income on provisions for utilities for heavy users, net" under revenue in the consolidated statement of profit or loss, since the management considers that the Group acts as an agent in this respect.

7. Summary of significant accounting policies (continued)

C. Revenue recognition (continued)

Principal versus agent consideration
The Group has evaluated its arrangements to determine whether it is a principal, and report revenues on a gross basis, or an agent, and report revenues on a net basis. In this assessment, the Group has considered if it has obtained control of the specified services before they are transferred to the customer, as well as other indicators such as the party primarily responsible for fulfilment, inventory risk and discretion in establishing price. The Group has concluded it is the principal in all of its revenue arrangements (except for service charges related to utilities for heavy users – as discussed in the previous section) since it is the primary obligor, it has pricing latitude and is also exposed to credit risks.

Presentation and disclosure requirements
As required for the consolidated financial statements, the Group disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Please refer to *note 25* for the disclosure on disaggregated revenue.

Interest income
Interest income is recognized using the Effective Interest Rate ("EIR") method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original EIR.

Dividend income
Dividend income from investments is recognized when the Group's rights to receive payment have been established.

Other income
All other income is recognized on an accrual basis when the Group's right to earn the income is established.

D. Investment properties

Investment properties comprise completed properties and properties under construction or redevelopments that are held to earn rentals or for capital appreciation or both. Properties held under a lease are classified as investment properties when they are held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for administrative functions.

Investment properties are measured initially at cost, including transaction costs and where applicable borrowing costs. Transaction costs include transfer charges, professional fees for legal services and initial leasing commissions to bring the properties to the condition necessary for it to be capable of operating.

Investment properties that are obtained through a lease are measured initially at the lease liability amount adjusted for any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After initial recognition, investment properties are carried at fair value. Investment properties that are being redeveloped for continuing use as investment properties or for which the market has become less active continues to be measured at fair value. Investment properties under construction are measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Company expects the fair value of the properties will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed – whichever is earlier.

7. Summary of significant accounting policies (continued)

D. Investment properties (continued)

It may sometimes be difficult to determine reliably the fair value of the investment properties under construction. In order to evaluate whether the fair value of investment properties under construction can be determined reliably, management considers the following factors, among others:

- the provisions of the construction contract;
- the stage of completion;
- whether the project/property is standard (typical for the market) or non-standard;
- the level of reliability of cash inflows after completion;
- the development risk specific to the property;
- past experience with similar construction; and
- the status of construction permits.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

The fair value of investment properties reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the properties under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property and the fair value is reassessed.

If a valuation obtained for a property held under a lease is net of all payments expected to be made, any related lease liability recognised separately in the consolidated statement of financial position is added back, to arrive at the carrying value of the investment property for accounting purposes. Changes in fair values are recognised in the consolidated statement of profit or loss.

Investment properties is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefits is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of profit or loss in the period of de-recognition.

Transfers are made to/from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to date the date of change in use.

7. Summary of significant accounting policies (continued)

E. Property and equipment

Property and equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes all amounts necessary to bring the asset to the present condition and location to be ready for its intended use by management. Expenditures on repairs and maintenance are expensed to the consolidated statement of profit or loss in the period they are incurred. Subsequent expenditures that increase the value or materially extend the life of the related assets are capitalized. Leaseholds improvements are amortized on a straight-line basis over the shorter of the useful life of the improvement and the term of the lease.

Depreciation is calculated from the date the item of property and equipment is available for its intended use. It is calculated on a straight-line basis over the useful life of the asset as follows:

Class of asset	Number of years
Tools and equipment	4 – 8 years
Furniture and fixtures	4 – 10 years
Vehicles	4 years
Leasehold improvements	5 - 6 years (Shorter of economic life or lease term)

Residual values, useful lives and methods of depreciation of property and equipment are reviewed on an annual basis, and adjusted prospectively if appropriate, at each reporting date. Properties under construction, which are not ready for its intended use, are not depreciated.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the period when the asset is derecognized.

The carrying amounts of property and equipment is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

F. Development properties

Development properties are properties that are being developed with a view to sell. The Group's development properties arise when the Group purchase properties with an intention to sale or when there is a change in use of investment properties evidenced by the commencement of development with a view to sale. The investment properties are reclassified as development properties at their carrying amount at the date of their reclassification. They are subsequently carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less costs to complete development and selling expenses.

The operating cycle of development properties is such that the majority of development properties are held for longer period and will not be realized within twelve months.

7. Summary of significant accounting policies (continued)

G. Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, cheques under collection and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, used by the Group in the management of its short-term commitments and are available to the Group without any restriction.

H. Financial instruments

i. Recognition and initial measurement

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant finance component) or finance liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets – initial measurement

On initial measurement, a financial asset is classified as measured at: amortized cost, FVOCI – debt instrument; FVOCI – equity instrument or fair value through profit and loss (FVTPL).

Financial assets are not reclassified subsequent to initial measurement unless the Group changes the business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

7. Summary of significant accounting policies (continued)

H. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets: Business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity;
- Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose; and
- consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Subsequent measurement and gains and losses
The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at Amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment loss, if any. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments At FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss as well.

Financial liabilities: Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

7.Summary of significant accounting policies (continued)

H.Financial instruments (continued)

iii. Derecognition

Financial assets
The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognized.

Financial liabilities
The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

I. Impairment of financial instruments

The Group applies IFRS 9 simplified approach for measuring ECL, which uses a lifetime expected loss allowance. The method is applied for assessing an allowance against:
- financial assets measured at amortized cost; and
- contract assets.

Loss allowances for accounts receivable with or without significant financing component are measured at an amount equal to lifetime ECL.

Bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12-month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

7. Summary of significant accounting policies (continued)

I. Impairment of financial instruments (Continued)

ECL Model
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets
A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

– significant financial difficulty of the borrower or issuer;
– a breach of contract such as a default or being more than 720 days past due;
– it is probable that the borrower will enter bankruptcy or other financial reorganization; or
– the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

J. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its commission rate risk exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in consolidated statement of profit or loss. The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in consolidated statement of comprehensive income and accumulated in the hedging reserve under other reserves. The effective portion of changes in the fair value of the derivative that is recognized in statement of comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in consolidated statement of profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized. For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect consolidated statement of profit or loss.

7. Summary of significant accounting policies (continued)

J. Derivative financial instruments and hedge accounting (continued)

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to consolidated statement of profit or loss in the same period or periods as the hedged expected future cash flows affect consolidated statement of profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to consolidated statement of profit or loss.

Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the changes required by IBOR reform.

The Group has cash flow hedges (please refer to *note 30B*) which are exposed to the impact of LIBOR. The Group uses financial instruments as part of its risk management strategy to manage exposures arising from variation of commission rates that could affect net income or other comprehensive income and applies hedge accounting to these instruments. The Group has certain borrowings where the reference rate is linked to the LIBOR. The Group is assessing the impact to ensure a smooth transition from LIBOR to new benchmark rates.

K. Impairment of non-financial assets and liabilities

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

The Group's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU's to which the individual asset is allocated. These budgets and forecast calculations generally cover a five-year period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the budget period.

Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset.

For assets other than above, an assessment is made at each financial year-end as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is limited such that the recoverable amount does not exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

7. Summary of significant accounting policies (continued)

L.Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

M. Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

7.Summary of significant accounting policies (continued)

N. Expenses

Advertisement and promotion expenses principally comprise expenses incurred in promotion and advertisement of the shopping malls. All other expenses are classified as cost of revenues and general and administration expenses.

General and administration expenses include expenses not specifically part of the cost of revenue and promotion and advertising expenses. Allocations between general and administration expenses and cost of revenues, when required, are made on a consistent basis.

O. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of finance and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized as from the commencement of the development work until the date of practical completion, when substantially all of the development work is completed. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Borrowing costs are also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

P. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre- zakat rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognized as financial charges.

Q. Employee benefits and post-employment benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare and child education allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

ii. End-of-services benefits obligation

The Group end of service benefits qualifies as an unfunded defined benefit plan. The liability recognized in the consolidated statement of financial position is the Defined Benefit Obligation (DBO) at the reporting date.

DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For instances where there is no deep market in such bonds, the market rates on government bonds are used. The discount rate is based on government bond yields in KSA.

7. Summary of significant accounting policies (continued)

Q. Employee benefits and post-employment benefits (Continued)

ii. End-of-services benefits obligation (Continued)

The net interest cost is calculated by applying the discount rate to the net balance of the DBO. This cost is included in employees' salaries and other benefits expense in the consolidated statement of profit or loss.

Re-measurement gains and losses arising from changes in actuarial assumptions are recognized in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of profit or loss as past service costs.

The actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labor and Workmen Law as well as the Group's policy.

R. Zakat

Zakat is provided in accordance with the Regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia on an accrual basis. The zakat expense is charged to the consolidated statement of profit or loss. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

S. Dividends

The Company recognizes a liability to make a dividend distribution to the shareholders of the Company when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the applicable relevant Regulations of Saudi Arabia, a distribution is authorized when it is approved by the shareholders or when interim dividends are approved by the Board of Directors. A corresponding amount is recognized directly in equity.

T. Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee
The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the Group and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The Group measures the right-of-use assets that meet the definition of investment property using the fair value model applied to its investment property (see note 7D). Right-of-use assets linked to owner occupied buildings are measured applying the cost model relevant to that specific class of property, plant and equipment as described in note 7E and tested for impairment as described in note 7K.

7. Summary of significant accounting policies (continued)

T. Leases (Continued)

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Short-term leases and leases of low-value assets
The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19-related rent concessions
During the financial year 2021, the Group has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

As a lessor
The Group leases out its investment property. The Group has classified these leases as operating leases. Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The Group has applied IFRS 15 “Revenue from Contracts with Customers” to allocate consideration in the contract to each lease and non-lease component.

U. Segment reporting

An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses.
- results of its operations are continuously analyzed by chief operating decision maker in order to make decisions related to resource allocation and performance assessment; and
- for which discrete financial information is available.

Management considers the operations of the Group as a whole as one operating segment as all subsidiaries engage in similar business activities.

A geographical segment is a Group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. All of the Group’s operations are conducted in KSA hence only one geographic segment has been identified.

V. Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less costs to sell unless the assets are investment properties measured at fair value or financial assets in the scope of IFRS 9 in which case they are measured in accordance with those standards.

8.Investment properties

	Notes	31 December 2022	31 March 2022 Restated – Note 36
Investment properties	*8A*	**22,345,814,321**	23,366,553,661
Advance payment for projects under construction	*8B*	**729,927,057**	605,275,588
		23,075,741,378	23,971,829,249

A. Investment properties

	Notes	31 December 2022	31 March 2022 Restated – Note 36
Balance at the beginning of the period / year		**23,366,553,661**	22,576,218,022
Additions during the period / year		**620,277,916**	1,202,184,944
Disposal during the period	*(i)*	**(253,812,000)**	--
Disposal on sale of subsidiary	*34*	**(557,480,304)**	--
Impact of reassessment of lease	*9*	**(479,055,119)**	--
Transferred to development properties	*11*	**--**	(269,403,007)
Transferred from related party	*(ii)*	**--**	85,039,100
Depreciation on right-of-use asset	*(vii)*	**(5,550,331)**	(16,669,319)
Net fair value gain / (loss) on investment properties		**60,760,555**	(210,816,079)
Balance at the end of the period / year	*(vii)*	**22,751,694,378**	23,366,553,661
Presented in consolidated statement of financial position as:			
Investment properties		**22,345,814,321**	23,366,553,661
Asset held for sale	*(v)*	**405,880,057**	--
		22,751,694,378	23,366,553,661

i. During the nine-month period ended 31 December 2022, the Group disposed off the Olaya land for a total consideration of **SR 230 million** resulting in a loss on disposal of **SR 23.3 million** which has been recorded under other expenses in the consolidated statement of profit or loss.

ii. During the year ended 31 March 2022, Saudi FAS Holding Company transferred lands and buildings worth **SR 85 million** to settle the outstanding receivables from FAS Holding Company for Hotels.

iii. On 15 May 2022, there was partial fire outbreak at the Mall of Dahran in the Eastern Province of Saudi Arabia. The mall was closed for a short period and reopened its doors on 7 June 2022, with an exception to some damaged area that is currently under restoration. The impact of the fire outbreak has been factored in by the valuers in the fair value of the mall as at 31 December 2022.

iv. All leasehold interests meet the definition of an investment property and, accordingly, the Group has accounted for the right-of-use assets as part of investment property as allowed by IFRS 16. The lands are restricted to be used for commercial purposes in relation to the Group's businesses and the right to renew the lease is based on mutual agreements between the parties. If the respective leases are not renewed the land and buildings will be transferred to the lessors at the end of the lease term.

v. During the nine-month period ended 31 December 2022, the Group entered into an agreement to sell a portion of the land to a potential buyer and is in the process of completing the pre-conditions to execute the sale. Accordingly, the carrying value of the portion of land has been classified as asset held for sale under current assets. The sale transaction was completed subsequent to the period end and legal ownership was transferred.

vi. Projects under construction pertains to expenditure relating to malls which are in the course of construction as at the end of the reporting period and these are expected to be completed within 2 to 5 years. During the period ended 31 December 2022, the Group capitalized finance costs amounting to SR 223.8 million (31 March 2022: SR 259.9 million).

All amounts are presented in Saudi Riyals unless otherwise stated.

8. Investment properties (continued)

A. Investment properties(continued)

vii. The carrying amount at reporting date includes the fair value / cost for the following:

	31 December 2022	31 March 2022
	SR	SR
Shopping malls at owned lands	**11,001,779,497**	10,977,716,382
Shopping malls at leasehold lands	**6,496,382,519**	6,997,128,596
Owned lands held as investment properties	**290,359,220**	544,271,220
Projects under construction – Fair value	**4,963,173,142**	4,284,402,548
Project under construction – Carried at cost (a)	**--**	563,034,915
	22,751,694,378	23,366,553,661

a) This relates to one project under construction on leased land where the construction work stopped during prior years due to differences in lease land area. The exact timing of resumption of work was uncertain. Management therefore concluded that the fair value of this property could not be reliably determined and this property was measured at cost. During the period, the property was disposed on sale of subsidiary (Note 34). Depreciation of SR 5.6 million (31 March 2022: SR 16.7 million) has been charged on right-of-use asset to consolidated statement of profit or loss.

viii. Fair value of investment properties

a) *Fair value hierarchy*

The fair value measurement for investment property of **SR 22,752 million** (31 March 2022: SR 23,367 million) has been categorized as a level 3 fair value based on the significant unobservable inputs adopted by the valuer in the valuation technique used which are future retail rental payment terms; discount rates; capitalization rate (yields); forecasted occupancy; and cost to complete projects.

The fair value of investment properties as at the reporting dates for all properties, whether owned or leased, is determined by independent external valuers with appropriate qualifications and experience in the valuation of properties. Due to the change in accounting policy for the subsequent measurement of the investment properties, the effective dates of the valuations are 1 April 2021, 31 March 2022 and 31 December 2022 and are prepared in accordance with Royal Institution of Chartered Surveyors ("RICS") Global Standards 2020 which comply with the international valuation standards and the RICS Professional Standards.

Fair value is assessed based on the highest and best use assumption. As at 31 December 2022 and 31 March 2022, three properties were valued at highest and best use which is different to the Group's current use primarily due to initial stages of property development.

b) *Inter-relationship between key unobservable inputs and fair value measurement*

31 December 2022

Property	**Fair value SR million**	**Valuation technique**	**Significant unobservable input**	**Range**
Shopping Malls	**17,498**	Discounted cash flows	Occupancy (%) Future rent growth (%) Discount rate (%)	**66% - 100%** **2% - 5%** **10% - 21%**
Projects under construction	**4,964**	Discounted cash flows – Residual method	Occupancy (%) Future rent growth (%) Discount rate (%)	**90% - 95%** **2%** **12% - 16%**
Owned land	**290**	Comparable transaction	Average price (SR /sqm)	**210 - 8,834**

The estimated fair value would increase/(decrease) if the discount rates were lower/(higher) and/or the growth rates and occupancy% were higher/(lower).

All amounts are presented in Saudi Riyals unless otherwise stated.

8. Investment properties (continued)

A. Investment properties (continued)

viii. Fair value of investment properties (continued)

b) *Inter-relationship between key unobservable inputs and fair value measurement (continued)*

31 March 2022

Property	Fair value SR million	Valuation technique	Significant unobservable input	Range
Shopping Malls	**17,975**	Discounted cash flows	Occupancy (%) Future rent growth (%) Discount rate (%)	73% - 99% 2% - 5% 8% - 18%
Projects under construction	**4,285**	Discounted cash flows – Residual method	Occupancy (%) Future rent growth (%) Discount rate (%)	90% - 95% 2% 14% - 16%
Owned land	**544**	Comparable transaction	Average price (SR /sqm)	210 - 14,313

c) *Reconciliation of fair value as per fair valuer to accounting fair value*

Accrued lease income at the reporting date, relating to the accounting for operating lease rentals on a straight line basis as per IFRS 16 and lease liabilities have been adjusted from the fair valuation as per fair valuer, in order to avoid double counting of assets and liabilities, as mentioned below:

	31 December 2022	31 March 2022
Fair value of land and buildings as per fair valuer	**20,456,023,688**	20,017,761,408
Less: Adjustment for accrued operating lease income	**(273,589,240)**	(359,809,740)
Add: carrying amount of lease liabilities	**2,569,259,930**	3,145,565,249
Net adjusted fair value	**22,751,694,378**	22,803,516,917
Add: Properties under construction (carried at cost)	**--**	563,036,744
Total carrying amount of investment properties	**22,751,694,378**	23,366,553,661

ix. Amounts recognized in the consolidated statement of profit or loss for investment property that generated income

	Nine-month 31 December 2022	Year ended 31 March 2022	Nine-month 31 December 2021
Revenue from investment property	**1,687,534,280**	2,037,485,632	1,518,317,628
Direct operating expenses on properties that generated rental income	**270,447,197**	342,775,845	273,830,081

x. The following table shows the valuation technique to measure fair value of investment property

Discounted cash flows	The gross fair value (net costs to complete), as applicable, is derived using DCF and is benchmarked against net initial yield .
Comparable transaction	Properties held for future development are valued using comparable methodology which involves analyzing other relevant market transactions.

All amounts are presented in Saudi Riyals unless otherwise stated.

8. Investment properties (continued)

B. Advance payments for projects under construction

It represents advance payments to the contractors for the construction of shopping malls, which are under various stages of completion.

			Construction work services received		Balances	
Name of party	**Business status**	**Relationship**	**31 December 2022**	31 March 2022	**31 December 2022**	31 March 2022
Lynx Contracting Company	Limited Liability	Affiliate	**275,070,858**	711,920,602	**720,068,772**	595,352,020
Others	--	--	**--**	--	**9,858,285**	9,923,568
					729,927,057	605,275,588

With the consent of the shareholders of the Company, the Company signed a framework agreement for the construction of all projects with the Lynx Contracting Company.

9. Lease liabilities

A. Lease liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	Notes	**31 December 2022**	31 March 2022
Balance at beginning of the period / year		**3,804,207,572**	3,860,533,052
Additions during the period /year		**--**	--
Lease payments during the period /year		**(252,237,021)**	(256,654,383)
Rent concessions during the period /year		**(2,812,500)**	--
Remeasurement of lease liabilities	*9C*	**(479,055,119)**	--
Disposal on sale of subsidiary	*34*	**(558,955,429)**	--
Interest expense during the period /year		**102,262,967**	162,339,246
Interest capitalized for projects under construction		**25,865,912**	37,989,657
Balance at end of the period / year		**2,639,276,382**	3,804,207,572

	31 December 2022	31 March 2022
Non-current portion of lease liabilities	**2,383,687,028**	3,397,752,809
Current portion of lease liabilities	**255,589,354**	406,454,763
Balance at end of the period / year	**2,639,276,382**	3,804,207,572

B. Group Commitments to lease contracts

	31 December 2022	31 March 2022
Within one year	**370,264,495**	601,281,362
After one year but not more than five years	**932,753,602**	1,338,522,449
More than five years	**3,045,417,085**	4,139,897,349
	4,348,435,182	6,079,701,160

C. Lease remeasurements

During the nine-month period ended 31 December 2022, the Group decided to excercise the termination rights available under a land operating lease which allows the Group to cancel an operating lease with a prior notice of one year. As a result of the reassessment of the lease term of the land, lease liability and right-of-use asset (included under investment properties) have reduced.

All amounts are presented in Saudi Riyals unless otherwise stated.

10. Property and equipment

Reconciliation of carrying amount

	Tools and equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Capital work in progress	Total
Cost:						
Balance at 1 April 2021	145,304,212	91,040,504	3,633,902	25,224,623	14,573,032	279,776,273
Additions during the year	1,099,063	5,101,070		5,479,540	5,002,436	16,682,109
Transfers	--	--	--	19,575,468	(19,575,468)	--
Balance at 31 March 2022	146,403,275	96,141,574	3,633,902	50,279,631	--	296,458,382
Additions during the period	**180,765**	**645,209**		**2,940,652**	**602,901**	**4,369,527**
Transfers	**(2,386,227)**	**2,502,593**		**(116,366)**	**--**	**--**
Disposal	**--**	**--**	**(613,040)**	**--**	**--**	**(613,040)**
Balance at 31 December 2022	**144,197,813**	**99,289,376**	**3,020,862**	**53,103,917**	**602,901**	**300,214,869**
Accumulated depreciation						
Balance at 1 April 2021	105,758,886	71,503,716	3,633,902	23,333,573	--	204,230,077
Charge for the year	9,121,977	7,696,242	--	2,898,407	--	19,716,626
Balance at 31 March 2022	114,880,863	79,199,958	3,633,902	26,231,980	--	223,946,703
Charge for the period	**5,247,327**	**5,176,622**	**--**	**3,044,786**	**--**	**13,468,735**
Transfers	**--**	**(5,304)**	**--**	**5,304**	**--**	**--**
Disposal	**--**	**--**	**(613,040)**	**--**	**--**	**(613,040)**
Balance at 31 December 2022	**120,128,190**	**84,371,276**	**3,020,862**	**29,282,070**	**--**	**236,802,398**
Carrying amounts:						
At 31 March 2022	**31,522,412**	**16,941,616**	--	**24,047,651**	**--**	**72,511,679**
At 31 December 2022	**24,069,623**	**14,918,100**	--	**23,821,847**	**602,901**	**63,412,471**

All amounts are presented in Saudi Riyals unless otherwise stated.

11. Development properties

	Notes	31 December 2022	31 March 2022
Cost			
Balance at the beginning of the period / year		**292,853,450**	--
Transferred from investment properties	*8A, i*	**--**	269,403,007
Additions during the period / year		**52,830,271**	23,450,443
Balance at the end of the period / year		**345,683,721**	292,853,450

i. This represents the carrying value of a piece of land transferred from investment properties due to a change in the intended use of the land to development and sale in the normal course of business. The Group does not expect to complete and sell the development property in the next twelve months.

12. Investment in equity accounted investee and others

	Note	31 December 2022	31 March 2022
Investment in a Joint venture	*12A*	**63,714,723**	63,783,826
Investment in a real estate fund at FVTPL	*12B*	**1,159,414**	6,597,972
		64,874,137	70,381,798

A. Investment in a Joint venture

Name of an entity	31 December 2022	31 March 2022
FAS Lab Holding Company	**63,714,723**	63,783,826

This represents a 50% equity investment in the share capital of FAS Lab Holding Company, a limited liability company incorporated in the Kingdom of Saudi Arabia, which is engaged primarily in leading the digital initiatives of the Group including but not limited to providing the malls' visitors and shoppers with a specialized and advanced loyalty program, simplified and innovative consumer financing solutions and an e-commerce platform.

i. Reconciliation of carrying amount

	Opening balance	Additions	Share in losses	Other comprehensive loss	Ending balance
31 December 2022	**63,783,826**	**8,013,722**	**(7,159,334)**	**(923,491)**	**63,714,723**
31 March 2022	--	78,828,227	(15,044,401)	--	63,783,826

ii. Summarized financial statements

	31 December 2022	31 March 2022
Assets	**294,510,053**	267,709,353
Liabilities	**(136,527,133)**	(133,385,334)
Net Assets	**157,982,920**	134,324,019
Net assets attributable to owners of investee (excluding NCI)	**123,268,440**	123,804,013
Share of net assets (50%)	**61,634,220**	61,902,006
Adjustments – Due to additional contribution	**2,080,503**	1,881,820
Carrying amount of investee	**63,714,723**	63,783,826
Revenue	**389,720,819**	133,145,330
Loss from continuing operations	**(12,685,030)**	(38,339,655)
Total comprehensive loss	**(11,140,002)**	(37,851,576)
Loss for the period / year attributable to shareholders of the Company	**(14,318,667)**	(30,088,802)
Share of loss for the period / year	**(7,159,334)**	(15,044,401)

All amounts are presented in Saudi Riyals unless otherwise stated.

12. Investment in equity accounted investee and Others (Continued)

B. Investment in a real estate fund at FVTPL

Name of the real estate fund	31 December 2022	31 March 2022
Al Jawhara Real Estate Fund *(i)*	**1,159,414**	6,597,972

(i) This represents equity investment in Al Jawhara Real Estate Fund (formerly known as Digital City Fund) purchased for SR 6.8 million. During the period, the Group sold units in the fund and realized a gain on disposal of investment of **SR 180,000** in the consolidated statement of profit or loss. As at 31 December 2022, the net asset value (NAV) of the investment amounted to **SR 1.2 million** (31 March 2022: SR 6.6 million). An unrealized gain amounting to **SR 0.38 million** has been recognized in the consolidated statement of profit or loss (31 March 2022: loss of SR 0.62 million).

Reconciliation of carrying amount

	Investments at FVTPL
Balance at 1 April 2021	**5,975,840**
Revaluation adjustments	
Unrealized loss to consolidated statement of profit or loss	**622,132**
Balance at 31 March 2022	**6,597,972**
Balance at 1 April 2022	**6,597,972**
Revaluation adjustments	
Unrealized gain to consolidated statement of profit or loss	**381,442**
Movement	
Disposals	**(5,820,000)**
Balance at 31 December 2022	**1,159,414**

13.Accounts receivable

Accounts receivables comprise interest free net receivables due from tenants with no credit rating. Before accepting any new customer, management of the Group assesses the potential customer's credit quality and defines credit limits. Unimpaired accounts receivable are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and vast majority are, therefore, unsecured.

Reconciliation of carrying amount

	Note	31 December 2022	31 March 2022
Gross accounts receivable		**559,615,062**	419,644,140
Less: Impairment loss on accounts receivable	*(i)*	**(171,400,842)**	(180,657,894)
		388,214,220	238,986,246

All amounts are presented in Saudi Riyals unless otherwise stated.

13. Accounts receivable (continued)

i. Movement in the impairment loss allowance was as follows:

	31 December 2022	31 March 2022
Balance at 1 April	**180,657,894**	184,048,213
Impairment charge for the period / year	**68,710,474**	31,158,023
Write-off	**(77,967,526)**	(34,548,342)
	171,400,842	180,657,894
Amounts directly charged to consolidated statement of profit and loss *(a) - Impairment of accrued revenue*	**14,604,898**	25,190,353

Please refer to Note *30C* for ageing of unimpaired accounts receivable.

a) It represents release of unamortized portion of rent free period / lease straight lining to profit or loss on account of termination of lease.

14. Related party transactions and balances

For the purpose of these consolidated financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, and vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities. Balances and transactions between the Company and its subsidiaries, which are related parties within the Group, have been eliminated on consolidation

A. Key management personnel compensation

The remuneration of directors and other key management personnel ('KMP') are as follow:

	31 December 2022	31 March 2022
End of service benefits	**3,398,489**	2,524,989
Salaries and short-term benefits	**10,673,287**	14,681,500
Other remuneration and benefits	**--**	26,102,213
Total key management compensation	**14,071,776**	43,308,702

B. Related party transactions and balances

I - Related party balances are presented in the consolidated statement of financial position as follows:

	31 December 2022	31 March 2022
Amount due from related parties	**417,815,065**	325,270,527
Amount due to related parties	**(6,339,458)**	--
	411,475,607	325,270,527

All amounts are presented in Saudi Riyals unless otherwise stated.

14. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

II - During the period / year, the Group transacted with its related parties. The terms of those transactions are approved by management/Board of Directors in the ordinary course of business. The significant transactions and the related amounts are as follows:

Name of related party	Note	Business status	Transactions: Rental income and other fees / services	Services received	Others	Total	Balance as at
31 December 2022							
Transactions with ultimate shareholder							
Saudi FAS Holding Company	(i)	Closed Joint Stock Company	**2,030,205**	**--**	**539,818**	**2,570,023**	**--**
Transactions with fellow subsidiaries (subsidiaries of shareholder)							
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	(iii)	Joint Stock Company	**283,835,925**	**--**	**--**	**283,835,925**	**158,196,905**
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	(iv)	Joint Stock Company	**16,356,992**	**--**	**--**	**16,356,992**	**16,177,998**
Salman & Sons Holding Co and its associates	(v)	Limited Liability Company	**34,135,645**	**--**	**--**	**34,135,645**	**90,313,341**
Majd Al Amal Co. Limited and its associates	(vi)	Limited Liability Company	**20,830,188**	**--**	**--**	**20,830,188**	**47,670,205**
Tadaris Alnajd Security Company	(vii)	Limited Liability Company	**--**	**(46,450,654)**	**--**	**(46,450,654)**	**3,637,973**
Ezdihar Holding Co and its subsidiaries	(viii)	Limited Liability Company	**37,129,171**	**--**	**--**	**37,129,171**	**88,138,532**
Others, net	(ix)	Limited Liability Companies	**4,472,060**	**(3,571,084)**	**(1,300,000)**	**(399,024)**	**7,340,653**
			398,790,186	**(50,021,738)**	**(760,182)**	**348,008,266**	**411,475,607**
31 March 2022							
Transactions with ultimate shareholder							
Saudi FAS Holding Company	(i)	Closed Joint Stock Company	1,980,812	--	36,229,922	38,210,734	47,146,009
Transactions with fellow subsidiaries (subsidiaries of shareholder)							
FAS Holding Company for Hotels and its subsidiaries	(ii)	Limited Liability Company	--	--	218,982,570	218,982,570	--
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	(iii)	Joint Stock Company	375,391,063	--	--	375,391,063	129,377,038
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	(iv)	Joint Stock Company	27,758,647	--	--	27,758,647	3,026,229
Salman & Sons Holding Co and its associates	(v)	Limited Liability Company	52,646,187	--	--	52,646,187	38,847,672
Majd Al Amal Co. Limited and its associates	(vi)	Limited Liability Company	22,887,263	--	--	22,887,263	33,248,863
Tadaris Alnajd Security Company	(vii)	Limited Liability Company	--	51,093,917	--	51,093,917	20,840,813
Ezdihar Holding Co and its subsidiaries	(viii)	Limited Liability Company	44,856,125	--	--	44,856,125	43,892,560
Others, net	(ix)	Limited Liability Companies	5,196,892	--	--	5,196,892	8,891,343
			530,716,989	51,093,917	255,212,492	837,023,398	325,270,527

All amounts are presented in Saudi Riyals unless otherwise stated.

14. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

III - Information about the fellow subsidiaries and their relationship

i. Saudi FAS Holding Company is the ultimate parent of the Company via assignment of shares by the Company's immediate parent company (FAS Real Estate Company Limited). The Company has various transactions with its ultimate parent in relation to ongoing business support activities provided by the ultimate parent.

ii. FAS Holding Company for Hotels (FAS Hotels) is a subsidiary of the Company's ultimate parent Saudi FAS Holding Company. During the year ended 31 March 2022, as per mutual agreement between Saudi FAS Holding Company (Ultimate Parent Company), FAS holding Company for Hotels and Arabian Centres Company, FAS Hotels settled the amount by transferring lands of SR 85 million to the Group (Refer note 8) and cash of SR 133 million.

iii. Fawaz Abdulaziz Al Hokair Company, a subsidiary of the Company's ultimate parent Saudi FAS Holding Company, is one of the Group's Key Account Tenants and leases stores in various of the Company's malls. The Company is party to a framework agreement with Fawaz Abdulaziz Al Hokair Company which aims to ensure that all tenancy leases between the parties for all of the Company's malls are conducted on a basis which are approved by the management / Board of Directors.

iv. Abdul Mohsin Al Hokair Group for Tourism and Development leases space for indoor and outdoor family entertainment centres in the Group's shopping malls. These leases range from 5 to 10 years in length. Abdul Mohsin Al Hokair and Tourism and Development is owned by a relative of the Controlling Shareholders.

v. Salman & Sons Holding Co and its associates is a mix of entities which leases spaces in several of the Group's shopping malls mainly for entertainment purposes. These entities are owned by the controlling shareholder (Salman Abdulaziz Alhokair) and their close family members. These are as follows:

- Sala Entertainment Company leases space for an indoor soft play entertainment venue in the Company's shopping malls. The leases are for a term of 10 years.

- Kids Space Company leases space in the Mall of Arabia (Jeddah) for 'Kidzania', a children's interactive play centre. The term of the lease is ten years, with renewal unless one party gives notice. The lease contains turnover rent provisions and rent escalation mechanics.

- Via Media, Vida first for beverages Est., Vida Trading Est. and Fashion District Co. leases spaces in several of the Group's shopping malls. The term of the leases range from 1 to 3 years.

- Skills Innovative Games leases space for entertainment venues in Yasmeen Mall Jeddah. The term of the lease is approximately 10 years.

vi. Majd Al Amal Co. Limited and its associates is a mix of entities which leases spaces in several of the Company's shopping malls. The term of the leases range from 3 to 7 years. The Company is owned by close family members of the Controlling Shareholders. Entities includes Majd Al Amal Co. limited, Wealth Company Limited, Almuzn Foods and Sarya Al Majd Co.

vii. Tadaris Alnajd Security Company (TNS) currently provides security services to all of the Group's shopping malls. The entity is owned by the controlling shareholder (Salman Abdulaziz Alhokair) and his close family members. The Company entered into a civil security services agreement with TNS for the provision of civil security services in the malls, which includes the provision of security guards and other security personnel and security vehicles. The agreement is automatically renewable by mutual consent .

14. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

viii. Ezdihar Holding Co and its subsidiaries is a mix of entities which leases spaces in several of the Group's shopping malls mainly for trading purposes. These entities are owned by close family members of the Controlling Shareholder (Fawaz Abdulaziz Alhokair) and their close family members. These are as follows:

- Next Generation Company Limited currently leases cinemas and space planned for cinemas in the Company's shopping malls. The term of the lease range is approximately 10 years.

- Ezdihar Sports Co. leases space for fitness centres in U-Walk. The term of the lease range is approximately 10 years.

ix. Others mainly include transactions with Etqan Facilities Management, Echo Design Consultant, Fahad Abdulaziz Al Hokair Trading EST, FAS Technologist Trading Company, Coffee Centres Company Limited, Nail Place Trading Est and Food and Entertainment company Limited. These enetities are owned by close family members of the Controlling Shareholder (Fawaz Abdulaziz Alhokair) and their close family members.

15. Prepayments and other assets

		31 December 2022	31 March 2022
Receivable from Jeddah Park landlord		**103,012,258**	90,735,843
Advances to suppliers		**65,347,072**	57,632,815
Prepaid expenses		**23,866,183**	26,741,864
Employees' receivables		**4,171,460**	3,370,748
Profit rate swaps used for hedging	*30B*	**7,043,961**	5,081,126
Others		**27,761,966**	14,593,340
		231,202,900	198,155,736
Less: Non-current advances		**(24,818,172)**	)17,500,000(
		206,384,728	180,655,736

16. Cash and cash equivalents

	31 December 2022	31 March 2022
Bank balances – current accounts	**378,077,716**	423,520,640
Cheques under collection	**231,323,093**	131,434,993
Cash in hand	**1,044,987**	1,172,117
	610,445,796	556,127,750

17. Share capital

On 14 Rajab 1440H (corresponding to 21 March 2019), the General Assembly of shareholders approved an increase in the share capital of the Company from SR 4,450 million to SR 4,750 million through the proceeds received from the initial public offering of the Company. All legal formalities required to enforce the increase in the share capital were completed during the year ended 31 March 2020. The movement in share capital and share premium are as follows:

	No. of shares	**Share capital**	**Share premium**
Balance at 31 December 2022	475,000,000	4,750,000,000	411,725,703
Balance at 31 March 2022	475,000,000	4,750,000,000	411,725,703

All amounts are presented in Saudi Riyals unless otherwise stated.

18. Reserves

Statutory reserve

In accordance with Company's by-laws and regulation for Companies, the Company must transfer 10% of its profit for the year to a statutory reserve. In accordance with the Company's by-laws and regulation for Companies, the Company may resolve to discontinue such transfers when the reserve totals 30% of the capital. The reserve is not available for distribution. The reserve would be set aside based on the annual consolidated financial statements.

Other reserves

Other reserves include fair value reserve, hedging reserve and reserve for actuarial gain/loss of employees' end-of-service benefits.

19. Dividends distribution

Refer Note 7S for accounting policy.

31 December 2022

i. On 2 July 2022, the Board of Directors resolved to distribute an interim dividend for the second half of the year ended 31 March 2022 amounting to **SR 0.75** per share aggregating to **SR 356,250,000** as per resolution dated 3 Dhul al-Hijjah 1443H (corresponding to 2 July 2022). The dividend was paid on 26 July 2022.

31 March 2022

i. During the year ended 31 March 2022, the Board of Directors resolved to distribute an interim dividend for the second half of the year ended 31 March 2021 amounting to SR 0.75 per share, aggregating to SR 356,250,000 as per resolution dated 15th Ramadan 1442H (corresponding to 27 April 2021). The Company paid the dividends during the year.

ii. During the year ended 31 March 2022, the Board of Directors have resolved to distribute an interim dividend for the year ended 31 March 2022 amounting to SR 0.75 per share aggregating to SR 356,250,000 as per resolution dated 20th Jumada Al-Thani 1443H (corresponding to 23 January 2022). The Company paid the dividends during the year.

20. Loans and borrowings

	Note	**31 December 2022**	31 March 2022
Islamic facility with banks *(i)*		**3,206,842,927**	2,669,952,315
Sukuk *(ii)*		**5,130,147,302**	5,121,221,267
	20 B	**8,336,990,229**	7,791,173,582
Loans and Borrowings - Current liabilities		**903,315,625**	277,570,313
Loans and Borrowings - Non current liabilities		**7,433,674,604**	7,513,603,269
		8,336,990,229	7,791,173,582

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note *30*.

All amounts are presented in Saudi Riyals unless otherwise stated.

20. Loans and borrowings(continued)

A. Terms and repayment

i. *Facility 1*

The Group entered into a long-term Islamic facility arrangement amounting to SR 5,250 million (equivalent USD 1,400 million), with local and international banks. This facility is divided into a Murabaha facility up to SR 500 million (maturing in 12 years), Ijara facilities up to SR 4,000 million (maturing in 8 and 12 years), and Revolving Murabaha up to SR 750 million (maturing in 3 years). These facilities are fully utilized as at reporting date.

The long-term loan is repayable in unequal semi-annual instalments and are subject to commission rates based on SIBOR/LIBOR plus an agreed commission rate. In order to reduce its exposure to commission rate risks the Group has entered into an Islamic profit rate swap for portion of its long-term loan. For details refer *note 30B*.

The facilities are secured by insurance policies, proceeds of rental income, and land and buildings of several malls.

During the nine-month period ended 31 December 2022, the Group borrowed an additional **SR 575 million** from the existing Revolving Murabaha Facility.

Facility 2

During the period ended 31 December 2022, the subsidiary of the Group has entered into a long term Islamic facility arrangement amounting to SR 1,000 million with local bank. The long-term loan is repayable in unequal semi-annual instalments and are subject to commission rates based on SIBOR/LIBOR plus an agreed commission rate. The facilities are secured by Land.

During the nine-month period ended 31 December 2022, the Group has drawn **SR 63 million** from the Facility.

The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained.

ii. Sukuk

On 20 November 2019, Arabian Centres Sukuk Limited (a special purpose company established for the purpose of issuing Sukuk) completed the issuance of an International USD denominated Shari'ah compliant Sukuk "Sukuk Certificates" amounting to USD 500 million (equivalent SR 1,875 million), at a par value of USD 0.2 million each, annual yield of 5.375% payable semi-annually and a maturity of five years. Sukuk Certificates may be subject to early redemption at the option of the Company as per certain specified conditions mentioned in the Sukuk Certificate.

On 7 April 2021, Arabian Centres Sukuk II Limited (a special purpose company established for the purpose of issuing Sukuk) completed the issuance of a Five and half year International USD denominated Shari'ah compliant Sukuk "Sukuk II Certificates" amounting to USD 650 million (equivalent SR 2,437.5 million), at a par value of USD 0.2 million each, annual yield of 5.625% payable semi-annually. On 28 July 2021, the Company issued additional Sukuk II certificates amounting to USD 225 million (equivalent SR 843.75 million), at a premium of 4.75%. Sukuk Certificates may be subject to early redemption at the option of the Company as per specified conditions mentioned in the Sukuk Certificate.

20. Loans and borrowings (continued)

B. Reconciliation of carrying amount

		Islamic facility with banks	Sukuk	Total
Balance at 1 April 2021		5,204,993,272	1,874,950,000	7,079,943,272
Proceeds received during the year		175,000,000	3,281,250,000	3,456,250,000
Repayments made during the year		(2,656,577,603)	--	(2,656,577,603)
	(i)	2,723,415,669	5,156,200,000	7,879,615,669
Un-amortized transaction costs	*(ii)*	(53,463,354)	(67,890,041)	(121,353,395)
Deferred Sukuk premium	*(iii)*	--	32,911,308	32,911,308
Balance at 31 March 2022		2,669,952,315	5,121,221,267	7,791,173,582
Balance at 1 April 2022		**2,723,415,669**	**5,156,200,000**	**7,879,615,669**
Proceeds received during the period		**638,308,994**	**--**	**638,308,994**
Repayments made during the period		**(102,563,584)**	**--**	**(102,563,584)**
	(i)	**3,259,161,079**	**5,156,200,000**	**8,415,361,079**
Un-amortized transaction costs	*(ii)*	**(52,318,152)**	**(53,478,788)**	**(105,796,940)**
Deferred Sukuk premium	*(iii)*	**--**	**27,426,090**	**27,426,090**
Balance at 31 December 2022		**3,206,842,927**	**5,130,147,302**	**8,336,990,229**

i. Below is the repayment schedule of the principal portion of outstanding long-term loans:

	Islamic facility with banks	**Sukuk**	**Total**
31 March 2022			
Within one year	277,570,313	--	277,570,313
Between two to five years	585,190,625	1,874,950,000	2,460,140,625
More than five years	1,860,654,731	3,281,250,000	5,141,904,731
	2,723,415,669	5,156,200,000	7,879,615,669
31 December 2022			
Within one year	**903,315,625**	**--**	**903,315,625**
Between two to five years	**1,312,147,537**	**5,156,200,000**	**6,468,347,537**
More than five years	**1,043,697,917**	**--**	**1,043,697,917**
	3,259,161,079	**5,156,200,000**	**8,415,361,079**

All amounts are presented in Saudi Riyals unless otherwise stated.

20. Loans and borrowings (continued)

Reconciliation of carrying amount (Continued)

ii. Un-amortized transaction costs movement is as follows:

	Notes	Islamic facility with banks	Sukuk	Total
Balance at 1 April 2021		61,815,290	37,467,730	99,283,020
Arrangement fees paid		--	48,857,946	48,857,946
Amortization for the year	*27E*	(6,931,111)	(15,428,249)	(22,359,360)
Capitalized arrangement fees		(1,420,825)	(3,007,386)	(4,428,211)
Balance at 31 March 2022		**53,463,354**	**67,890,041**	**121,353,395**
Balance at 1 April 2022		**53,463,354**	**67,890,041**	**121,353,395**
Arrangement fees paid		**5,118,750**	**--**	**5,118,750**
Amortization for the period	*27E*	**(4,650,111)**	**(11,969,122)**	**(16,619,233)**
Capitalized arrangement fees		**(1,613,841)**	**(2,442,131)**	**(4,055,972)**
Balance at 31 December 2022		**52,318,152**	**53,478,788**	**105,796,940**

iii. Deferred Sukuk premium

This represents the premium received on further issuance of Sukuk II (i.e. Issue price less face value of the certificate) and is amortized over the life of the instrument using the effective interest rate at the date of initial recognition of the instrument. Movement is as follows:

	Sukuk	Total
Balance at 1 April 2021	--	--
Addition during the year	40,078,125	40,078,125
Amortization for the year	(7,166,817)	(7,166,817)
Balance at 31 March 2022	32,911,308	32,911,308
Balance at 1 April 2022	**32,911,308**	**32,911,308**
Amortization for the period	**(5,485,218)**	**(5,485,218)**
Balance at 31 December 2022	**27,426,090**	**27,426,090**

21. Employee benefits

The Group grants end-of-service benefits (benefit plan) to its employees taking into consideration the local labor law requirements in KSA. The benefit provided by this benefit plan is a lump sum based on the employees' final salaries and allowance and their cumulative years of service at the date of the termination of employment.

The benefit liability recognized in the consolidated statement of financial position in respect of defined benefit end-of-service plan is the present value of the DBO at the reporting date.

The DBO is calculated periodically by qualified actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using yields on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation (equivalent to a duration of around 12 years). In countries where there is no deep market in such bonds, the market rates on government bonds are used. As there are insufficient corporate and government bonds in the Kingdom to generate a credible discount rate, the discount rate has instead been based on US Treasury bonds adjusted for country differences between the US and Saudi Arabia.

Re-measurement amounts of actuarial gains and losses on the DBO, if any, are recognized and reported within other reserves under the consolidated statement of comprehensive income and in the consolidated statement of changes in equity.

All amounts are presented in Saudi Riyals unless otherwise stated.

21. Employee benefits (Continued)

A. Movement in employee benefits liability

	31 December 2022	31 March 2022
Balance at the beginning of the period / year	**25,437,575**	21,673,040
Total amount recognized in the consolidated statement of profit or loss		
Past service cost	**--**	101,099
Current service cost	**4,503,448**	6,185,415
Interest cost	**637,503**	664,681
	5,140,951	6,951,195
Amount recognized in the consolidated statement of comprehensive income		
Actuarial (gain) / loss arising from		
– financial assumptions	**(3,809,397)**	(683,811)
– other assumptions and experience adjustments	**2,335,782**	33,926
	(1,473,615)	(649,885)
Benefits paid	**(618,803)**	(2,536,775)
Balance at end of the period / year	**28,486,108**	25,437,575

B. Significant actuarial assumptions

The significant actuarial assumptions used were as follows:

	31 December 2022	31 March 2022
Economic assumptions		
Gross discount rate	**4.85%**	3.45%
Withdrawal rate	**20%**	10%
Salary growth rate	**3%**	3%
Retirement age	**60**	60

C. Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions made in the calculation is as follows:

	31 December 2022		31 March 2022	
	Increase	Decrease	Increase	Decrease
Salary inflation (1% movement)	**31,148,794**	**26,139,175**	28,038,392	23,164,657
Discount rate (1% movement)	**26,198,626**	**31,125,583**	23,194,195	28,053,339
Withdrawal rate (20% movement)	**28,020,442**	**28,841,718**	24,542,751	26,345,043

22. Accounts payable and other liabilities

	Notes	31 December 2022	31 March 2022
Accounts payable			
Accounts payable	*(i)*	**118,951,524**	135,545,542
		118,951,524	135,545,542
Other liabilities			
Accrued finance cost	*(iii)*	**77,823,293**	152,188,605
Tenants' security deposits	*(ii)*	**111,101,639**	93,374,649
Accrued expenses		**111,823,669**	76,003,556
Employees' salaries and benefits		**23,485,973**	35,073,462
Government duties & taxes		**16,077,581**	23,575,023
		340,312,155	380,215,295
Accounts payable and other liabilities		**459,263,679**	515,760,837

All amounts are presented in Saudi Riyals unless otherwise stated.

22. Accounts payable and other liabilities (Continued)

i. Accounts payable are amounts which are owed to suppliers for the purchase of goods or services. The amounts are unsecured and are usually paid within 30 to 60 days of recognition.

ii. Non-current portion of tenants' security deposits aggregating to SR 47.5 million (31 March 2022: SR 53.58 million) are disclosed as other non-current liabilities.

iii. Movement in accrued finance cost is as follows:

	Note	**31 December 2022**	31 March 2022
Balance at beginning of the period / year		**152,188,605**	87,356,027
Commission expense	*27E*	**134,975,419**	145,816,859
Reimbursement of commission on Sukuk II		**--**	14,633,787
Payment of finance costs		**(402,729,521)**	(313,185,149)
Capitalized finance costs		**193,388,790**	217,567,081
Balance at end of the period / year		**77,823,293**	152,188,605

23. Contract balances

i. Unearned revenue represents cash received against services to be performed or goods to be delivered by the Group in the future. At the end of each accounting period, adjusting entries are made to recognize the portion of unearned revenue that has been earned during the year.

ii. Accrued revenue represents the following:

	31 December 2022	31 March 2022
Unamortized portion of lease incentives		
- discounts	**58,455,703**	131,886,263
- rent free period and straight-lining	**215,133,536**	227,923,477
	273,589,239	359,809,740
Presented in statement of financial position as follows:		
Accrued revenue – non-current portion	**182,392,826**	239,873,160
Accrued revenue – current portion	**91,196,413**	119,936,580
	273,589,239	359,809,740

24. Zakat

A. Amounts recognized in consolidated statement of profit or loss

Computation of zakat charge is as follows:

	Nine-month 31 December 2022	Year ended 31 March 2022
Shareholders' equity and other payables	**26,775,867,635**	17,494,036,375
Adjusted net income	**848,143,946**	523,501,872
Deductions	**(26,430,913,901)**	(16,337,852,731)
Zakat base	**1,193,097,680**	1,679,685,516
Zakat at 2.5% (higher of adjusted net income or Zakat base)	**37,102,712**	41,992,138

All amounts are presented in Saudi Riyals unless otherwise stated.

24. Zakat

B. Reconciliation of carrying amount

	Note	**31 December 2022**	31 March 2022
Balance at beginning of the period / year		**41,187,722**	24,278,533
Current period / year zakat charge	*24A*	**37,102,712**	41,992,138
Prior years reversal		**--**	(2,222,215)
		37,102,712	39,769,923
Payments		**(27,069,077)**	(22,860,734)
Balance at end of the period / year		**51,221,357**	41,187,722

C. Status of assessment

Status of zakat assessments is as follows:

- The Group has submitted the zakat return up to the year ended 31 March 2022 and obtained the provisional zakat certificate. The zakat certificate is valid until 31 July 2023.

- Until the year ended 31 March 2019, the Ultimate Parent Company prepared and submitted combined zakat returns for the Ultimate Parent Company and its wholly owned subsidiaries, including Arabian Centres Company, to the Zakat, Tax and Customs Authority as per Zakat, Tax and Customs Authority letter. The ultimate parent Company has received final assessment order for zakat until the year 31 March 2016.

25. Revenue

	Note	**Nine-month 31 December 2022**	Year ended 31 March 2022	Nine-month 31 December 2021
Rental income	*(i)*	**1,551,320,415**	1,881,682,954	1,404,376,320
Service and management charges income		**93,827,737**	96,922,520	66,673,452
Commission income on provisions for utilities for heavy users, net		**3,444,861**	4,278,194	3,532,472
Turnover rent		**38,941,267**	54,601,964	43,735,384
		1,687,534,280	2,037,485,632	1,518,317,628

i. Rental income includes related maintenance and insurance costs of Malls' premises included as a part of rent for each of the tenants.

Group as a lessor:
The Group has entered into operating leases on its investment properties portfolio consisting of various buildings. These leases have terms of between 1 to 5 years. Leases include a clause to enable upward revision of the rental charge depending on the lease agreements. Future minimum rentals receivable under non-cancellable operating leases as at the end of the reporting periods are as follows:

	Nine-month 31 December 2022	Year ended 31 March 2022	Nine-month 31 December 2021
Within one year	**1,684,089,141**	1,711,178,874	1,725,539,367
After one year but not more than five years	**1,922,109,097**	1,914,060,983	1,001,183,616
More than five years	**332,696,064**	410,990,333	1,448,314,584
	3,938,894,302	4,036,230,190	4,175,037,567

All amounts are presented in Saudi Riyals unless otherwise stated.

26. Direct costs

	Nine-month 31 December 2022	Year ended 31 March 2022 *Restated – Note 36*	Nine-month 31 December 2021 *Restated – Note 36*
Utilities expense	**95,728,245**	121,704,409	96,432,558
Security expense	**45,941,136**	50,501,782	51,295,002
Cleaning expense	**53,740,463**	70,477,757	51,574,864
Repairs and maintenance	**43,102,756**	55,536,300	43,228,823
Employees' salaries and other benefits	**28,042,893**	35,817,540	26,738,417
Depreciation of right-of-use asset (note 8)	**5,550,331**	16,669,319	12,501,987
Others	**3,891,704**	8,738,057	4,560,417
	275,997,528	359,445,164	286,332,068

27. Income and expenses

A. Other operating income

	Notes	**Nine-month 31 December 2022**	Year ended 31 March 2022	Nine-month 31 December 2021
Compensation received from landlord		**2,812,500**	3,750,000	2,812,500
Change in fair value of other investments	*12*	**381,442**	622,132	529,584
Gain on disposal of investment in real estate fund		**180,000**	--	--
Waiver of amount payable to disposed subsidiaries	*34*	**--**	18,129,016	--
Commission income on bank deposits		**--**	2,042,165	1,939,483
Gain on lease termination		**--**	999,000	999,000
Gain on assets held for sale		**--**	429,474	429,474
Foreign exchange gain		**--**	722,619	697,676
Other income		**198,907**	730,929	--
		3,572,849	27,425,335	7,407,717

B. Advertisement and promotion expenses

	Nine-month 31 December 2022	Year ended 31 March 2022	Nine-month 31 December 2021
Sponsorship	**7,069,907**	10,068,901	6,991,069
Advertisement	**7,965,781**	5,126,665	3,126,269
Promotions	**13,509,105**	10,245,083	5,684,188
	28,544,793	25,440,649	15,801,526

C. General and administrative expenses

	Note	**Nine-month 31 December 2022**	Year ended 31 March 2022	Nine-month 31 December 2021
Employees' salaries and other benefits		**104,299,329**	156,263,775	105,725,319
Depreciation on property and equipment	*10*	**13,468,735**	19,716,626	13,163,939
Professional fees		**40,922,839**	22,897,256	15,318,428
Communication and internet expense		**9,977,170**	12,953,273	9,706,000
Insurance expense		**9,677,641**	10,964,722	8,471,084
Government expenses		**5,585,978**	10,231,037	8,017,535
Depreciation of right-of-use assets		**--**	1,259,124	1,259,124
Board expenses		**3,313,258**	5,539,343	4,209,380
Maintenance		**1,102,479**	964,599	1,762,142
Others		**18,721,090**	7,526,905	6,155,673
		207,068,519	248,316,660	173,788,624

All amounts are presented in Saudi Riyals unless otherwise stated.

27. Income and expenses(Continued)

D. Other operating expenses

	Note	Nine-month 31 December 2022	Year ended 31 March 2022 *Restated – Note 36*	Nine-month 31 December 2021 *Restated – Note 36*
Loss on disposal of investment property	*8*	**23,283,650**	--	--
Impairment loss on advances to suppliers		**3,000,000**	--	--
Loss on transfer of subsidiaries	*34*	--	18,194,017	--
Real estate tax on purchase of investment property		--	12,645,300	--
Others		**290,998**	(514,509)	1,259,124
		26,574,648	30,324,808	1,259,124

E. Finance costs over loans and borrowings

	Notes	Nine-month 31 December 2022	Year ended 31 March 2022	Nine-month 31 December 2021
Commission expense, net	*22*	**134,975,419**	145,816,859	107,957,838
Amortization of upfront fees	*20B(ii)*	**16,619,233**	22,359,360	16,779,992
Deferred Sukuk premium	*20B(iii)*	**(5,485,218)**	(7,166,817)	(5,365,104)
Bank charges		**739,283**	5,847,334	6,692,565
		146,848,717	166,856,736	126,065,291

28. Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to the ordinary Shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period as all the Company's shares are ordinary shares. Diluted earnings per share is calculated by adjusting the basic earnings per share for the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	Note	Nine-month 31 December 2022	Year ended 31 March 2022	Nine-month 31 December 2021
Profit attributable to ordinary shareholders		**831,907,569**	775,431,515	600,252,961
Weighted average number of ordinary shares	*17*	**475,000,000**	475,000,000	475,000,000
Basic and diluted earnings per share		**1.75**	1.63	1.26

29. Operating segments

The Group's activities and business lines used as a basis for the financial reporting are consistent with the internal reporting process and information reviewed by the Chief operating decision maker (CODM). Management considers the operations of the Group as a whole as one operating segment as all subsidiaries engage in similar business activities.

The Group's revenue, gross profit, investment properties, total assets and total liabilities pertaining to the Group's operations as a whole are presented in the consolidated statement of financial position and in the consolidated statement of profit or loss and other comprehensive income.

All of the Group's operations are conducted in KSA. Hence, geographical information is not applicable in this case.

All amounts are presented in Saudi Riyals unless otherwise stated.

30.Financial instruments - fair values and risk management

A. Accounting classification and fair values

Financial instruments have been categorized as follows:

Financial Assets	Notes	31 December 2022	31 March 2022
Other investments	12	**1,159,414**	6,597,972
Other financial receivables		**104,486,404**	94,106,591
Amounts due from related parties	14B	**417,815,065**	325,270,527
Accounts receivable	13	**388,214,220**	238,986,246
Cash and cash equivalents	16	**610,445,796**	556,127,750
Profit rate swaps used for hedging	30B	**7,043,961**	5,081,126
		1,529,164,860	1,226,170,212

Financial Liabilities	Notes	31 December 2022	31 March 2022
Loans and borrowings	20	**8,336,990,229**	7,791,173,582
Lease liabilities	9	**2,639,276,382**	3,804,207,572
Accounts payable	22	**118,951,524**	135,545,542
Tenants' security deposits	22	**158,673,106**	146,958,481
Amount due to related parties	14B	**6,339,458**	--
Other liabilities		**204,162,320**	263,265,623
		11,464,393,019	12,141,150,800

The following table presents the Group's financial instruments measured at fair value at 31 December 2022 and 31 March 2022:

	31 December 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
FVTPL – equity instruments (a)					
Al Jawhara Real Estate Fund	**1,159,414**	--	--	**1,159,414**	**1,159,414**
Derivatives designated as hedging instruments (b)	**7,043,961**	--	**7,043,961**	--	**7,043,961**

	31 March 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
FVTPL – equity instruments (a)					
Al Jawhara Real Estate Fund	6,597,972	--	--	6,597,972	6,597,972
Derivatives designated as hedging instruments (b)	5,081,126	--	5,081,126	--	5,081,126

a) The valuation is derived based on net asset value of the fund which is based on market multiples derived from comparable companies to the investee and adjusted for non-marketability of the investee.

b) The fair value of commission rate swaps have been calculated by a third party expert, discounting estimated future cash flows on the basis of market expectation of future interest rates, representing Level 2 in the IFRS 13 fair value hierarchy.

All amounts are presented in Saudi Riyals unless otherwise stated.

30.Financial instruments - fair values and risk management (continued)

B. Derivatives designated as hedging instruments

As at 31 December 2022, the Group held Islamic Profit/commission Rate Swaps ("IRS") of a notional value of USD 80 million (equivalent to SR 300 million) in order to reduce its exposure to commission rate risks against long term financing. The table below shows the fair values of derivatives financial instruments, recorded as positive fair value. The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor the credit risk.

Description of the hedged items	Hedging instrument	Fair Value	31 December 2022	31 Mar 2022
Commission payments on floating rate loan	IRS	Positive	**7,043,961**	5,081,126

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the rate underlying a derivative contract may have a significant impact on the income or equity component of the Group.

Fair values of cash flow hedge represent the mark to market values of the Islamic Profit rate swaps as at 31 December 2022. The cash flow hedge reserve included under other reserves represents the effective portion of cash flow hedge.

C. Financial risk management

The Group has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including commission rate risk, real estate risk, currency risk and commodity risk)
- Capital management risk

The Group's principal financial liabilities are loans and borrowings. The main purpose of the Group's loans and borrowings is to finance the acquisition and development of the Group's investment properties portfolio. The Group has accounts receivable, amounts due to and from related parties, accounts payable and cash and bank balances that arise directly from its operations.

i. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its leasing activities, including deposits with banks and financial institutions.

Credit risk is managed by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

Bank balances and deposits are held with local banks with sound external credit ratings.

Accounts Receivable
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and sector in which customers operate.

Each entity within the Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the entity's standard payment and delivery terms and conditions are offered. The review includes financial statements, industry information and in some cases bank references.

All amounts are presented in Saudi Riyals unless otherwise stated.

30.Financial instruments - fair values and risk management (continued)

C. Financial risk management(continued)

i. Credit risk (continued)

Credits to each customer are reviewed periodically. The Group limits its exposure to credit risk by offering credit terms which are typically not longer than three months on average.

In monitoring customer credit risk, customers are grouped according to their credit characteristics trading history with the Group and existence of previous financial difficulties.

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth and unemployment rates.

Accounts Receivable (continued)
The following table provides information about the exposure to credit risk and ECLs for accounts receivable from customers as at 31 December 2022 and 31 March 2022:

	31 December 2022		
	Gross carrying amount	**Weighted-average loss**	**Loss allowance (%)**
0–90 days	**110,173,161**	**13,707,754**	**12.0%**
91–180 days	**99,288,349**	**16,421,056**	**16.5%**
181–270 days	**86,585,249**	**15,381,037**	**17.8%**
271–360 days	**44,653,878**	**11,210,581**	**25.1%**
361 –450 days	**44,176,668**	**13,460,611**	**30.5%**
451 -540 days	**36,635,522**	**13,984,109**	**38.2%**
541 –630 days	**33,821,347**	**14,963,099**	**44.2%**
631 -720 days	**29,279,546**	**15,327,850**	**52.4%**
More than 720 days	**75,001,342**	**56,944,745**	**75.9%**
	559,615,062	**171,400,842**	

	31 March 2022		
	Gross carrying amount	**Weighted-average loss**	**Loss allowance (%)**
0–90 days	57,043,842	9,781,339	17.1%
91–180 days	59,102,274	11,242,546	19.0%
181–270 days	54,157,620	11,215,120	20.7%
271–360 days	45,801,646	12,742,090	27.8%
361 –450 days	37,627,522	13,228,561	35.2%
451 -540 days	22,959,442	9,266,082	40.4%
541 –630 days	24,675,270	12,051,280	48.8%
631 -720 days	18,665,285	11,070,752	59.3%
More than 720 days	99,611,239	90,060,124	90.4%
	419,644,140	180,657,894	

All amounts are presented in Saudi Riyals unless otherwise stated.

30. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

i. Credit risk (continued)

Due from related parties
An impairment analysis is performed at each reporting date on an individual basis for the major related parties. The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from related parties (please refer to note *14B*). The Group does not hold collateral as a security. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operate. The Group evaluates the risk with respect to due from related parties as low, as majority of the related parties are owned by the same shareholders.

Financial instruments and cash deposit
Credit risk from balances with banks and financial institutions is managed by Ultimate Parent Company's treasury in accordance with the Group's policy. Cash is substantially placed with national banks with sound credit ratings. The Group does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

30.Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The management believes that the Group is not exposed to significant risks in relation to liquidity and maintains different lines of credit. Upon careful comparison of the financial liabilities included within the current liabilities (excluding amounts due to related parties as these could be deferred during liquidity crunch situation) with the financial assets forming part of the current assets, there seems to be a reasonably hedging position between the two categories.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Contractual maturities of financial liabilities:	Carrying amount	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
31 December 2022							
Accounts payable	**118,951,524**	**118,951,524**	**--**	**--**	**--**	**--**	**118,951,524**
Tenants' security deposits	**158,673,106**	**93,131,320**	**17,970,317**	**29,753,414**	**17,383,624**	**434,429**	**158,673,104**
Other liabilities	**204,162,320**	**204,162,320**	**--**	**--**	**--**	**--**	**204,162,320**
Due to related parties	**6,339,458**	**6,339,458**	**--**	**--**	**--**	**--**	**6,339,458**
Lease liabilities	**2,639,276,382**	**195,135,113**	**175,129,382**	**254,286,890**	**678,466,712**	**3,045,417,085**	**4,348,435,182**
Loans and borrowings	**8,336,990,229**	**1,076,009,249**	**321,974,381**	**2,516,369,539**	**5,154,645,105**	**1,255,230,891**	**10,324,229,165**
	11,464,393,019	**1,693,728,984**	**515,074,080**	**2,800,409,843**	**5,850,495,441**	**4,301,082,405**	**15,160,790,753**
31 March 2022							
Accounts payable	135,545,542	135,545,542	--	--	--	--	135,545,542
Tenants' security deposits	146,958,481	66,561,240	26,813,409	30,839,499	22,438,502	305,831	146,958,481
Other liabilities	263,265,623	263,265,623	--	--	--	--	263,265,623
Lease liabilities	3,804,207,572	433,492,347	167,789,014	355,693,657	982,828,792	4,139,897,350	6,079,701,160
Loans and borrowings	7,791,173,582	225,187,421	415,872,179	513,832,523	6,736,832,663	1,686,251,429	9,577,976,215
	12,141,150,800	1,124,052,173	610,474,602	900,365,679	7,742,099,957	5,826,454,610	16,203,447,021

All amounts are presented in Saudi Riyals unless otherwise stated.

30. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

iii. Market risk

Market risk is the risk that changes in market prices, such as currency rates and interest rates that will affect the Group's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Commission rate risk
Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group has no significant commission bearing long-term assets, but has commission bearing liabilities at 31 December 2022 and 31 March 2022. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

The following table demonstrates the sensitivity of the Group to a reasonably possible change, with all other variables held constant, of the Groups profit before zakat (through the impact on floating rate borrowings):

Gain/(loss) through the consolidated statement of profit or loss	**31 December 2022**	31 March 2022
Floating rate debt:		
SIBOR/LIBOR +100bps	**(24,443,708)**	(27,234,157)
SIBOR/LIBOR -100bps	**24,443,708**	27,234,157

Real estate risk
The Group has identified the following risks associated with the real estate portfolio:

- The cost of the development projects may increase if there are delays in the planning process. The Group uses advisors who are experts in the specific planning requirements in the project's location in order to reduce the risks that may arise in the planning process.
- A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property. To reduce this risk, the Group reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises from recognized assets and liabilities which are denominated in currency that is not Group's functional currency. The Group has certain US Dollar denominated financial liabilities which are not exposed to significant currency risk as Group's functional currency is pegged to US Dollar.

All amounts are presented in Saudi Riyals unless otherwise stated.

30. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

iv. Capital management risk

The Board's policy is to maintain an efficient capital base as to maintain investor, creditor and market confidence and to sustain future development of its business. The Board of Directors monitor the return on capital employed and the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

i. to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
ii. to provide an adequate return to shareholders

31. Commitments and contingencies

	Note	**31 December 2022**	31 March 2022
Commitments			
Commitments for projects under construction	*(i)*	**3,265,050,000**	3,513,755,880
Outstanding bank guarantees		**13,000,000**	91,076,025

i. These commitments pertain to construction of shopping malls across the Kingdom of Saudi Arabia.

32. Standards issued but not yet effective

There are no new standards issued that were effective from 1 April 2022, however, there are number of amendments to the existing standards but they do not have a material effect on the consolidated financial statements of the Group.

A number of new pronouncements are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Definition of accounting estimate (Amendments to IAS 8)
- Disclosure of Accounting policies (Amendments to IAS 1 and IFRS practice statement 2)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction -(Amendments to IAS 12)

These amended standards and interpretations are not expected to have a significant impact on the consolidated financial statements.

33. Impact of covid-19

The COVID-19 pandemic, which commenced at the beginning of 2020 caused significant disruption in the economic and commercial sectors in general at both the global and local levels. The government of the Kingdom of Saudi Arabia undertook stimulus measures and launched initiatives to support the economy to reduce the adverse effects of this pandemic. On May 21, 2020, the Company announced rent relief and support packages, offered waiver of contractual base rent and service charge for all tenants from 16 March 2020 for a period of six weeks (45 days). For tenants whose stores were mandatorily closed by government decision they benefited also from the rent relief program starting the date of government closure until the earlier of (i) date of closure was lifted or (ii) 30 June 2020. Further, all escalations on the contracts was paused for two years, 2020 and 2021.

Accordingly, as at 31 March 2021 management approved a total discount of **SR 579 million** which is amortized over the remaining period of leases with tenants. The impact of rent relief for the nine-month period ended 31 December 2022 is **SR 71.8 million** (nine-month period ended 31 December 2021: SR 136.6 million).

All amounts are presented in Saudi Riyals unless otherwise stated.

33. Impact of covid-19 (continued)

The Group's management continues to study and follow up all the variables that affect the Group's activities, however, due to the inability to determine the time period of this pandemic and the precautionary measures and procedures as to what will emerge in the future, it is currently difficult to determine the size and extent of any financial impact accurately on the results of the Group up to the date of issuance of these consolidated financial statements. However, the Group does not anticipate any significant adverse implication in future related to the Group remaining as a going concern.

34. Disposal of subsidiaries

a) During the nine-month period ended 31 December 2022, the Group sold its 100% equity interest in two subsidiaries (note 1) to Saudi FAS Holding Company and accordingly these have been deconsolidated from the date of disposal, 14 August 2022. There were no operations in these subsidiaries.

	As at date of disposal
Investment properties – Project under construction and Right-of-use asset (note 8)	**557,480,304**
Due from related party	**2,293,125**
Accruals	**(78,100)**
Lease liability (note 9)	**(558,955,429)**
Net assets	**739,900**

The subsidiaries were disposed off for a net consideration of **SR 750,000**. Gain on disposal of subsidiary of **SR 10,100** has been recorded under other income in the consolidated statement of profit or loss

b)During the year ended 31 March 2022, the Group transferred certain subsidiaries to one of its shareholders. The transfer was made without any consideration and accordingly the net book value of the disposed subsidiaries of SR 18,194,017 has been recognised as loss on transfer (Note 27D). Further, the amount due to these subsidiaries of SR 18,129,016 has been waived off the by the shareholder of the transferred subsidiaries. Consequently, the gain on waiver of liabilities has been recognized in the consolidated statement of profit and loss (Note 27A).

35. Summarized financial information of material subsidiaries

The following are the summarized financial statements of material subsidiaries consolidated within the Group financial statements:

	Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin AlHokair and Company	**Riyadh Real Estate Development Funds Jawharat Jeddah**	**Riyadh Real Estate Development Funds Jawharat Riyadh**	**Derayah Destination Arabia Diversified Fund**
31 December 2022				
Assets				
Investment properties	**206,622,266**	**1,413,734,581**	**2,454,020,995**	**--**
Cash and cash equivalents	**--**	**7,536,666**	**--**	**40,488,162**
Other assets	**24,211,347**	**272,652**	**200,000**	**--**
	230,833,613	**1,421,543,899**	**2,454,220,995**	**40,488,162**
Liabilities				
Loans and borrowings	**--**	**58,828,677**	**--**	**--**
Lease liabilities	**77,301,026**	**--**	**--**	**--**
Other liabilities	**52,908,921**	**8,059,529**	**12,997,219**	**4,823,075**
	130,209,947	**66,888,206**	**12,997,219**	**4,823,075**
Net assets	**100,623,666**	**1,354,655,693**	**2,441,223,776**	**35,665,087**

All amounts are presented in Saudi Riyals unless otherwise stated.

35.Summarized financial information of material subsidiaries (continued)

The following are the summarized financial statements of material subsidiaries consolidated within the Group financial statements:

	Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin AlHokair and Company	Riyadh Real Estate Development Funds Jawharat Jeddah	Riyadh Real Estate Development Funds Jawharat Riyadh	Derayah Destination Arabia Diversified Fund
31 March 2022				
Assets				
Investment properties	213,607,106	--	--	253,812,000
Other assets	17,627,408	--	--	--
	231,234,514	--	--	253,812,000
Liabilities				
Loans and borrowings	--	--	--	--
Lease liabilities	89,155,122	--	--	--
Other liabilities	53,284,876	--	--	--
	142,439,998	--	--	--
Net assets	88,794,516	--	--	253,812,000
Nine-month period ended 31 December 2022				
Statement of profit or loss				
Revenue	**32,188,958**	**--**	**--**	**--**
Gross profit / (loss)	**25,373,815**	**--**	**--**	**--**
Profit / (loss) for the period	**10,171,051**	**96,425,777**	**178,573,923**	**(36,146,910)**
Year ended 31 March 2022				
Statement of profit or loss				
Revenue	36,636,238	--	--	--
Gross profit	24,858,719	--	--	--
Loss for the period	(50,445,180)	--	--	--
Nine-month period ended 31 December 2021				
Statement of profit or loss				
Revenue	27,873,119	--	--	--
Gross profit	18,394,311	--	--	--
Loss for the period	(43,802,069)	--	--	--

All amounts are presented in Saudi Riyals unless otherwise stated.

36. Effect of change in accounting policy

On 29 June 2022, the Board of Directors of the Company approved the change in accounting policy for the subsequent measurement of the Group's investment properties from the cost model to the fair value model. The impact of the change in accounting policy has been reflected by restating each of the affected financial statement line items for prior periods. The following table summarizes the impacts on the Group's consolidated financial statements for the current period and prior periods presented (including the earliest presented period):

i) Consolidated statement of financial position

	Impact of change in accounting policy			
1 April 2021	**As previously reported**	**Adjustment**	**Reclassifications***	**As restated**
Investment properties	11,967,476,773	7,488,403,505	3,702,807,103	**23,158,687,381**
Right-of-use	3,121,596,866	--	(3,120,337,744)	**1,259,122**
Advances to contractors	582,469,359	--	(582,469,359)	**--**
Total assets	17,654,778,299	7,488,403,505	--	**25,143,181,804**
Total liabilities	11,602,359,786	--	--	**11,602,359,786**
Retained earnings	320,429,968	7,420,103,232	--	**7,740,533,200**
Non-controlling interest	1,319,575	68,300,273	--	**69,619,848**
Total equity	6,052,418,513	7,488,403,505	--	**13,540,822,018**

	Impact of change in accounting policy			
31 March 2022	**As previously reported**	**Adjustment**	**Reclassifications***	**As restated**
Investment properties	12,671,172,262	7,804,763,587	3,495,893,400	**23,971,829,249**
Right-of-use	2,900,541,380	--	(2,900,541,380)	**--**
Advances to contractors	595,352,020	--	(595,352,020)	**--**
Total assets	18,281,162,588	7,804,763,587	--	**26,085,926,175**
Total liabilities	12,500,581,523	--	--	**12,500,581,523**
Retained earnings	1,084,412	7,724,837,152	--	**7,725,921,564**
Non-controlling interest	(1,669,853)	46,067,111	--	**44,397,258**
Statutory reserve	605,442,463	33,859,324	--	**639,301,787**
Total equity	5,780,581,065	7,804,763,587	--	**13,585,344,652**

	Impact of change in accounting policy			
31 December 2022	**As per old accounting policy**	**Adjustment**	**Reclassifications***	**As per new accounting policy**
Investment properties	12,649,105,749	8,146,305,225	2,280,330,404	**23,075,741,378**
Asset held for sale	--	--	405,880,057	**405,880,057**
Right-of-use	1,966,141,689	--	(1,966,141,689)	**--**
Advances to contractors	720,068,772	--	(720,068,772)	**--**
Total assets	17,730,553,759	8,146,305,225	--	**25,876,858,984**
Total liabilities	11,808,258,279	--	--	**11,808,258,279**
Retained earnings	86,944,106	8,031,444,270	--	**8,118,388,376**
Non-controlling interest	3,037,953	46,444,830	--	**49,482,783**
Statutory reserve	654,076,419	68,416,125	--	**722,492,544**
Total equity	5,922,295,480	8,146,305,225	--	**14,068,600,705**

* Reclassifications represent reclassification of advances to contractor for projects and right-of-use assets to investment properties for better and consistent presentation in the consolidated financial statements.

All amounts are presented in Saudi Riyals unless otherwise stated.

36. Effect of change in accounting policy (continued)

ii) Consolidated statement of profit or loss and consolidated statement of comprehensive income

	Impact of change in accounting policy		
For the nine-month period ended 31 December 2021	**As previously reported**	**Adjustment**	**As restated**
Depreciation of right-of-use assets	(149,964,542)	137,462,555	**(12,501,987)**
Depreciation of investment properties	(251,593,311)	251,593,311	**--**
Other operating expense	--	(1,259,124)	**(1,259,124)**
Net fair value loss on investment properties	--	(136,690,420)	**(136,690,420)**
Profit for the period	327,245,605	251,106,322	**578,351,927**
Total comprehensive income for the period	328,139,713	251,106,322	**579,246,035**
Earnings per share – Basic and diluted	0.69	0.57	**1.26**

	Impact of change in accounting policy		
For the year ended 31 March 2022	**As previously reported**	**Adjustment**	**As restated**
Depreciation of right-of-use assets	(199,014,634)	182,345,315	**(16,669,319)**
Depreciation of investment properties	(343,048,949)	343,048,949	--
Other operating expenses	(32,106,705)	1,781,897	**(30,324,808)**
Net fair value loss on investment properties	--	(210,816,079)	**(210,816,079)**
Profit for the year	433,848,843	316,360,082	750,208,925
Total comprehensive income for the year	440,662,552	316,360,082	757,022,634
Earnings per share – Basic and diluted	0.91	0.72	1.63

	Impact of change in accounting policy		
For the nine-month period ended 31 December 2022	**As per old accounting policy**	**Adjustment**	**As per new accounting policy**
Depreciation of right-of-use assets	(127,086,649)	121,536,318	**(5,550,331)**
Depreciation of investment properties	(261,831,806)	261,831,806	**--**
Impairment of investment properties	(25,038,548)	25,038,548	**--**
Other operating income	94,437,726	(90,864,877)	**3,572,849**
Other operating expenses	(1,438,792)	(25,135,856)	**(26,574,648)**
Net fair value gain on investment properties	--	60,760,555	**60,760,555**
Profit for the period	483,826,600	353,166,494	**836,993,094**
Total comprehensive income for the period	486,339,559	353,166,494	**839,506,053**
Earnings per share – Basic and diluted	1.02	0.73	**1.75**

There is no impact on the total operating, investing or financing cash flows for the nine-month period ended 31 December 2022.

All amounts are presented in Saudi Riyals unless otherwise stated.

37. Subsequent events

- On 1 January 2023, the Board of Directors resolved to distribute dividends for the first half of period ended 31 December 2022 amounting to **SR 0.75** per share aggregating to **SR 356,250,000**. The dividends were paid on 12 February 2023.

- On 24 January 2023, the shareholders approved the establishment by the Company of a Shari'a compliant Sukuk Program up to **SR 4,500,000,000** for a period of two years from the establishment date, which may be issued from time to time domestically in a single or multiple issuances, in accordance with its long term policy to move the Company to more flexible, unsecured public markets financing.

- On 2 April 2023, the Board of Directors resolved to distribute dividends for the second half of the period ended 31 December 2022 amounting to **SR 1** per share aggregating to **SR 475,000,000**. The dividends will be paid on 25 April 2023.

- The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended By-Laws to the shareholders in their General Assembly meeting for their ratification.

38. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors for issuance on 8 Ramadan 1444H (corresponding to 30 March 2023).

Arabian Centres Company

(A Saudi Joint Stock Company)

Condensed consolidated interim financial statements

(Unaudited)

For the three-month and nine-month periods ended 31 December 2021

together with the

Independent Auditor's Review Report

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كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Arabian Centres Company

Introduction

We have reviewed the accompanying 31 December 2021 condensed consolidated interim financial statements of **Arabian Centres Company** ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 31 December 2021;
- the condensed consolidated statement of profit or loss for the three-month and nine-month periods ended 31 December 2021;
- the condensed consolidated statement of comprehensive income for the three-month and nine-month periods ended 31 December 2021;
- the condensed consolidated statement of changes in equity for the nine-month period ended 31 December 2021;
- the condensed consolidated statement of cash flows for the nine-month period ended 31 December 2021; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Arabian Centres Company (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 December 2021 condensed consolidated interim financial statements of **Arabian Centres Company and its subsidiaries** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

Emphasis of Matter

We draw attention to Note 8(iii) to the condensed consolidated interim financial statements, which describes management's judgement relating to the control and ownership of a piece of land and the related project under development. Our conclusion is not modified in respect of this matter.

For KPMG Professional Services

Hani Hamzah A. Bedairi
License No: 460

Riyadh, on 9 Rajab 1443H
Corresponding to: 10 February 2022

كي بي إم جي للإستشارات المهنية
Lic No. 46
C.R. 1010425494
R : 1
KPMG
ترخيص رقم ٤٦
KPMG Professional Services

Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated statement of financial position
As at 31 December 2021

	Notes	31 December 2021 Unaudited	31 March 2021 Audited
Assets			
Investment properties	8	12,386,749,816	11,967,476,773
Right-of-use assets		2,954,318,725	3,121,596,866
Property and equipment		81,780,123	75,546,196
Advances to a contractor	11	595,087,969	582,469,359
Accrued revenue – non-current portion		259,685,218	341,395,259
Other non-current assets		35,454,540	22,500,000
Investment in equity accounted investee and others	10	77,798,651	5,975,840
Non-current assets		16,390,875,042	16,116,960,293
Development properties	9	276,382,843	--
Accrued revenue		129,842,609	170,697,630
Accounts receivable		252,961,830	247,870,806
Amounts due from related parties	11	287,734,778	379,445,963
Prepayments and other assets		144,262,131	99,459,039
Cash and cash equivalents		662,128,423	635,669,921
		1,753,312,614	1,533,143,359
Assets held for sale		--	4,674,647
Current assets		1,753,312,614	1,537,818,006
Total assets		18,144,187,656	17,654,778,299
Equity			
Share capital	12	4,750,000,000	4,750,000,000
Share premium		411,725,703	411,725,703
Statutory reserve	13	561,758,636	561,758,636
Other reserves	13	8,078,739	7,184,631
Retained earnings		294,302,022	320,429,968
Equity attributable to the shareholders of the Company		6,025,865,100	6,051,098,938
Non-controlling interest		(1,556,874)	1,319,575
Total equity		6,024,308,226	6,052,418,513
Liabilities			
Loans and borrowings	15	7,506,823,249	6,861,285,252
Lease liabilities		3,437,175,412	3,523,411,045
Employee benefits		24,449,205	21,673,040
Other non-current liabilities		57,614,590	69,448,668
Non-current liabilities		11,026,062,456	10,475,818,005
Loans and borrowings	15	102,570,313	119,375,000
Lease liabilities – current portion		350,971,054	337,122,007
Accounts payable and other liabilities		387,747,737	405,102,129
Amount due to related parties	11	5,777,092	162,319
Unearned revenue		228,456,723	240,501,793
Zakat liabilities		18,294,055	24,278,533
Current liabilities		1,093,816,974	1,126,541,781
Total liabilities		12,119,879,430	11,602,359,786
Total equity and liabilities		18,144,187,656	17,654,778,299

The attached notes from 1 to 24 are an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors and signed on its behalf by:

Waleed Khalid Al-Rebdi	**Mohamad Rafic Mourad**	**Kamel Badih Al-Qalam**
Chief Financial Officer	*Managing Director*	*Board Member*

All amounts are presented in Saudi Riyals unless otherwise stated.

	Notes	Three-month period ended 31 December 2021 Unaudited	31 December 2020 Unaudited	Nine-month period ended 31 December 2021 Unaudited	31 December 2020 Unaudited
Revenue	16	510,596,441	469,414,474	1,518,317,628	1,410,110,346
Cost of revenue					
- Direct costs		(87,192,217)	(95,332,847)	(273,830,081)	(237,293,093)
- Depreciation of right-of-use assets		(47,029,842)	(45,751,702)	(149,964,542)	(141,632,974)
- Depreciation of investment properties	8	(85,996,469)	(79,389,066)	(251,593,311)	(228,819,537)
Gross profit		290,377,913	248,940,859	842,929,694	802,364,742
Other operating income	17	2,138,412	48,835,392	7,407,717	135,039,852
Advertisement and promotion expenses		(4,801,487)	(5,205,922)	(15,801,526)	(15,473,141)
General and administrative expenses		(56,106,988)	(49,642,143)	(173,788,624)	(132,559,961)
Impairment loss on accounts receivable and accrued revenue rentals		(41,711,778)	(41,287,411)	(73,222,259)	(108,327,890)
Operating profit		189,896,072	201,640,775	587,525,002	681,043,602
Finance costs on loans and borrowings		(35,362,455)	(62,484,321)	(126,065,291)	(200,224,354)
Finance costs on lease liabilities		(37,096,344)	(37,801,427)	(121,847,884)	(110,915,700)
Net finance costs		(72,458,799)	(100,285,748)	(247,913,175)	(311,140,054)
Share of (loss) / profit from equity-accounted investee	10	(4,000,000)	(2,481,619)	(4,000,000)	1,652,443
Profit before zakat		113,437,273	98,873,408	335,611,827	371,555,991
Zakat charge		(3,292,940)	(3,298,943)	(8,366,222)	(11,806,196)
Profit for the period		110,144,333	95,574,465	327,245,605	359,749,795
Profit / (loss) for the period is attributable to:					
- Shareholders of the Company		111,945,588	95,423,954	330,122,054	357,207,914
- Non-controlling interest		(1,801,255)	150,511	(2,876,449)	2,541,881
		110,144,333	95,574,465	327,245,605	359,749,795
Earnings per share					
Basic and diluted earnings per share	18	0.24	0.20	0.69	0.75

The attached notes from 1 to 24 are an integral part of these condensed consolidated interim financial statements.

Waleed Khalid Al-Rebdi	**Mohamad Rafic Mourad**	**Kamel Badih Al-Qalam**
Chief Financial Officer	*Managing Director*	*Board Member*

All amounts are presented in Saudi Riyals unless otherwise stated.

	Three-month period ended		Nine-month period ended	
	31 December 2021 Unaudited	31 December 2020 Unaudited	31 December 2021 Unaudited	31 December 2020 Unaudited
Profit for the period	**110,144,333**	95,574,465	**327,245,605**	359,749,795
Other comprehensive income / (loss)				
Items that are or may be reclassified subsequently to profit or loss:				
- Cash flow hedges – effective portion of change in fair value	**1,969,227**	(627,388)	**2,048,882**	(1,677,200)
Items that will not be reclassified to profit or loss:				
- Remeasurement of end of service liability	--	(330)	**(1,154,774)**	(1,217,478)
- Other investments at FVOCI – net change in fair value	--	(6,711,599)	--	56,922,217
Total comprehensive income for the period	**112,113,560**	88,235,148	**328,139,713**	413,777,334
Total comprehensive income / (loss) for the period attributable to:				
- Shareholders of the Company	**113,914,815**	88,084,637	**331,016,162**	411,235,453
- Non-controlling interests	**(1,801,255)**	150,511	**(2,876,449)**	2,541,881
	112,113,560	88,235,148	**328,139,713**	413,777,334

The attached notes from 1 to 24 are an integral part of these condensed consolidated interim financial statements.

Waleed Khalid Al-Rebdi	**Mohamad Rafic Mourad**	**Kamel Badih Al-Qalam**
Chief Financial Officer	*Managing Director*	*Board Member*

All amounts are presented in Saudi Riyals unless otherwise stated.

		Attributable to shareholders of the Company							
	Notes	Share capital	Share premium	Statutory reserve	Other reserves	Retained earnings	Total	Non-Controlling interest	Total equity
Balance at 1 April 2020 – Audited		4,750,000,000	411,725,703	513,092,734	(18,103,542)	326,282,581	5,982,997,476	1,258,156	5,984,255,632
Total comprehensive income for the period									
Profit for the period		--	--	--	--	357,207,914	357,207,914	2,541,881	359,749,795
Other comprehensive income		--	--	--	54,027,539	--	54,027,539	--	54,027,539
Total comprehensive income for the period		--	--	--	54,027,539	357,207,914	411,235,453	2,541,881	413,777,334
Transfer to retained earnings		--	--	--	(12,138,219)	12,138,219	--	--	--
Transactions with shareholders of the company									
Dividends	*14*	--	--	--	--	(475,000,000)	(475,000,000)	--	(475,000,000)
Balance at 31 December 2020 – Unaudited		4,750,000,000	411,725,703	513,092,734	23,785,778	220,628,714	5,919,232,929	3,800,037	5,923,032,966
Balance at 1 April 2021 – Audited		4,750,000,000	411,725,703	561,758,636	7,184,631	320,429,968	6,051,098,938	1,319,575	6,052,418,513
Total comprehensive income for the period									
Profit for the period / (loss)		--	--	--	--	330,122,054	330,122,054	(2,876,449)	327,245,605
Other comprehensive income		--	--	--	894,108	--	894,108	--	894,108
Total comprehensive income / (loss) for the period		--	--	--	894,108	330,122,054	331,016,162	(2,876,449)	328,139,713
Transactions with shareholders of the company									
Dividends	*14*	--	--	--	--	(356,250,000)	(356,250,000)	--	(356,250,000)
Balance at 31 December 2021 – Unaudited		4,750,000,000	411,725,703	561,758,636	8,078,739	294,302,022	6,025,865,100	(1,556,874)	6,024,308,226

The attached notes from 1 to 24 are an integral part of these condensed consolidated interim financial statements.

Waleed Khalid Al-Rebdi
Chief Financial Officer

Mohamad Rafic Mourad
Managing Director

Kamel Badih Al-Qalam
Board Member

All amounts are presented in Saudi Riyals unless otherwise stated.

	Notes	Nine-month period ended 31 December 2021 Unaudited	Nine-month period ended 31 December 2020 Unaudited
Cash flows from operating activities:			
Profit before Zakat		335,611,827	371,555,991
Adjustments for:			
- Depreciation on investment properties	8	251,593,311	228,819,537
- Depreciation on property and equipment		13,163,939	20,311,632
- Depreciation on right-of-use assets		151,223,667	144,458,257
- Impairment loss on accounts receivable and accrued revenue rentals		73,222,259	108,327,890
- Provision for employee benefits		3,793,319	4,730,379
- Finance costs on loans and borrowings		126,065,291	200,224,354
- Finance costs on lease liabilities		121,847,884	110,915,700
- Lease rental concession		--	(76,703,029)
- Share of loss / (gain) from equity-accounted investee and other	10	4,000,000	(1,652,443)
- Change in fair value of other investments	17	(529,584)	(306,917)
- Gain from disposal of assets held for sale	17	(429,474)	--
- Gain from disposal of equity accounted investee	17		(42,767,629)
		1,079,562,439	1,067,913,722
Changes in:			
- Development properties		(6,979,833)	--
- Accounts receivable		(78,313,282)	(62,904,526)
- Amounts due from related parties, net		(26,361,441)	138,949,572
- Prepayments and other assets		(57,852,144)	(17,449,735)
- Accounts payable and other liabilities		1,423,828	26,880,193
- Accrued revenue		122,565,069	(469,456,732)
- Unearned revenue		(12,045,077)	54,585,617
Cash generated from operating activities		1,021,999,559	738,518,111
Employee benefits paid		(2,171,928)	(10,762,089)
Zakat paid		(14,350,700)	(6,266,501)
Net cash from operating activities		1,005,476,931	721,489,521
Cash flows from investing activities:			
Additions to investment properties, net		(52,528,643)	(129,884,858)
Acquisition of equity-accounted investee and other		(75,293,227)	--
Acquisition of property and equipment		(19,397,866)	(766,539)
Proceeds from disposal of assets held for sale		5,104,121	--
Proceeds from disposal of equity accounted investee and other		--	97,500,000
Proceeds from disposal of other investments		--	77,048,147
Advances to a contractor, related party		(559,265,422)	(236,251,324)
Net cash used in investing activities		(701,381,037)	(192,354,574)

All amounts are presented in Saudi Riyals unless otherwise stated.

	Notes	Nine-month period ended 31 December 2021 Unaudited	Nine-month period ended 31 December 2020 Unaudited
Cash flows from financing activities:			
Proceeds from loans and borrowings	15	3,321,328,125	--
Repayments of loans and borrowings	15	(2,656,577,603)	(45,000,000)
Transaction costs paid during the period	15	(49,747,258)	(8,659,935)
Payment of finance costs on loans and borrowings		(313,185,148)	(296,611,394)
Payment of dividend to shareholders		(356,250,000)	(237,130,811)
Repayments of lease liabilities		(223,205,508)	(193,823,842)
Net cash used in financing activities		(277,637,392)	(781,225,982)
Net increase / (decrease) in cash and cash equivalents		26,458,502	(252,091,035)
Cash and cash equivalents at the beginning of period		635,669,921	1,045,680,193
Cash and cash equivalents at end of the period		662,128,423	793,589,158
Significant non-cash transactions:			
- Capitalized finance cost for project under construction		169,003,025	28,506,976
- Capitalized arrangement fees for project under construction		3,377,974	--
- Capitalized finance cost on lease liabilities for project under construction		28,971,036	55,598,366
- Capitalized depreciation of right-of-use assets for project under construction		16,054,474	36,567,356
- Advance to contractors classified to lease liabilities		--	31,432,158
- Capitalized advances to contractors for project under construction		546,646,812	276,601,652
- Advances for acquisition of investment property by related party		25,000,000	--
- Related parties settlement through advanced to contractor account		(13,648,298)	--
- Transfer of land to development property from investment property		269,403,007	--
- Transfer of investment property from related party		85,039,100	--
- Advances to lessor reclassified to other non-current assets		--	22,500,000

The attached notes from 1 to 24 are an integral part of these condensed consolidated interim financial statements.

Waleed Khalid Al-Rebdi	**Mohamad Rafic Mourad**	**Kamel Badih Al-Qalam**
Chief Financial Officer	*Managing Director*	*Board Member*

All amounts are presented in Saudi Riyals unless otherwise stated.

1. Reporting entity

Arabian Centres Company ("the Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia ("KSA") under commercial registration numbered 1010209177 and dated 7 Rabi Thani 1426H (corresponding to 15 May 2005). The registered office is located at Nakheel District, P.O. Box 341904, Riyadh 11333, KSA.

The Company was formed on 7 Rabi Thani 1426H (corresponding to 15 May 2005) as Limited Liability Company. On 8 Muhurram 1439H (corresponding to 28 September 2017) legal status of the Company had changed from a Limited Liability Company to a Saudi Closed Joint Stock Company.

On 22 May 2019, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Stock Exchange ("Tadawul"). In connection with IPO, the Company has issued 95 million of its ordinary shares for a cash payment and the legal status of the Company changed from Saudi Closed Joint Stock Company to Saudi Joint Stock Company.

The Company and its subsidiaries' (collectively referred to as "the Group") principal business objectives are to purchase lands, build, develop and invest in buildings, sell or lease of buildings and the construction of commercial buildings including demolition, repair, excavation and maintenance works. It also includes maintenance and operation of commercial centres, tourist resorts, hotels and restaurants, managing and operating temporary and permanent exhibitions, compounds and hospitals.

During the period ended 31 December 2021, the Company has obtained the "Qualification Certificate of the Real Estate Developer" from the Off-Plan Sale or Rent Committee (Wafi); one of the initiatives of the Ministry of Municipal and Rural Affairs and Housing. This provides the Company the ability to develop lands, residential projects and mixed-use lands directly and not through other residential developers.

1. Reporting entity (continued)

Following is the list of subsidiaries included in these condensed consolidated interim financial statements as at 31 December 2021 and 31 March 2021:

No	Subsidiaries	Country of incorporation	Direct ownership interest held by the Group as at:		Indirect ownership interest held by the Group as at:		Share Capital (SR)	Number of shares issued
			31 December 2021	31 March 2021	31 December 2021	31 March 2021		
1	Riyadh Centres Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
2	Al Bawarij International for Development & Real Estate Investment Company	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
3	Al Makarem International for Real Estate Development Company	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
4	Oyoun Al Raed Mall Trading	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
5	Oyoun Al Basateen Company for Trading	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
6	Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin AlHokair and Company	Kingdom of Saudi Arabia	50%	50%	--	--	500,000	500
7	Yarmouk Mall Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
8	Al Erth Al Matin Trading Company	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
9	Arkan Salam for Real Estate and Contracting Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	1,000,000	1,000
10	Mall of Arabia Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
11	Aziz Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
12	Dhahran Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
13	Al Noor Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
14	Al Yasmeen Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
15	Al Dammam Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
16	Al Malaz Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
17	Al Hamra Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
18	Al Erth Al Rasekh Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100

During the financial year ended 31 March 2021, the Group signed a Sale Purchase Agreement to acquire 39,253 (25.5%) ordinary shares of Vogacloset Limited, UK (an e-commerce Company) for a total consideration of SR 68,856,933. During the period ended 31 December 2021, the necessary legal formalities for transfer of ownership including the regulatory approvals have been completed and the investment in Vogacloset is accounted for as an investment in a joint venture. (refer note *10*).

2. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Group's latest annual consolidated financial statements as at and for the year ended 31 March 2021 ("latest annual Consolidated Financial Statements"). They do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia. However, selected accounting policies and explanatory notes are included to explain events and transactions that are significant to understand the changes in the Group's financial position and performance since the latest annual consolidated financial statements.

3. Basis of measurement

These condensed consolidated interim financial statements are prepared under the historical cost convention except for the following material items in the condensed consolidated statement of financial position:

- Other investments at fair value
- Derivative financial instruments at fair value
- Employees end of service benefits using projected unit credit method

4. Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Arabian Riyal ("SR"), which is the functional currency of the Company.

5. Significant accounting estimates, assumptions and judgements

The preparation of these condensed consolidated interim financial statements in conformity with IFRS that are endorsed in the Kingdom of Saudi Arabia, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the latest annual consolidated financial statements except as described in note 8(iii) relating to the significant judgement relating to the control and ownership of a piece of land and project under construction.

6. Significant accounting policies

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the latest annual consolidated financial statements as at and for the year ended 31 March 2021. Certain comparative figures have been reclassified to conform to current period's presentation. The change in accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 March 2022.

A. Interests in equity-accounted investee

The Group's interests in equity accounted investee comprise an interest in a joint venture. A Joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint venture are accounted for using the equity method. They are initially recognized at costs, which includes transaction costs. Subsequent to the initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investee, until the date on which joint control ceases.

B. Development properties

Development properties are properties that are being developed with a view to sell. The Group's development properties arise when Group purchase properties with an intention to sale or when there is a change in use of investment properties evidenced by the commencement of development with a view to sale. The investment properties are reclassified as development properties at their carrying amount at the date of their reclassification. They are subsequently carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less costs to complete development and selling expenses.

6. Significant accounting policies (continued)

B. Development properties (continued)

The operating cycle of development properties is such that the majority of development properties are held for longer period and will not be realized within twelve months.

C. Other policies

The Group has initially adopted Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (the Phase 2 amendments) from 1 April 2021. The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate the prior period to reflect the application of these amendments, including not providing additional disclosures for 31 March 2021. There is no impact on opening equity balances as a result of retrospective application.

The Phase 2 amendments provide practical relief from certain requirements in IFRS Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate. If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Group applies the policies on accounting for modifications set out above to the additional changes.

Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permit the hedge relationship to be continued without interruption. The Group applies the following reliefs as and when uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

- the Group amends the designation of a hedging relationship to reflect changes that are required by the reform without discontinuing the hedging relationship; and
- when a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

While uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Group continues to apply the existing accounting policies

7. Standards issued but not yet effective

A number of new pronouncements are effective for annual years beginning on or after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these condensed consolidated interim financial statements:

- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)
- COVID-19 Related rent concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of accounting estimate (Amendments to IAS 8)

These amended standards and interpretations are not expected to have a significant impact on the condensed consolidated interim financial statements.

8. Investment properties

	Notes	31 December 2021 Unaudited	31 March 2021 Audited
Cost			
Balance at the beginning of the period / year		**14,497,294,275**	13,575,076,965
Additions during the period / year		**855,230,261**	790,877,310
Transfers from related party during the period / year	*(ii)*	**85,039,100**	131,340,000
Transferred to development properties	*9*	**(269,403,007)**	--
Balance at the end of the period / year	*(iii)*	**15,168,160,629**	14,497,294,275
Accumulated depreciation			
Balance at the beginning of the period / year		**2,529,817,502**	2,218,164,120
Charge for the period / year		**251,593,311**	311,653,382
Balance at the end of the period / year		**2,781,410,813**	2,529,817,502
Net book value		**12,386,749,816**	11,967,476,773

i. Buildings on leasehold land includes buildings of SR 136.7 million (31 March 2021: SR 142.6 million) which are constructed on leasehold lands where lease agreements are in the name of related parties.

ii. During the period ended 31 December 2021, the Group has acquired SR 85 million (31 March 2021: SR 131.3 million) through transfer of lands and buildings to partially settle the outstanding receivables from FAS Holding Company for Hotels.

iii. This amount includes a piece of land in Riyadh which was acquired by the Group in 2013 from a private real estate investment fund with a carrying value of SR 1,770 million (31 March 2021: SR 1,770 million). The land is under development under an approved scheme issued by the Riyadh Development Authority. The carrying amount of the development is SR 715 million (31 March 2021: SR 519 million).

The Supreme Court through its decision dated 23 Rajab 1442H (7 March 2021), cancelled certain land title deeds citing the violation of applicable legal procedures for the transfer of title deeds and subsequent deeds. Consequently, the title deed of the land owned by the Group was cancelled.

The Group submitted a letter to the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud on 20 September 2021 requesting the cancellation of the Supreme Court decision as:

- the Royal Decree issued on 11 Rajab 1442H (23 February 2021), that directed the formation of a team to resolve the issues of the deeds that are within an approved scheme and therefore should not be assigned to the courts;
- the real estate in the deed was purchased under a proper sale purchase agreement by the Group; and
- the infrastructure development of the land started after obtaining the required approvals from authorities in line with the approved scheme issued by the Riyadh Development Authority, and under the supervision of Riyadh Municipality. Further, the development licenses were renewed by Riyadh Municipality in December 2021.

Based on an opinion from an independent legal counsel and recent precedents, management is confident that their request will be considered and the land title will be reinstated. Further, management believes that the rightful land ownership of the Group is not impacted merely on account of certain legal procedures not being met on transfer of the original land deed. Thus, the Group continues to control the land and its use and continues the construction and development of the land. Furthermore, the independent legal counsel confirms in the remote instance the request is rejected, the Group has legal recourse available to recover the cost of land and any related damages from the seller.

Fair value of investment properties

Management estimates that the fair value of the investment properties as at 31 December 2021 is SR 23.7 billion. Management has carried out an external valuation as at 31 March 2021. The valuers had appropriate qualifications and experience in the valuation of properties at the relevant locations. The effective date of the valuation was 31 March 2021 and prepared in accordance with Royal Institution of Chartered Surveyors ("RICS") Global Standards 2017 which comply with the international valuation standards. The fair value hierarchy for the investment properties for disclosure purposes is grouped in level 3, with significant unobservable inputs adopted by the Valuer which are transparency of retail rental payment terms; discount rates; and capitalization rate (yields).

9. Development properties

	Notes	31 December 2021 Unaudited	31 March 2021 Audited
Cost			
Balance at the beginning of the period / year		--	--
Additions during the period / year		6,979,836	--
Transferred from investment properties	8, (i)	269,403,007	--
Balance at the end of the period / year		276,382,843	--
Net book value		276,382,843	--

i. This represents the carrying value of piece of land transferred from investment properties due to a change in the intended use of the land to development and sale in normal course of business. The Group does not expect to complete and sell the development property in the next twelve months.

10. Investment in equity accounted investee and others

	31 December 2021 Unaudited	31 March 2021 Audited
Investment in a Joint venture (i)	71,293,227	--
Investment in a real estate fund at FVTPL (ii)	6,505,424	5,975,840
	77,798,651	5,975,840

i. Investment in a Joint venture represents an investment in the share capital of FAS Lab Holding Company, a limited liability company incorporated in the Kingdom of Saudi Arabia, which is engaged primarily in leading the digital initiatives for the Group including but not limited to providing the malls' visitors and shoppers with a specialized and advanced loyalty program, simplified and innovative consumer financing solutions and e-commerce platform. The movement of the investment during the period is as follows:

	Percentage of ownership	Opening balance	Additions	Share in losses	Dividend	Ending balance
As at 31 December 2021	50%	--	75,293,227	(4,000,000)	--	71,293,227

ii. This represents 0.25% equity investment in Al Jawhara Real Estate Fund (formerly known as Digital City Fund) (68 units each for SR 100,000) purchased for SR 6.8 million. As at 31 December 2021, Net asset value (NAV) of the investment amounted to SR 6.5 million (31 March 2021: SR 5.9 million). An unrealized gain amounting to SR 0.52 million has been recognized in the condensed consolidated statement of profit or loss (31 December 2020: loss of SR 0.17 million).

11. Related party transactions and balances

For the purpose of these condensed consolidated interim financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, and vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities. Balances and transactions between the Company and its subsidiaries, which are related parties within the Group, have been eliminated on consolidation

A. Key management personnel compensation

The remuneration of directors and other key management personnel ('KMP') during the period are as follow:

	31 December 2021 Unaudited	31 December 2020 Unaudited
End of service benefits	2,761,086	3,008,598
Salaries and short-term benefits	11,731,000	12,017,954
Total key management compensation	14,492,086	15,026,552

11. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

I - During the period, the Group transacted with its related parties. The terms of those transactions are approved by management/Board of Directors in the ordinary course of business. The significant transactions and the related amounts are as follows:

Name of related party	Business status	Rental income and other fees / services	Security services received	Others	Total	Balance as at
		Transactions during nine months ended 31 December 2021 Unaudited				31 December 2021 Unaudited
31 December 2021						
Transactions with ultimate shareholder						
Saudi FAS Holding Company	Closed Joint Stock Company	1,486,477	--	20,698,971	22,185,448	20,754,295
Transactions with fellow subsidiaries (subsidiaries of shareholder)						
FAS Holding Company for Hotels and its subsidiaries*	Limited Liability Company	--	--	152,687,398	152,687,398	--
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	Joint Stock Company	280,537,042		39,757,632	320,294,674	148,324,270
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	Joint Stock Company	21,315,733	--	--	21,315,733	(5,777,092)
Salman & Sons Holding Co and its associates	Limited Liability Company	40,449,594	--	--	40,449,594	41,347,961
Majd Al Amal Co. Limited and its associates	Limited Liability Company	16,997,834	--	--	16,997,834	33,054,279
Tadaris Alnajd Security Company	Limited Liability Company	--	51,729,637	--	51,729,637	11,458,137
Ezdihar Holding Co and its subsidiaries	Limited Liability Company	31,522,425	--	--	31,522,425	26,626,404
Others, net	Limited Liability Company	3,774,828	--	--	3,774,828	6,169,432
		396,083,933	51,729,637	213,144,001	660,957,571	281,957,686
		Transactions during nine months ended 31 December 2020 Unaudited				31 March 2021 Audited
31 March 2021						
Transactions with ultimate shareholder						
Saudi FAS Holding Company	Closed Joint Stock Company	--	--	2,959,425	2,959,425	--
Transactions with fellow subsidiaries (subsidiaries of shareholder)						
FAS Holding Company for Hotels and its subsidiaries	Limited Liability Company	--	--	--	--	218,982,570
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	Joint Stock Company	289,137,856	--	--	289,137,856	81,369,641
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	Joint Stock Company	26,941,739	--	--	26,941,739	28,947,242
Salman & Sons Holding Co and its associates	Limited Liability Company	32,488,015	--	--	32,488,015	23,588,248
Majd Al Amal Co. Limited and its associates	Limited Liability Company	10,748,432	--	--	10,748,432	8,855,548
Tadaris Alnajd Security Company	Limited Liability Company	--	49,896,411	--	49,896,411	8,825,690
Ezdihar Holding Co and its subsidiaries	Limited Liability Company	29,932,842	--	--	29,932,842	6,741,667
Others, net	Limited Liability Company	4,638,131	--	29,203	4,667,334	1,973,038
		393,887,015	49,896,411	2,988,628	446,772,054	379,283,644

* Others represent land transferred to the Group and certain payments made on behalf of the Group

11. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

II - Related party balances are presented in the statement of financial position as follows:

	31 December 2021 Unaudited	31 March 2021 Audited
Amount due from related parties	**287,734,778**	379,445,963
Amount due to related parties	**(5,777,092)**	(162,319)
	281,957,686	379,283,644

C. Advances to a contractor

Advances to a contractor represents advance paid to Lynx Contracting Company (formerly known as Fawaz Abdulaziz Al Hokair & Partners Real Estate Company) for the construction of shopping malls, which are under various stages of completion.

			Construction work services received		Balances	
Name of related party	**Business status**	**Relationship**	**Nine month period 31 December 2021 Unaudited**	**Nine month period 31 December 2020 Unaudited**	**31 December 2021 Unaudited**	**31 March 2021 Audited**
Lynx Contracting Company	Limited Liability	Affiliate	**488,898,485**	324,196,093	**595,087,969**	582,469,359

With the consent of the shareholders of the Company, the Company has signed a framework agreement with a related party, Lynx Contracting Company (formerly known as Fawaz Abdulaziz Al Hokair & Partners Real Estate Company) for the construction of all commercial projects.

12. Share capital

	No. of shares	Share capital	Share premium
Balance at 31 March 2021 – Audited	475,000,000	4,750,000,000	411,725,703
Balance at 31 December 2021 – Unaudited	**475,000,000**	**4,750,000,000**	**411,725,703**

13. Reserves

Statutory reserve
In accordance with the Regulations for Companies in Kingdom of Saudi Arabia and Company's by-laws, the Company is required to recognize a reserve comprising 10% of its net profit for the year until such reserve equals 30% of its share capital. The reserve is not available for distribution. The reserve would be set aside based on the annual consolidated financial statements.

Other reserves
Other reserves include fair value reserve, hedging reserve and actuarial gain/loss of employees' end-of-service benefits reserve.

14. Dividends distribution

31 December 2021

i. On 27 April 2021, the Board of Directors resolved to distribute an interim dividend for the second half of the year ended 31 March 2021 amounting to SR 0.75 per share, aggregating to SR 356,250,000. The dividend was paid on 15 July 2021.

31 March 2021

i. During the year ended 31 March 2021, the Board of Directors resolved to distribute final dividends amounting to SR 0.50 per share, aggregating to SR 237,500,000 as per resolution dated 22 Dhul Qadah 1441H (corresponding to 13 July 2020) and was approved by shareholders on 30 September 2020. The Company has paid the dividends during the year ended 31 March 2021.

ii. During the year, the Board of Directors resolved to distribute interim dividends amounting to SR 0.50 per share, aggregating to SR 237,500,000 as per its resolution dated 14th Jumada Al-Awwal 1442H (corresponding to 29 December 2020). The Company has paid the dividends during the year ended 31 March 2021.

15. Loans and borrowings

	Note	**31 December 2021 Unaudited**	31 March 2021 Audited
Islamic facility with banks *(i)*		**2,492,864,332**	5,143,177,982
Sukuks *(ii)*		**5,116,529,230**	1,837,482,270
	15 B	**7,609,393,562**	6,980,660,252
Loans and Borrowings - Current liabilities		**102,570,313**	119,375,000
Loans and Borrowings - Non Current liabilities		**7,506,823,249**	6,861,285,252
		7,609,393,562	6,980,660,252

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note *20.*

A. Terms and repayment

i. The Group entered into a long-term Islamic facility arrangement in November 2019 amounting to SR 5,250 million (equivalent USD 1,400 million), with local and international banks. This facility is divided into Murabaha facility up to SR 500 million (maturing in 12 years), Ijara facilities up to SR 4,000 million (maturing in 8 and 12 years), and Revolving Murabaha up to SR 750 million (maturing in 3 years).

The loans and borrowings is repayable in unequal semi-annual instalments and are subject to commission rates based on SIBOR/LIBOR plus an agreed commission rate. During the year ended 31 March 2021, in order to reduce its exposure to commission rate risks the Group has entered into an Islamic profit rate swap for portion of its long-term loan. For details refer note 20.

The facilities are secured by insurance policies, proceeds of rental income, and land and buildings of several malls. However, formalities relating to registration of security documents are under process. The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained.

These facilities were fully utilized by the company during the financial year ended 31 March 2021.

During the nine month period ended 31 December 2021, in addition to the scheduled semi-annual repayment of SR 45 million, the Company has made voluntary repayments of SR 202 million against the Murabaha facility, SR 1,617 million against the Ijara facility, and SR 750 million to fully repay the Revolving Murabha facility.

15. Loans and borrowings (continued)

A. Terms and repayment (continued)

i. Sukuks:

- On 20 November 2019, Arabian Centres Sukuk Limited (a special purpose company established for the purpose of issuing Sukuk) completed the issuance of an International USD denominated Shari'ah compliant Sukuk "Sukuk Certificates" amounting to USD 500 million (equivalent SR 1,875 million), at a par value of USD 0.2 million each, annual yield of 5.375% payable semi-annually and a maturity in five years. Sukuk Certificates may be subject to early redemption at the option of the Company as per certain specified conditions mentioned in the Sukuk Certificate.

- On 7 April 2021, Arabian Centres Sukuk II Limited (a special purpose company established for the purpose of issuing Sukuk) completed the issuance of a Five and half year International USD denominated Shari'ah compliant Sukuk "Sukuk II Certificates" amounting to USD 650 million (equivalent SR 2,437.5 million), at a par value of USD 0.2 million each, annual yield of 5.625% payable semi-annually. On 28 July 2021, the Company has issued additional Sukuk II certificates amounting to USD 225 million (equivalent SR 843.75 million), at a premium of 4.75%. These certificates are secured by the proceeds of rental income of certain malls. Sukuk Certificates may be subject to early redemption at the option of the Company as per specified conditions mentioned in the Sukuk Certificate.

B. Reconciliation of carrying amount

	Notes	**Islamic facility with banks**	**Sukuks**	**Total**
Balance at 1 April 2020 – Audited		5,249,993,272	1,874,950,000	7,124,943,272
Proceeds received during the year		--	--	--
Repayments made during the year		(45,000,000)	--	(45,000,000)
	(i)	5,204,993,272	1,874,950,000	7,079,943,272
Un-amortized transaction costs	*(ii)*	(61,815,290)	(37,467,730)	(99,283,020)
Balance at 31 March 2021 - Audited		5,143,177,982	1,837,482,270	6,980,660,252
Balance at 1 April 2021- Audited		**5,204,993,272**	**1,874,950,000**	**7,079,943,272**
Proceeds received during the period		**--**	**3,281,250,000**	**3,281,250,000**
Repayments made during the period		**(2,656,577,603)**	**--**	**(2,656,577,603)**
	(i)	**2,548,415,669**	**5,156,200,000**	**7,704,615,669**
Un-amortized transaction costs	*(ii)*	**(55,551,337)**	**(74,383,791)**	**(129,935,128)**
Deferred Sukuk premium	*(iii)*	**--**	**34,713,021**	**34,713,021**
Balance at 31 December 2021 - Unaudited		**2,492,864,332**	**5,116,529,230**	**7,609,393,562**

i. Below is the repayment schedule of the outstanding long-term loans:

	Islamic facility with banks	**Sukuks**	**Total**
31 March 2021 – Audited			
Within one year	119,375,000	--	119,375,000
Between two to five years	1,944,376,272	--	1,944,376,272
More than five years	3,141,242,000	1,874,950,000	5,016,192,000
	5,204,993,272	1,874,950,000	7,079,943,272
31 December 2021 – Unaudited			
Within one year	**102,570,313**	**--**	**102,570,313**
Between two to five years	**720,511,459**	**1,874,950,000**	**2,595,461,459**
More than five years	**1,725,333,897**	**3,281,250,000**	**5,006,583,897**
	2,548,415,669	**5,156,200,000**	**7,704,615,669**

15. Loans and borrowings (continued)

ii. Un-amortized transaction costs movement is as follows:

	Islamic facility with banks	Sukuks	Total
Balance at 1 April 2020	61,490,717	47,709,478	109,200,195
Arrangement fees paid	8,659,934	--	8,659,934
Amortization for the year	(7,265,298)	(8,963,487)	(16,228,785)
Capitalized arrangement fees	(1,070,063)	(1,278,261)	(2,348,324)
Balance at 31 March 2021 – Audited	61,815,290	37,467,730	99,283,020
Balance at 1 April 2021	**61,815,290**	**37,467,730**	**99,283,020**
Arrangement fees paid	**--**	**49,747,258**	**49,747,258**
Arrangement fees reclass from prepayments	**--**	**1,060,688**	**1,060,688**
Amortization for the period	**(5,169,088)**	**(11,608,776)**	**(16,777,864)**
Capitalized arrangement fees	**(1,094,865)**	**(2,283,109)**	**(3,377,974)**
Balance at 31 December 2021 – Unaudited	**55,551,337**	**74,383,791**	**129,935,128**

iii. Deferred Sukuk premium

This represents the premium received on further issuance of Sukuk II (i.e. Issue price less face value of the certificate) and is amortized over the life of the instrument using the effective interest rate at the date of initial recognition of the instrument. Movement is as follows:

	Islamic facility with banks	Sukuks	Total
Balance at 1 April 2021 – Audited	**--**	**--**	**--**
Addition:	**--**	**40,078,125**	**40,078,125**
Amortization for the period	**--**	**(5,365,104)**	**(5,365,104)**
Balance at 31 December 2021 – Unaudited	**--**	**34,713,021**	**34,713,021**

16. Revenue

	Note	**Nine-month period ended 31 December 2021 Unaudited**	Nine-month period ended 31 December 2020 Unaudited
Rental income	*(i)*	**1,404,376,320**	1,330,290,857
Service and management fee income		**66,673,452**	66,472,379
Turnover rent		**43,735,384**	11,175,967
Commission income on provisions for utilities for heavy users, net		**3,532,472**	2,171,143
		1,518,317,628	1,410,110,346

i. Rental income includes related maintenance and insurance costs of Malls' premises charged to each of the tenants.

16. Revenue (continued)

Group as a lessor:
The Group has entered into operating leases on its investment properties portfolio consisting of various buildings. These leases have terms of between 1 to 5 years. Leases include a clause to enable upward revision of the rental charge depending on the lease agreements. Future minimum rentals receivable under non-cancellable operating leases as at the end of the reporting periods are as follows:

	Nine-month period ended 31 December 2021 Unaudited	Nine-month period ended 31 December 2020 Unaudited
Within one year	**1,725,539,367**	1,846,733,166
After one year but not more than five years	**1,001,183,616**	2,284,880,578
More than five years	**1,448,314,584**	353,533,923
	4,175,037,567	4,485,147,667

17. Other operating income

	Nine-month period ended 31 December 2021 Unaudited	Nine-month period ended 31 December 2020 Unaudited
Compensation received from landlord	**2,822,802**	8,875,000
Commission income on bank deposits	**1,939,483**	3,917,219
Gain on lease termination	**999,000**	--
Change in fair value of other investments (note 10)	**529,584**	(173,084)
Gain on assets held for sale	**429,474**	--
Other income	**687,374**	1,694,469
Rental concession on leases	**--**	76,703,029
Income from sale of equity accounted investee	**--**	42,767,629
Dividend income	**--**	2,857,500
Transaction costs on equity investment	**--**	(1,601,910)
	7,407,717	135,039,852

18. Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to the ordinary Shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period as all the Company's shares are ordinary shares. Diluted earnings per share is calculated by adjusting the basic earnings per share for the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	Three-month period ended 31 December 2021 Unaudited	Three-month period ended 31 December 2020 Unaudited	**Nine-month period ended 31 December 2021 Unaudited**	Nine-month period ended 31 December 2020 Unaudited
Profit attributable to ordinary shareholders	**111,945,588**	95,423,954	**330,122,054**	357,207,914
Weighted average number of ordinary shares	**475,000,000**	475,000,000	**475,000,000**	475,000,000
Basic and diluted earnings per share	**0.24**	0.20	**0.69**	0.75

19. Operating segments

The Group's activities and business lines used as a basis for the financial reporting are consistent with the internal reporting process and information reviewed by the Chief operating decision maker (CODM). Management considers the operations of the Group as a whole as one operating segment as all subsidiaries engage in similar business activities.

The Group's revenue, gross profit, investment properties, total assets and total liabilities pertaining to the Group's operations as a whole are presented in the consolidated statement of financial position and in the consolidated statement of profit or loss and other comprehensive income.

All of the Group's operations are conducted in KSA. Hence, geographical information is not applicable in this case.

20. Financial instruments - fair values and risk management

A. Accounting classification and fair values

Financial instruments have been categorized as follows:

Financial Assets	*Notes*	31 December 2021 Unaudited	31 March 2021 Audited
Cash and cash equivalents		**662,128,423**	635,669,921
Amounts due from related parties	*11*	**287,734,778**	379,445,963
Accounts receivable		**252,961,830**	247,870,806
Other non-current assets		**22,500,000**	22,500,000
Other investments	*10*	**6,505,424**	5,975,840
		1,231,830,455	1,291,462,530
Financial Liabilities			
Loans and borrowings	*15*	**7,609,393,562**	6,980,660,252
Lease liabilities		**3,788,146,466**	3,860,533,052
Accounts payable		**136,019,030**	164,525,699
Tenants' security deposits		**142,654,349**	127,413,234
Amount due to related parties	*11*	**5,777,092**	162,319
Other liabilities		**179,534,257**	172,573,386
		11,861,524,756	11,305,867,942

The following table present the Group's financial instruments measured at fair value at 31 December 2021 and 31 March 2021:

	31 December 2021 – Unaudited				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
FVTPL – equity instruments					
Al Jawhara Real Estate Fund	**6,505,424**	**--**	**--**	**6,505,424**	**6,505,424**

	31 March 2021 - Audited				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
FVTPL – equity instruments					
Al Jawhara Real Estate Fund	5,975,840	--	--	5,975,840	5,975,840

20. Financial instruments - fair values and risk management (continued)

B. Derivatives designated as hedging instruments

The Group held Islamic Profit/commission Rate Swaps ("IRS") of a notional value of USD 80 million (equivalent to SR 300 million) in order to reduce its exposure to commission rate risks against long term financing. The table below shows the fair values of derivatives financial instruments, recorded as negative fair value. The notional amounts indicate the volume of transactions outstanding at the period end and are neither indicative of the market risk nor the credit risk.

Description of the hedged items	Hedging instrument	Fair Value	31 December 2021 Unaudited	31 Mar 2021 Audited
Commission payments on floating rate loan	IRS	Positive / (Negative)	**966,183**	(1,082,698)

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the rate underlying a derivative contract may have a significant impact on the income or equity component of the Group.

Fair values of cash flow hedge represent the mark to market values of the Islamic Profit rate swaps as at 31 December 2021. The cash flow hedge reserve included under other reserves represents the effective portion of cash flow hedge.

C. Financial risk management

The Group has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including commission rate risk, real estate risk and currency risk)
- Capital management risk

The Group's principal financial liabilities are loans and borrowings. The main purpose of the Group's loans and borrowings is to finance the acquisition and development of the Group's investment properties portfolio. The Group has accounts receivable, amounts due to and from related parties, lease liability, accounts payable and cash and bank balances that arise directly from its operations.

i. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its leasing activities, including deposits with banks and financial institutions.

Credit risk is managed by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

Bank balances and deposits are held with local banks with sound external credit ratings.

Accounts Receivable
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and sector in which customers operate.

20. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

i. Credit risk (continued)

Accounts Receivable (continued)

Each entity within the Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the entity's standard payment and delivery terms and conditions are offered. The review includes financial statements, industry information and in some cases bank references. Credits to each customer are reviewed periodically. The Group limits its exposure to credit risk by offering credit terms which are typically not longer than three months on average.

In monitoring customer credit risk, customers are grouped according to their credit characteristics trading history with the Group and existence of previous financial difficulties.

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth and unemployment rates.

The following table provides information about the exposure to credit risk and ECLs for accounts receivable from customers after adjusting with Loss given Default (LGD) ratio as at 31 December 2021. The ECL for accounts receivables from customers as at as at 31 March 2021 are before LGD adjustment.

	31 December 2021 Unaudited		
	Gross Carrying amount	Weighted-average loss	Loss Allowance (%)
0–90 days	**57,906,345**	**6,893,848**	**11.9%**
91–180 days	**58,354,347**	**9,207,398**	**15.8%**
181–270 days	**46,837,761**	**8,929,105**	**19.1%**
271–360 days	**36,516,929**	**8,937,224**	**24.5%**
361 –450 days	**33,751,338**	**11,343,813**	**33.6%**
451 -540 days	**32,539,007**	**12,581,384**	**38.7%**
541 –630 days	**27,586,035**	**12,608,211**	**45.7%**
631 -720 days	**31,523,286**	**17,542,282**	**55.6%**
More than 720 days	**128,370,130**	**112,380,083**	**87.5%**
	453,385,178	**200,423,348**	

	31 March 2021 Audited		
	Gross Carrying amount	Weighted-average loss	Loss Allowance (%)
0–90 days	64,458,039	11,979,514	18.6%
91–180 days	64,170,804	13,583,431	21.2%
181–270 days	65,728,423	15,447,076	23.5%
271–360 days	46,139,512	15,462,182	33.5%
361 –450 days	45,558,472	20,135,619	44.2%
451 -540 days	37,876,023	20,073,473	53.0%
541 –630 days	31,807,854	19,005,528	59.8%
631 -720 days	24,792,400	16,973,898	68.5%
More than 720 days	51,387,492	51,387,492	100.0%
	431,919,019	184,048,213	

20. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

i. Credit risk (continued)

Due from related parties
An impairment analysis is performed at each reporting date on an individual basis for the major related parties. The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from related parties (please refer to note *11B*). The Group does not hold collateral as a security. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operates. The Group evaluates the risk with respect to due from related parties as low, as majority of the related parties are owned by the same shareholders.

Financial instruments and cash deposit
Credit risk from balances with banks and financial institutions is managed by Ultimate Parent Company's treasury in accordance with the Group's policy. Cash is substantially placed with national banks with sound credit ratings. The Group does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

20. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The management believes that the Group is not exposed to significant risks in relation to liquidity and maintains different lines of credit. Upon careful comparison of the financial liabilities included within the current liabilities (excluding amounts due to related parties as these could be deferred during liquidity crunch situation) with the financial assets forming part of the current assets, there seems to be a reasonably hedging position between the two categories.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Contractual maturities of financial liabilities:	Carrying amount	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
31 December 2021 - Unaudited							
Accounts payable	**136,019,030**	**136,019,030**	**--**	**--**	**--**	**--**	**136,019,030**
Tenants' security deposits	**142,654,349**	**62,232,056**	**22,807,696**	**31,266,387**	**26,188,360**	**159,850**	**142,654,349**
Other liabilities	**179,534,257**	**179,534,257**	**--**	**--**	**--**	**--**	**179,534,257**
Amount due to related parties	**5,777,092**	**5,777,092**	**--**	**--**	**--**	**--**	**5,777,092**
Lease liabilities	**3,788,146,466**	**354,742,311**	**176,051,286**	**337,152,429**	**671,045,582**	**4,574,158,428**	**6,113,150,036**
Loans and borrowings	**7,609,393,562**	**225,187,421**	**240,872,179**	**513,832,523**	**6,736,832,663**	**1,686,251,429**	**9,402,976,215**
	11,861,524,756	**963,492,167**	**439,731,161**	**882,251,339**	**7,434,066,605**	**6,260,569,707**	**15,980,110,979**
31 March 2021 – Audited							
Accounts payable	164,525,699	164,525,699	--	--	--	--	164,525,699
Amount due to related parties	162,319	162,319	--	--	--	--	162,319
Tenants' security deposits	127,413,234	40,293,459	17,671,107	38,219,100	30,650,403	579,165	127,413,234
Other liabilities	172,573,386	172,573,386	--	--	--	--	172,573,386
Lease liabilities	3,860,533,052	364,037,743	157,833,637	326,538,899	1,011,471,503	4,453,033,818	6,312,915,600
Loans and borrowings	6,980,660,252	171,452,233	202,685,196	430,030,285	4,204,876,875	3,449,478,272	8,458,522,861
	11,305,867,942	913,044,839	378,189,940	794,788,284	5,246,998,781	7,903,091,255	15,236,113,099

20. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

iii. Market risk

Market risk is the risk that changes in market prices, such as currency rates and interest rates that will affect the Group's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Commission rate risk
Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group has no significant commission bearing long-term assets, but has commission bearing liabilities at 31 December 2021 and 31 March 2021. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

The following table demonstrates the sensitivity of the Group to a reasonably possible change, with all other variables held constant, of the Groups profit before zakat (through the impact on floating rate borrowings):

Gain/(loss) through the condensed consolidated statement of profit or loss	**Nine-month period ended 31 December 2021 Unaudited**	Nine-month period ended 31 December 2020 Unaudited
Floating rate debt:		
SIBOR +100bps	**(77,046,157)**	(70,799,433)
SIBOR -100bps	**77,046,157**	70,799,433

Real estate risk
The Group has identified the following risks associated with the real estate portfolio:

- The cost of the development projects may increase if there are delays in the planning process. The Group uses advisors who are experts in the specific planning requirements in the project's location in order to reduce the risks that may arise in the planning process.
- A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property. To reduce this risk, the Group reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises from recognized assets and liabilities which are denominated in currency that is not Group's functional currency. The Group has certain US Dollar denominated financial liabilities which are not exposed to significant currency risk as Group's functional currency is pegged to US Dollar.

iv. Capital management risk

The Board's policy is to maintain an efficient capital base as to maintain investor, creditor and market confidence and to sustain future development of its business. The Board of Directors monitor the return on capital employed and the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:
i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
ii) to provide an adequate return to shareholders

21.Commitments and contingencies

During the year ended 31 March 2021, the Group received a demand letter from the Zakat, Tax and Customs Authority (ZATCA) claiming additional Value added tax (VAT) of SR 24.6 million and penalties of SR 40.8 million for the period up to 31 December 2019. Upon appeal from the Group, the penalties were waived by ZATCA.

The Group objected the demand and has deposited SR 24.6 million under appeal. During the period ended 31 December 2021, the decision has been issued in favor of the Group by the General Secretariat of the Tax Committees (GSTC) and the amount paid will be refunded / adjusted against future VAT liability of the Group. The amount has been classified under prepayments and other current assets and will be set-off against the liability in future periods.

	Note	**31 December 2021 Unaudited**	**31 March 2021 Audited**
Commitments and Bank Guarantees			
Commitments for projects under construction	*(i)*	**3,450,314,841**	3,622,612,328
Commitments for acquisition of investment		**--**	68,856,933
Outstanding bank guarantees		**304,233**	304,233

(i). These commitments pertain to construction of properties across the Kingdom of Saudi Arabia.

22. Impact of covid-19

The COVID-19 pandemic, which commenced at the beginning of 2020 has caused significant disruption in the economic and commercial sectors in general at both the global and local levels. The government of the Kingdom of Saudi Arabia has taken stimulus measures and launched initiatives to support the economy to reduce the adverse effects of this pandemic. On May 21, 2020, Company announced rent relief and support packages, offered waiver of contractual base rent and service charge for all tenants from 16 March 2020 for a period of six weeks (45 days). For tenants whose stores were mandatorily closed by government decision will also benefit from the rent relief program starting the date of government closure until the earlier of (i) date of closure is lifted or (ii) 30 June 2020. Further, all escalations on the contracts will be halted for two years 2020 and 2021.

Accordingly, as at 31 March 2021 management has approved a total discount of SR 579 million which is being amortized over the remaining period of leases with tenants. The impact of rent relief for the nine-month period ended 31 December 2021 is SR 136.6 million (31 December 2020: SR 191 million).

The Group's management continues to study and follow up all the variables that affect the Group's activities, however, due to the inability to determine the time period of this pandemic and the precautionary measures and procedures as to what will emerge in the future, it is currently difficult to determine the size and extent of any financial impact accurately on the results of the Group up to the date of issuance of these condensed consolidated interim financial statements. However, the Group does not anticipate any significant adverse implication in future related to the Group remaining as a going concern.

23. Subsequent events

On 23 January 2022, the Board of Directors have resolved to distribute interim dividends for the year ending 31 March 2022 amounting to SR 0.75 per share aggregating to SR 356,250,000. The expected date of payment will be 14 February 2022.

24. Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements were approved by the Board of Directors for issuance on 9 Rajab 1443H (corresponding to 10 February 2022).

Arabian Centres Company

(A Saudi Joint Stock Company)
Condensed consolidated interim financial statements
(Unaudited)
For the three-month and nine-month periods ended 30 September 2023
together with the
Independent Auditor's Review Report

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Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Arabian Centres Company

Introduction

We have reviewed the accompanying 30 September 2023 condensed consolidated interim financial statements of **Arabian Centres Company** ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 September 2023;
- the condensed consolidated statement of profit or loss for the three-month and nine-month periods ended 30 September 2023;
- the condensed consolidated statement of comprehensive income for the three-month and nine-month periods ended 30 September 2023;
- the condensed consolidated statement of changes in equity for the nine-month periods ended 30 September 2023;
- the condensed consolidated statement of cash flows for the nine-month periods ended 30 September 2023; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Arabian Centres Company (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2023 condensed consolidated interim financial statements of **Arabian Centres Company and its subsidiaries** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

كي . بي . إم . جي للاستشارات المهنية
ترخيص رقم ٤٦
س.ت: ١٠١٠٤٢٥٤٩٤
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KPMG Professional Services

Hani Hamzah A. Bedairi
License No: 460

Riyadh, on 25 Rabi al-Thani 1445H
Corresponding to: 09 November 2023

Notes to the Condensed consolidated interim financial statements index

Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated statement of financial position
As at 30 September 2023

	Notes	30 September 2023 Unaudited	31 December 2022 Audited
Assets			
Investment properties	*8*	**24,756,340,546**	23,075,741,378
Property and equipment		**57,350,379**	63,412,471
Accrued revenue – non-current portion		**170,172,585**	182,392,826
Investment in equity accounted investee and others	*9*	**75,834,940**	64,874,137
Other non-current assets		**23,590,896**	24,818,172
Non-current assets		**25,083,289,346**	23,411,238,984
Development properties		**353,044,704**	345,683,721
Accrued revenue		**85,086,292**	91,196,413
Accounts receivable		**354,876,780**	388,214,220
Amounts due from related parties	*11*	**390,909,380**	417,815,065
Prepayments and other assets		**239,265,151**	206,384,728
Cash and cash equivalents	*10*	**415,780,998**	610,445,796
		1,838,963,305	2,059,739,943
Assets held for sale	*8*	**62,500,000**	405,880,057
Current assets		**1,901,463,305**	2,465,620,000
Total assets		**26,984,752,651**	25,876,858,984
Equity			
Share capital		**4,750,000,000**	4,750,000,000
Share premium		**411,725,703**	411,725,703
Statutory reserve		**722,492,544**	722,492,544
Other reserves		**3,729,682**	16,511,299
Retained earnings		**7,882,323,858**	8,118,388,376
Equity attributable to the shareholders of the Company		**13,770,271,787**	14,019,117,922
Non-controlling interest		**59,640,001**	49,482,783
Total equity		**13,829,911,788**	14,068,600,705
Liabilities			
Loans and borrowings	*13*	**7,724,909,265**	7,433,674,604
Lease liabilities		**2,794,764,711**	2,383,687,028
Employee benefits		**35,594,881**	28,486,108
Other non-current liabilities		**55,715,963**	47,571,467
Non-current liabilities		**10,610,984,820**	9,893,419,207
Loans and borrowings	*13*	**1,145,063,541**	903,315,625
Lease liabilities – current portion		**317,413,700**	255,589,354
Accounts payable and other liabilities		**717,414,731**	459,263,679
Amount due to related parties	*11*	**7,030,629**	6,339,458
Unearned revenue		**292,353,385**	239,109,599
Zakat liabilities		**64,580,057**	51,221,357
Current liabilities		**2,543,856,043**	1,914,839,072
Total liabilities		**13,154,840,863**	11,808,258,279
Total equity and liabilities		**26,984,752,651**	25,876,858,984

The attached notes from 1 to 23 are an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors and signed on its behalf by:

Frederik Foussat	**Alison Rehill-Erguven**	
Chief Financial Officer	*Chief Executive Officer*	*Board Member*

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated statement of profit or loss
For the three-month and nine-month periods ended 30 September 2023

		Three-month period ended		Nine-month period ended	
	Notes	**30 September 2023 Unaudited**	30 September 2022 Unaudited *Restated–Note 21*	**30 September 2023 Unaudited**	30 September 2022 Unaudited *Restated–Note 21*
Revenue	*14*	**567,704,048**	573,748,232	**1,709,751,598**	1,655,865,200
Cost of revenue - Direct costs		**(104,947,339)**	(89,155,607)	**(297,812,687)**	(269,017,759)
Gross profit		**462,756,709**	484,592,625	**1,411,938,911**	1,386,847,441
Other operating income	*15*	**2,703,754**	--	**274,844,435**	19,996,426
Net fair value gain / (loss) on investment properties	*8*	**60,293,744**	(4,325,663)	**81,457,111**	(178,433,886)
Advertisement and promotion expenses		**(17,519,222)**	(7,358,214)	**(36,478,597)**	(23,964,092)
General and administrative expenses		**(77,367,664)**	(48,713,017)	**(247,197,554)**	(178,660,055)
Impairment loss on accounts receivable and accrued revenue rentals		**(32,621,488)**	(31,479,840)	**(146,056,988)**	(29,565,024)
Other operating expenses		--	(24,558,834)	**(18,113,705)**	(52,349,334)
Operating profit		**398,245,833**	368,157,057	**1,320,393,613**	943,871,476
Finance income	*18B*	--	--	**7,124,755**	--
Finance costs over loans and borrowings		**(64,434,900)**	(50,954,383)	**(184,398,912)**	(136,230,310)
Finance costs over lease liabilities		**(26,881,904)**	(35,389,898)	**(79,258,398)**	(115,759,172)
Net finance costs		**(91,316,804)**	(86,344,281)	**(256,532,555)**	(251,989,482)
Share of loss of equity-accounted investee	*9*	**(951,359)**	(2,359,989)	**(8,057,583)**	(15,030,989)
Profit before zakat		**305,977,670**	279,452,787	**1,055,803,475**	676,851,005
Zakat charge		**(12,367,571)**	(15,131,533)	**(37,105,654)**	(55,819,717)
Profit for the period		**293,610,099**	264,321,254	**1,018,697,821**	621,031,288
Profit for the period is attributable to:					
- Shareholders of the Company		**286,542,132**	257,568,532	**1,008,540,603**	615,905,478
- Non-controlling interest		**7,067,967**	6,752,722	**10,157,218**	5,125,810
		293,610,099	264,321,254	**1,018,697,821**	621,031,288
Earnings per share					
Basic and diluted earnings per share	*16*	**0.60**	0.54	**2.12**	1.30

The attached notes from 1 to 23 are an integral part of these condensed consolidated interim financial statements.

Frederik Foussat	**Alison Rehill-Erguven**	
Chief Financial Officer	*Chief Executive Officer*	*Board Member*

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated statement of comprehensive income
For the three-month and nine-month periods ended 30 September 2023

	Notes	Three-month period ended 30 September 2023 Unaudited	Three-month period ended 30 September 2022 Unaudited *Restated–Note 21*	Nine-month period ended 30 September 2023 Unaudited	Nine-month period ended 30 September 2022 Unaudited *Restated–Note 21*
Profit for the period		**293,610,099**	264,321,254	**1,018,697,821**	621,031,288
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
- Cash flow hedges – effective portion of change in fair value		--	1,290,985	**80,794**	7,585,742
- Cash flow hedges – reclassified to profit or loss	*18B*	--	--	**(7,124,755)**	--
- Foreign currency translation difference of equity accounted investee	*9*	**(302,993)**	(1,423,313)	**17,199**	(1,423,313)
Items that will not be reclassified to profit or loss:					
- Remeasurement of end of service liability		--	1,928,698	**(3,162,605)**	3,733,357
Total other comprehensive income / (loss) for the period		**(302,993)**	1,796,370	**(10,189,367)**	9,895,786
Total comprehensive income for the period		**293,307,106**	266,117,624	**1,008,508,454**	630,927,074
Total comprehensive income for the period attributable to:					
- Shareholders of the Company		**286,239,139**	259,364,902	**998,351,236**	625,801,264
- Non-controlling interests		**7,067,967**	6,752,722	**10,157,218**	5,125,810
		293,307,106	266,117,624	**1,008,508,454**	630,927,074

The attached notes from 1 to 23 are an integral part of these condensed consolidated interim financial statements.

Frederik Foussat
Chief Financial Officer

Alison Rehill-Erguven
Chief Executive Officer

Board Member

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated statement of changes in equity
For the nine-month period ended 30 September 2023

	Notes	Attributable to shareholders of the Company						Non-Controlling interest	Total equity
		Share capital	Share premium	Statutory reserve	Other reserves	Retained earnings	Total		
Balance at 1 January 2022 – Unaudited		4,750,000,000	411,725,703	561,758,636	8,078,739	7,984,536,161	13,716,099,239	47,718,814	13,763,818,053
Total comprehensive income for the period									
Profit for the period (*note 21)*		--	--	--	--	615,905,478	615,905,478	5,125,810	621,031,288
Other comprehensive income		--	--	--	9,895,786	--	9,895,786		9,895,786
Total comprehensive income for the period		--	--	--	9,895,786	615,905,478	625,801,264	5,125,810	630,927,074
Transfer to statutory reserve		--	--	77,543,151	--	(77,543,151)	--	--	--
Transactions with shareholders of the company									
Dividends	*12*	--	--		--	(712,500,000)	(712,500,000)	--	(712,500,000)
Balance at 30 September 2022 –Unaudited		4,750,000,000	411,725,703	639,301,787	17,974,525	7,810,398,488	13,629,400,503	52,844,624	13,682,245,127
Balance at 1 January 2023 – Audited		**4,750,000,000**	**411,725,703**	**722,492,544**	**16,511,299**	**8,118,388,376**	**14,019,117,922**	**49,482,783**	**14,068,600,705**
Total comprehensive income for the period									
Profit for the period		--	--	--	--	**1,008,540,603**	**1,008,540,603**	**10,157,218**	**1,018,697,821**
Other comprehensive loss		--	--	--	**(10,189,367)**	--	**(10,189,367)**	--	**(10,189,367)**
Total comprehensive income for the period		--	--	--	**(10,189,367)**	**1,008,540,603**	**998,351,236**	**10,157,218**	**1,008,508,454**
Transfer from other reserve		--	--	--	**105,121**	**(105,121)**	--	--	--
Transactions with shareholders of the company									
Treasury shares acquired	*12*	--	--	--	**(2,697,371)**	--	**(2,697,371)**	--	**(2,697,371)**
Dividends	*12*	--	--	--	--	**(1,244,500,000)**	**(1,244,500,000)**	--	**(1,244,500,000)**
Balance at 30 September 2023 – Unaudited		**4,750,000,000**	**411,725,703**	**722,492,544**	**3,729,682**	**7,882,323,858**	**13,770,271,787**	**59,640,001**	**13,829,911,788**

The attached notes from 1 to 23 are an integral part of these condensed consolidated interim financial statements.

Frederik Foussat
Chief Financial Officer

Alison Rehill-Erguven
Chief Executive Officer

Board Member

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated statement of cash flows
For the nine-month period ended 30 September 2023

	Notes	**Nine-month period ended 30 September 2023 Unaudited**	Nine-month period ended 30 September 2022 Unaudited *Restated–Note 21*
Cash flows from operating activities:			
Profit before Zakat		**1,055,803,475**	676,851,005
Adjustments for:			
- Depreciation on property and equipment		**13,182,811**	15,446,847
- Depreciation on right-of-use assets		**--**	8,334,662
- Impairment loss on accounts receivable and accrued revenue rentals		**146,056,988**	29,565,024
- Provision for employee benefits		**6,283,746**	6,395,395
- Finance cost over loans and borrowings		**184,398,912**	136,230,310
- Finance cost over lease liabilities		**79,258,398**	115,759,172
- Share of loss of equity-accounted investee	*9*	**8,057,583**	15,030,989
- (Gain) / loss on disposal of investment property	*15*	**(238,668,127)**	27,079,535
- Gain on lease termination	*15*	**(16,439,630)**	--
- Gain on Disposal of Subsidiaries		**--**	(10,100)
- Fair value gain of other investments	*9*	**7,880**	(281,348)
- Lease rental concession		**(2,812,500)**	(1,875,000)
- Advance to supplier Write off		**--**	3,000,000
- Gain on Disposal of Derivatives	*18B*	**(7,124,755)**	--
- Impairment on advances to suppliers		**--**	8,263
- Net fair value (gain) / loss on investment properties	*8*	**(81,457,111)**	178,433,886
		1,146,547,670	1,209,968,640
Changes in:			
- Accounts receivable		**(74,295,001)**	(81,865,803)
- Amounts due from related parties, net		**(152,553,144)**	(122,752,385)
- Prepayments and other assets		**(38,543,948)**	(62,853,850)
- Accounts payable and other liabilities		**173,224,612**	36,553,602
- Accrued revenue		**(20,094,185)**	(30,783,640)
- Unearned revenue		**53,243,786**	29,202,361
Cash generated from operating activities		**1,087,529,790**	977,468,925
Employee benefits paid		**(2,337,578)**	(807,541)
Zakat paid		**(23,746,954)**	(27,458,319)
Net cash from operating activities		**1,061,445,258**	949,203,065
Cash flows from investing activities:			
Additions to development properties		**(7,360,983)**	(61,458,248)
Additions to investment properties, net		**(836,628,535)**	(687,037,120)
Additions to equity-accounted investee and others	*9*	**(19,778,849)**	(9,225,731)
Acquisition of property and equipment		**(7,120,719)**	2,715,757
Proceeds from disposal of investment property	*8*	**644,548,184**	230,528,350
Proceeds from disposal of derivatives		**7,124,755**	--
Proceeds from disposal of other investments		**769,782**	6,000,000
Net cash used in investing activities		**(218,446,365)**	(518,476,992)

All amounts are presented in Saudi Riyals unless otherwise stated.

	Notes	**Nine-month period ended 30 September 2023 Unaudited**	Nine-month period ended 30 September 2022 Unaudited *Restated–Note 21*
Cash flows from financing activities:			
Proceeds from loans and borrowings	*13*	**722,498,192**	631,845,848
Repayments of loans and borrowings		**(194,250,009)**	(42,827,979)
Transaction costs paid during the period	*13*	**(10,500,000)**	889,312
Proceeds from Sukuk II Payable Deferred Premium		--	40,078,125
Payment of finance costs over loans and borrowings		**(330,242,922)**	(170,984,608)
Treasury shares acquired		**(2,697,371)**	--
Payment of dividend to shareholders		**(1,064,350,000)**	(712,500,000)
Payments of lease liabilities		**(158,121,581)**	(217,726,149)
Net cash used in financing activities		**(1,037,663,691)**	(471,225,451)
Net decrease in cash and cash equivalents		**(194,664,798)**	(40,499,378)
Cash and cash equivalents at the beginning of period		**610,445,796**	662,128,423
Cash and cash equivalents at end of the period		**415,780,998**	621,629,045
Significant non-cash transactions:			
- Capitalized finance costs for projects under construction		**236,925,978**	171,029,569
- Capitalized arrangement fees for projects under construction		**6,030,760**	3,612,245
- Capitalized finance cost over lease liabilities for projects under construction		**36,655,980**	25,979,910
- Dividend settled against due from related party balances		**180,150,000**	--

The attached notes from 1 to 23 are an integral part of these condensed consolidated interim financial statements.

Frederik Foussat
Chief Financial Officer

Alison Rehill-Erguven
Chief Executive Officer

Board Member

All amounts are presented in Saudi Riyals unless otherwise stated.

1. Reporting entity

Arabian Centres Company ("the Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia ("KSA") under commercial registration numbered 1010209177 and dated 7 Rabi Thani 1426H (corresponding to 15 May 2005). The registered office is located at Nakheel District, P.O. Box 341904, Riyadh 11333, KSA.

The Company was formed on 7 Rabi Thani 1426H (corresponding to 15 May 2005) as Limited Liability Company. On 8 Muhurram 1439H (corresponding to 28 September 2017) legal status of the Company had changed from a Limited Liability Company to a Saudi Closed Joint Stock Company.

On 22 May 2019, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Stock Exchange ("Tadawul"). In connection with IPO, the Company has issued 95 million of its ordinary shares for a cash payment and the legal status of the Company changed from Saudi Closed Joint Stock Company to Saudi Joint Stock Company.

The Company and its subsidiaries' (collectively referred to as "the Group") principal business objectives are to purchase lands, build, develop and invest in buildings, sell or lease of buildings and the construction of commercial buildings including demolition, repair, excavation and maintenance works. It also includes maintenance and operation of commercial centres, tourist resorts, hotels and restaurants, managing and operating temporary and permanent exhibitions, compounds and hospitals.

On 29 December 2022, the shareholders approved the change of the fiscal year of the Company to 31 December from 31 March.

The new Companies Law issued through Royal Decree M/132 on 01/12/1443H (corresponding to June 30, 2022) (hereinafter referred as "the New Law") came into force on 26/06/1444 H (corresponding to January 19, 2023) as well as the amended implementing regulations issued by the Capital Market Authority (CMA) based on the New Law. For certain provisions of the New Law and the amended CMA implementing regulations, full compliance is expected not later than two years from 26/6/1444H (corresponding to January 19, 2023). The management is in process of assessing the impact of the New Law and will amend its By-laws with the amendments in the provisions required to align with the provisions of the New Law and the amended CMA implementing regulations, and with any other amendments that may take advantage of the New Law and the amended CMA implementing regulations. Consequently, the Company shall present the amended By-laws to the shareholders in its Extraordinary General Assembly meeting for their ratification.

1. Reporting entity (continued)

Following is the list of subsidiaries included in these condensed consolidated interim financial statements as at 30 September 2023 and 31 December 2022:

No	Subsidiaries	Country of incorporation	Direct ownership interest held by the Group as at:		Indirect ownership interest held by the Group as at:		Share Capital (SR)	Number of shares issued
			30 September 2023	31 December 2022	30 September 2023	31 December 2022		
1	Al Bawarij International for Development & Real Estate Investment Company	Kingdom of Saudi Arabia	95%	95%	--	5%	500,000	500
2	Al Makarem International for Real Estate Development Company	Kingdom of Saudi Arabia	95%	95%	--	5%	500,000	500
3	Oyoun Al Raed Mall Trading	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
4	Oyoun Al Basateen Company for Trading	Kingdom of Saudi Arabia	95%	95%	--	5%	100,000	100
5	Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin AlHokair and Company	Kingdom of Saudi Arabia	50%	50%	--	--	500,000	500
6	Yarmouk Mall Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
7	Mall of Arabia Company Limited	Kingdom of Saudi Arabia	95%	95%	--	5%	500,000	500
8	Dhahran Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
9	Al Noor Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	--	5%	500,000	500
10	Al Yasmeen Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	--	5%	100,000	100
11	Al Hamra Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	--	5%	100,000	100
12	Al Erth Al Rasekh Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
13	Derayah Destination Arabia Diversified Fund	Kingdom of Saudi Arabia	100%	100%	--	--	--	--
14	Riyad Real Estate Development Fund – Jawharat AlRiyadh	Kingdom of Saudi Arabia	100%	100%	--	--	--	--
15	Riyad Real Estate Development Fund – Jawharat Jeddah	Kingdom of Saudi Arabia	100%	100%	--	--	--	--

2. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Group's latest annual consolidated financial statements as at and for the period ended 31 December 2022 ("latest annual Consolidated Financial Statements"). They do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia. However, selected accounting policies and explanatory notes are included to explain events and transactions that are significant to understand the changes in the Group's financial position and performance since the latest annual consolidated financial statements.

3. Basis of measurement

These condensed consolidated interim financial statements are prepared under the historical cost convention except for the following material items in the condensed consolidated statement of financial position:

- Other investments at fair value
- Derivative financial instruments at fair value
- Employee end of service benefits using projected unit credit method
- Investment properties at fair value

4. Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals ("SR"), which is the functional currency of the Company.

5. Significant accounting estimates, assumptions, and judgements

The preparation of these condensed consolidated interim financial statements in conformity with IFRS that are endorsed in the Kingdom of Saudi Arabia, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the latest annual consolidated financial statements.

6. Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the latest annual consolidated financial statements as at and for the period ended 31 December 2022, except as specified below. A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning on 1 January 2023, however, they did not have any impact on the condensed consolidated interim financial statements.

Treasury shares

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in other reserves. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within retained earnings.

7. Standards issued but not yet effective

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed consolidated interim financial statements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier finance arrangements (amendments to IAS 7 and IFRS 7)
- Lack of exchangeability (amendments to IAS 21)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

These amended standards and interpretations are not expected to have a significant impact on the condensed consolidated interim financial statements.

8. Investment properties

	Notes	**30 September 2023 Unaudited**	31 December 2022 Audited
Investment properties	*8A*	**23,803,659,534**	22,345,814,321
Advance payment for projects under construction	*8B*	**952,681,012**	729,927,057
		24,756,340,546	23,075,741,378

A. Investment properties

	Notes	**30 September 2023 Unaudited**	31 December 2022 Audited
Balance at the beginning of the period		**22,751,694,378**	23,366,553,661
Additions during the period		**1,438,888,102**	620,277,916
Disposal during the period	*(i)*	**(405,880,057)**	(253,812,000)
Disposal on sale of subsidiary		--	(557,480,304)
Impact of reassessment of lease		--	(479,055,119)
Depreciation on right-of-use asset		--	(5,550,331)
Net fair value gain on investment properties	*(ii)*	**81,457,111**	60,760,555
Balance at the end of the period	*(vi)*	**23,866,159,534**	22,751,694,378
Presented in condensed consolidated statement of financial position as:			
Investment properties		**23,803,659,534**	22,345,814,321
Asset held for sale	*(v)*	**62,500,000**	405,880,057
		23,866,159,534	22,751,694,378

i. During the nine-month period ended 30 September 2023, the Group disposed of a portion of the Jawharat Riyadh land for a total consideration of **SR 644.5 million** resulting in a gain of **SR 238.6 million** which has been recorded under other operating income in the condensed consolidated statement of profit or loss.

   During the nine-month period ended 31 December 2022, the Group disposed of the Olaya land for a total consideration of **SR 230 million** resulting in a loss on disposal of **SR 23.3 million** which is recorded under other operating expenses in the condensed consolidated statement of profit or loss.

ii. During the nine-month period ended 30 September 2023, the Group terminated a project under development and related land operating lease agreement. Net fair value gain for the period includes a loss of **SR 142.6 million** relating to termination of the project under development.

8. Investment properties (continued)

A. Investment properties (continued)

iii. On 15 May 2022, there was partial fire outbreak at the Mall of Dhahran in the Eastern Province of Saudi Arabia. The mall was closed for a short period and reopened its doors on 7 June 2022, with an exception to some damaged area that is currently under restoration. The impact of the fire outbreak has been factored in by the valuers in the fair value of the mall. Surveyors are in the process of assessing the extent of loss, following which the Group will file a claim for reimbursement with the insurers.

iv. All leasehold interests meet the definition of an investment property and, accordingly, the Group has accounted for the right-of-use assets as part of investment property as allowed by IFRS 16. The lands are restricted to be used for commercial purposes in relation to the Group's businesses and the right to renew the lease is based on mutual agreements between the parties. If the respective leases are not renewed the land and buildings will be transferred to the lessors at the end of the lease term.

v. During the nine-month period ended September 2023, the Group entered into an agreement to sell the land to a potential buyer and is in the process of completing the pre-conditions to execute the sale. Accordingly, the carrying value of the land has been classified as asset held for sale under current assets.

vi. The carrying amount at reporting date includes the fair value of the following:

	30 September 2023 Unaudited	31 December 2022 Audited
Shopping malls at owned lands	**11,638,120,116**	11,001,779,497
Shopping malls at leasehold lands	**6,744,501,319**	6,496,382,519
Owned lands held as investment properties	**333,476,370**	290,359,220
Projects under construction -Fair value	**5,150,061,729**	4,963,173,142
	23,866,159,534	22,751,694,378

vii. Fair value of investment properties

a) *Fair value hierarchy*

The fair value measurement for investment property of **SR 23,866 million** (31 December 2022: SR 22,752 million) has been categorized as a level 3 fair value based on the significant unobservable inputs adopted by the valuer in the valuation technique used which are future retail rental payment terms; discount rates; and capitalization rate (yields).

The fair value of investment properties as at the reporting dates for all properties, whether owned or leased, is determined by independent external valuers with appropriate qualifications and experience in the valuation of properties. The effective dates of the valuations are 30 September 2023, 31 December 2022 and are prepared in accordance with Royal Institution of Chartered Surveyors ("RICS") Global Standards 2020 which comply with the international valuation standards and the RICS Professional Standards.

b) *Inter-relationship between key unobservable inputs and fair value measurement*

30 September 2023

Property	**Fair value SR million**	**Valuation technique**	**Significant unobservable input**	**Range**
Shopping Malls	18,383	Discounted cash flows	Occupancy (%) Future rent growth (%) Discount rate (%)	55% - 98% 2%-5% 9.5% - 18%
Properties under construction	5,150	Discounted cash flows	Occupancy (%) Future rent growth (%) Discount rate (%)	90%-95% 2.25% 12.25% - 13.5%
Owned land	333	Comparable transactions	Average price (SR /sqm)	210 – 8,943

The estimated fair value would increase/(decrease) if the discount rates were lower/(higher) and/or the growth rates and occupancy% were higher/(lower).

8. Investment properties (continued)

A. Investment properties (continued)

vi. Fair value of investment properties (continued)

b) *Inter-relationship between key unobservable inputs and fair value measurement (continued)*

31 December 2022

Property	Fair value SR million	Valuation technique	Significant unobservable input	Range
Shopping Malls	**17,498**	Discounted cash flows	Occupancy (%) Future rent growth (%) Discount rate (%)	66% - 100% 2%-5% 10% - 21%
Properties under construction	**4,963**	Discounted cash flows	Occupancy (%) Future rent growth (%) Discount rate (%)	90%-95% 2% 12% - 16%
Owned land	**290**	Comparable transactions	Average price (SR /sqm)	210 – 8,834

c) *Reconciliation of fair value as per fair valuer to accounting fair value*

Accrued lease income at the reporting date, relating to the accounting for operating lease rentals on a straight line basis as per IFRS 16 and lease liabilities have been adjusted from the fair valuation as per fair valuer, in order to avoid double counting of assets and liabilities, as mentioned below:

	30 September 2023 Unaudited	31 December 2022 Audited
Fair value of land and buildings as per fair valuer	**21,206,447,369**	20,456,023,688
Less: Adjustment for accrued operating lease income	**(255,258,877)**	(273,589,239)
Add: carrying amount of lease liabilities	**2,914,971,042**	2,569,259,929
Total carrying amount of investment properties	**23,866,159,534**	22,751,694,378

vii. Amounts recognized in profit or loss for investment property that generated income.

	Nine-month period ended	
	30 September 2023 Unaudited	30 September 2022 Unaudited
Revenue from investment property	**1,709,751,598**	1,655,865,200
Direct operating expenses on properties that generated rental income	**(297,812,687)**	(269,017,759)

viii. The following table shows the valuation technique to measure fair value of investment property

Discounted cash flows	The gross fair value (net costs to complete), as applicable, is derived using DCF and is benchmarked against net initial yield.
Comparable transactions	Properties held for future development are valued using comparable methodology which involves analyzing other relevant market transactions.

8. Investment properties (continued)

B. Advance payments for projects under construction

It represents advance payments to the contractor for the construction of shopping malls, which are under various stages of completion.

			Construction work services received		**Balances**	
Name of related party	**Business status**	**Relationship**	**Nine-month period ended 30 September 2023**	Nine-month period ended 30 September 2022	**30 September 2023 Unaudited**	31 December 2022 Audited
Lynx Contracting Company	Limited Liability	Affiliate	**415,805,405**	550,308,301	**944,684,274**	720,068,772
Other					**7,996,738**	9,858,285
					952,681,012	729,927,057

With the consent of the shareholders of the Company, the Company has signed a framework agreement for the construction of all projects with Lynx Contracting Company.

9. Investment in equity accounted investee and others

	Notes	**30 September 2023 Unaudited**	31 December 2022 Audited
Investment in Joint venture and associate	*9A*	**75,453,188**	63,714,723
Investment in real estate fund at FVTPL	*9B*	**381,752**	1,159,414
		75,834,940	64,874,137

A. Investment in Joint venture and associate

Name of an entity	*Note*	**30 September 2023 Unaudited**	31 December 2022 Audited
FAS Lab Holding Company (Joint Venture)	(i)	**75,203,188**	63,714,723
Khozam Mall Real Estate Development Company (Associate)	(ii)	**250,000**	--
		75,453,188	63,714,723

i. This represents a 50% equity investment in the share capital of FAS Lab Holding Company, a limited liability company incorporated in the Kingdom of Saudi Arabia, which is engaged primarily in leading the digital initiatives of the Group including but not limited to providing the malls visitors and shoppers with a specialized and advanced loyalty program, simplified and innovative consumer financing solutions and an e-commerce platform.

ii. This represents a 50% equity investment in the share capital of Khozam Mall Real Estate Development Company, a closed joint stock Company incorporated in the Kingdom of Saudi Arabia, which is engaged primarily in the construction of real estate projects. The Company has been established during the period and is yet to commence commercial operations.

9. Investment in equity accounted investee and others (continued)

A. Investment in Joint venture and associate (continued)

i. Reconciliation of carrying amount

FAS Lab Holding Company (Joint Venture)	Opening balance	Additions	Share in losses	Other comprehensive income / (loss)	Ending balance
30 September 2023-Unaudited	**63,714,723**	**19,528,849**	**(8,057,583)**	**17,199**	**75,203,188**
31 December 2022-Audited	63,783,826	8,013,722	(7,159,334)	(923,491)	63,714,723

Khozam Mall Real Estate Development Company (Associate)	Opening balance	Additions	Share in losses	Other comprehensive loss	Ending balance
30 September 2023-Unaudited	--	**250,000**	--	--	**250,000**

ii. Summarized financial statements – FAS Lab Holding Company

	30 September 2023 Unaudited	31 December 2022 Audited
Assets	**284,793,693**	294,510,053
Liabilities	**(105,972,229)**	(136,527,133)
Net Assets	**178,821,464**	157,982,920
Revenue	**299,330,600**	389,720,819
Operating loss	**(13,092,862)**	(12,685,030)
Total comprehensive loss	**(12,055,083)**	(11,140,002)
Loss for the period attributable to shareholders of the company	**(14,078,859)**	(14,318,667)

B. Investment in a real estate fund at FVTPL

Name of the real estate fund	30 September 2023 Unaudited	31 December 2022 Audited
Al Jawhara Real Estate Fund	**381,752**	1,159,414
	381,752	1,159,414

This represents equity investment in Al Jawhara Real Estate Fund (formerly known as Digital City Fund) purchased for SR 6.8 million. During the nine-month period ended December 31, 2022, the Group sold units in the fund and realized a gain on disposal of investment of SR 180,000 in the consolidated statement of profit or loss. As at 30 September 2023, the net asset value (NAV) of the investment amounted to SR 0.38 million (31 December 2022: SR 1.2 million) and SR 7,880 of unrealized fair value loss is recognized in the condensed consolidated statement of profit or loss (31 December 2022: gain of SR 0.38 million). During the nine-month period ended 30 September 2023, fund has divested its investment portfolio of SR 0.77 million.

10. Cash and cash equivalents

	30 September 2023 Unaudited	31 December 2022 Audited
Bank balances – current accounts	**412,488,382**	378,077,716
Cheques under collection	**--**	231,323,093
Cash in hand	**989,987**	1,044,987
Cash in portfolio account (restricted cash)	**2,302,629**	--
	415,780,998	610,445,796

11. Related party transactions and balances

For the purpose of these condensed consolidated interim financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, and vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities. Balances and transactions between the Company and its subsidiaries, which are related parties within the Group, have been eliminated on consolidation. Transactions are entered into with the related parties on terms and conditions approved by either the Group's management or its Board of Directors.

A. Key management personnel compensation

The remunerations of directors and other key management personnel ('KMP') during the nine-month period ended 30 September are as follows:

	30 September 2023 Unaudited	30 September 2022 Unaudited
End of service benefits	**4,424,081**	5,706,632
Salaries and short-term benefits	**16,741,622**	9,051,790
Total key management compensation	**21,165,703**	14,758,422

B. Related party transactions and balances

I - Related party balances are presented in the condensed consolidated statement of financial position as follows:

	30 September 2023 Unaudited	31 December 2022 Audited
Amount due from related parties	**390,909,380**	417,815,065
Amount due to related parties	**(7,030,629)**	(6,339,458)
	383,878,751	411,475,607

11. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

II - During the period, the Group transacted with its related parties. The terms of those transactions are approved by management/Board of Directors in the ordinary course of business. The significant transactions and the related amounts are as follows:

Name of related party	Business status	Rental income and other fees / services	Expenses	Others	Total	Balance as at
30 September 2023-Unaudited		**Transactions during the nine-month period ended 30 September 2023**				**30 September 2023**
Transactions with ultimate shareholder						
Saudi FAS Holding Company	Closed Joint Stock Company	**2,471,669**	--	**3,372,160**	**5,843,829**	**6,785,132**
Transactions with fellow subsidiaries (subsidiaries of shareholder)						
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	Joint Stock Company	**265,532,160**	--	**65,048,000**	**330,580,160**	**175,695,070**
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	Joint Stock Company	**18,294,436**	--	--	**18,294,436**	**22,865,259**
Salman & Sons Holding Co and its associates	Limited Liability Company	**42,383,906**	--	--	**42,383,906**	**74,461,433**
Majd Al Amal Co. Limited and its associates	Limited Liability Company	**17,095,256**	--	--	**17,095,256**	**1,832,840**
Tadaris Alnajd Security Company	Limited Liability Company	--	**(48,405,958)**	--	**(48,405,958)**	**9,773,290**
Ezdihar Holding Co and its subsidiaries	Limited Liability Company	**42,943,246**	--	--	**42,943,246**	**73,401,700**
Others, net	Limited Liability Company	**5,251,810**	**(8,104,703)**	**7,947,905**	**5,095,012**	**19,064,027**
		393,972,483	**(56,510,661)**	**76,368,065**	**413,829,887**	**383,878,751**
31 December 2022-Audited		Transactions during the nine-month period ended 30 September 2022				31 December 2022
Transactions with ultimate shareholder						
Saudi FAS Holding Company	Closed Joint Stock Company	1,485,479	--	26,286,451	27,771,930	--
Transactions with fellow subsidiaries (subsidiaries of shareholder)						
FAS Holding Company for Hotels and its subsidiaries			--	66,295,172	66,295,172	--
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	Joint Stock Company	276,942,053	--	1,757,632	278,699,685	158,196,905
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	Joint Stock Company	21,257,240	--	--	21,257,240	16,177,998
Salman & Sons Holding Co and its associates	Limited Liability Company	36,354,599	--	--	36,354,599	90,313,341
Majd Al Amal Co. Limited and its associates	Limited Liability Company	15,146,451	--	--	15,146,451	47,670,205
Tadaris Alnajd Security Company	Limited Liability Company	-	37,634,564	--	37,634,564	3,637,973
Ezdihar Holding Co and its subsidiaries	Limited Liability Company	37,744,095	--	--	37,744,095	88,138,532
Others, net	Limited Liability Company	3,937,869	--	--	3,937,869	7,340,653
		392,867,786	37,634,564	94,339,255	524,841,605	411,475,607

12. Capital and reserves

A) Treasury shares

During the period ended 30 September 2023, the Company entered into a market making agreement with Al Rajhi Capital to provide continuous buying and selling of the Company's shares. As at 30 September 2023, Arabian Centres Company held 131,854 of its shares (2022: Nil).

B) Dividends

30 September 2023

i. On 1 January 2023, the Board of Directors resolved to distribute interim dividends for the first half of period ended 31 December 2022 amounting to SR 0.75 per share aggregating to SR 356,250,000. The dividends were paid on 12 February 2023.

ii. On 2 April 2023, the Board of Directors resolved to distribute dividends for the second half of the period ended 31 December 2022 amounting to SR 1 per share aggregating to SR 475,000,000. The dividends were paid on 16 April 2023.

iii. On 13 July 2023, the Board of Directors resolved to distribute dividends for the first half of the year ending 31 December 2023 amounting to SR 0.87 per share aggregating to SR 413,250,000. The dividends were paid on 13 August 2023.

31 December 2022

i. On 2 July 2022, the Board of Directors resolved to distribute an interim dividend for the second half of the year ended 31 March 2022 amounting to SR 0.75 per share aggregating to SR 356,250,000. The dividend was paid on 26 July 2022.

ii. On 23 January 2022, the Board of Directors have resolved to distribute an interim dividend for the year ended 31 March 2022 amounting to SR 0.75 per share aggregating to SR 356,250,000. The Company paid dividends during the prior year.

13. Loans and borrowings

	Note	**30 September 2023 Unaudited**	31 December 2022 Audited
Islamic facility with banks *(i)*		**3,730,860,093**	3,206,842,927
Sukuk *(ii)*		**5,139,112,713**	5,130,147,302
	13 B	**8,869,972,806**	8,336,990,229
Loans and Borrowings – Current liabilities		**1,145,063,541**	903,315,625
Loans and Borrowings – Non-Current liabilities		**7,724,909,265**	7,433,674,604
		8,869,972,806	8,336,990,229

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note *18*.

A. Terms and repayment

i. *Facility 1*

The Group entered into a long-term Islamic facility arrangement amounting to SR 5,250 million (equivalent USD 1,400 million), with local and international banks. This facility is divided into a Murabaha facility up to SR 500 million (maturing in 12 years), Ijara facilities up to SR 4,000 million (maturing in 8 and 12 years), and Revolving Murabaha up to SR 950 million (maturing in 3 years). These facilities are fully utilized as at reporting date.

13. Loans and borrowings (continued)

A. Terms and repayment (continued)

i. *Facility 1 (continued)*

The long-term loan is repayable in unequal semi-annual instalments and are subject to commission rates based on SIBOR/LIBOR plus an agreed commission rate. In order to reduce its exposure to commission rate risks the Group has entered into an Islamic profit rate swap for portion of its long-term loan. For details refer *note 18*.

The facilities are secured by insurance policies, proceeds of rental income, and land and buildings of several malls. During the nine-month period ended 30 September 2023, the Group borrowed an additional **SR 200 million** from the Revolving Murabaha facility (nine-month period ended 31 December 2022: SR 575 million)

Facility 2

During the period ended 31 December 2022, a subsidiary of the Group has entered into a long-term Islamic facility arrangement amounting to SR 800 million with a local bank.

During the period ended 30 September 2023, a subsidiary of the Group has entered into a long-term Islamic facility arrangement amounting to SR 1,000 million with a local bank.

The long-term loan is repayable in unequal semi-annual instalments and are subject to commission rates based on SIBOR plus an agreed commission rate. The facilities are secured by Lands.

During the nine-month period ended 30 September 2023, the Group has drawn-down **SR 522 million** (period ended 31 December 2022: SR 63 million) from the facilities. The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained.

ii. Sukuk

a) On 20 November 2019, Arabian Centres Sukuk Limited (a special purpose company established for the purpose of issuing Sukuk) completed the issuance of an International USD denominated Shari'ah compliant Sukuk "Sukuk Certificates" amounting to USD 500 million (equivalent SR 1,875 million), at a par value of USD 0.2 million each, annual yield of 5.375% payable semi-annually and a maturity of five years. Sukuk Certificates may be subject to early redemption at the option of the Company as per certain specified conditions mentioned in the Sukuk Certificate.

b) On 7 April 2021, Arabian Centres Sukuk II Limited (a special purpose company established for the purpose of issuing Sukuk) completed the issuance of a Five and half year International USD denominated Shari'ah compliant Sukuk "Sukuk II Certificates" amounting to USD 650 million (equivalent SR 2,437.5 million), at a par value of USD 0.2 million each, annual yield of 5.625% payable semi-annually. On 28 July 2021, the Company issued additional Sukuk II certificates amounting to USD 225 million (equivalent SR 843.75 million), at a premium of 4.75%. Sukuk Certificates may be subject to early redemption at the option of the Company as per specified conditions mentioned in the Sukuk Certificate.

B. Reconciliation of carrying amount

	Notes	**Islamic facility with banks**	**Sukuk**	**Total**
Balance at 1 April 2022		2,723,415,669	5,156,200,000	7,879,615,669
Proceeds received during the year		638,308,994	--	638,308,994
Repayments made during the year		(102,563,584)	--	(102,563,584)
	(i)	3,259,161,079	5,156,200,000	8,415,361,079
Un-amortized transaction costs	*(ii)*	(52,318,152)	(53,478,788)	(105,796,940)
Deferred Sukuk premium	*(iii)*	--	27,426,090	27,426,090
Balance at 31 December 2022- Audited		3,206,842,927	5,130,147,302	8,336,990,229

13. Loans and borrowings (continued)

B. Reconciliation of carrying amount (continued)

Balance at 1 January 2023		**3,259,161,079**	**5,156,200,000**	**8,415,361,079**
Proceeds received during the period		**722,498,192**	**--**	**722,498,192**
Repayments made during the period		**(194,250,009)**	**--**	**(194,250,009)**
	(i)	**3,787,409,262**	**5,156,200,000**	**8,943,609,262**
Un-amortized transaction costs	*(ii)*	**(56,549,169)**	**(39,067,540)**	**(95,616,709)**
Deferred Sukuk premium	*(iii)*	**--**	**21,980,253**	**21,980,253**
Balance at 30 September 2023-Unaudited		**3,730,860,093**	**5,139,112,713**	**8,869,972,806**

i. Below is the repayment schedule of the principal portion of the outstanding long-term loans:

	Islamic facility with banks	Sukuk	Total
31 December 2022-Audited			
Within one year	903,315,625	--	903,315,625
Between two to five years	1,312,147,537	5,156,200,000	6,468,347,537
More than five years	1,043,697,917	--	1,043,697,917
	3,259,161,079	5,156,200,000	8,415,361,079
30 September 2023-Unaudited			
Within one year	**1,145,063,542**	**--**	**1,145,063,542**
Between two to five years	**1,733,918,636**	**5,156,200,000**	**6,890,118,636**
More than five years	**908,427,084**	**--**	**908,427,084**
	3,787,409,262	**5,156,200,000**	**8,943,609,262**

ii. Un-amortized transaction costs movement is as follows:

	Islamic facility with banks	Sukuk	Total
Balance at 1 April 2022	53,463,354	67,890,041	121,353,395
Arrangement fees paid	5,118,750	--	5,118,750
Amortization for the year	(4,650,111)	(11,969,122)	(16,619,233)
Capitalized arrangement fees	(1,613,841)	(2,442,131)	(4,055,972)
Balance at 31 December 2022-Audited	52,318,152	53,478,788	105,796,940
Balance at 1 January 2023	**52,318,152**	**53,478,788**	**105,796,940**
Arrangement fees paid	**10,500,000**	**--**	**10,500,000**
Amortization for the period	**(2,652,620)**	**(11,996,851)**	**(14,649,471)**
Capitalized arrangement fees	**(3,616,363)**	**(2,414,397)**	**(6,030,760)**
Balance at 30 September 2023-Unaudited	**56,549,169**	**39,067,540**	**95,616,709**

iii. Deferred Sukuk premium

This represents the premium received on further issuance of Sukuk II (i.e. Issue price less face value of the certificate) and is amortized over the life of the instrument using the effective interest rate at the date of initial recognition of the instrument. Movement is as follows:

	Sukuk	Total
Balance at 1 April 2022	32,911,308	32,911,308
Addition during the year	--	--
Amortization for the period	(5,485,218)	(5,485,218)
Balance at 31 December 2022-Audited	27,426,090	27,426,090
Balance at 1 January 2023	**27,426,090**	**27,426,090**
Amortization for the period	**(5,445,837)**	**(5,445,837)**
Balance at 30 September 2023-Unaudited	**21,980,253**	**21,980,253**

14. Revenue

	Note	**Nine-month period ended 30 September 2023 Unaudited**	Nine-month period ended 30 September 2022 Unaudited
Rental income	*(i)*	**1,587,226,395**	1,526,402,544
Service and management fee income		**70,537,296**	82,018,115
Turnover rent		**48,883,687**	44,331,119
Commission income on provisions for utilities, net		**3,104,220**	3,113,422
		1,709,751,598	1,655,865,200

i. Rental income includes related maintenance and service charge of Malls premises charged to each of the tenants.

Group as a lessor:
The Group has entered into operating leases on its investment properties portfolio consisting of various buildings. These leases have terms of between 1 to 5 years. Leases include a clause to enable upward revision of the rental charge depending on the lease agreements. Future minimum rentals receivable under non-cancellable operating leases as at the end of the reporting periods are as follows:

	As at 30 September 2023 Unaudited	As at 30 September 2022 Unaudited
Within one year	**1,465,700,258**	1,705,631,365
After one year but not more than five years	**1,801,380,719**	1,915,821,092
More than five years	**222,958,143**	361,942,461
	3,490,039,120	3,983,394,918

15. Other operating income

	Nine-month period ended 30 September 2023 Unaudited	Nine-month period ended 30 September 2022 Unaudited
Gain on sale of investment property (Note 8A(i))	**238,668,127**	--
Gain on termination of lease	**16,439,630**	--
Recovery of written off receivables	**11,244,000**	--
Waiver of amount payable to disposed subsidiaries	--	18,129,016
Compensation from landlord	**2,812,500**	1,867,410
Others	**5,680,178**	--
	274,844,435	19,996,426

16. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the ordinary Shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period as all the Company's shares are ordinary shares. Diluted earnings per share is calculated by adjusting the basic earnings per share for the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	Three-month period ended		Nine-month period ended	
	30 September 2023 Unaudited	30 September 2022 Unaudited	**30 September 2023 Unaudited**	30 September 2022 Unaudited
Profit attributable to ordinary shareholders	**286,542,132**	257,568,532	**1,008,540,603**	615,905,478
Weighted average number of ordinary shares	**474,872,304**	475,000,000	**474,956,967**	475,000,000
	0.60	0.54	**2.12**	1.30

17. Operating segments

The Group's activities and business lines used as a basis for the financial reporting are consistent with the internal reporting process and information reviewed by the Chief operating decision maker (CODM). Management considers the operations of the Group as a whole as one operating segment as all subsidiaries engage in similar business activities.

The Group's revenue, gross profit, investment properties, total assets and total liabilities pertaining to the Group's operations as a whole are presented in the condensed consolidated statement of financial position and in the condensed consolidated statement of profit or loss and the condensed consolidated statement of comprehensive income.

All of the Group's operations are conducted in KSA. Hence, geographical information is not applicable in this case.

18. Financial instruments - fair values and risk management

A. Accounting classification and fair values

Financial instruments have been categorized as follows:

Financial Assets	*Notes*	**30 September 2023 Unaudited**	**31 December 2022 Audited**
Other investments	*9*	**381,752**	1,159,414
Other financial receivables		**142,022,740**	104,486,404
Amounts due from related parties	*11*	**390,909,380**	417,815,065
Accounts receivable		**354,876,780**	388,214,220
Profit rate swaps used for hedging		--	7,043,961
Cash and cash equivalents	*10*	**415,780,998**	610,445,796
		1,303,971,650	1,529,164,860
Financial Liabilities			
Loans and borrowings	*13*	**8,869,972,806**	8,336,990,229
Lease liabilities		**3,112,178,411**	2,639,276,382
Accounts payable		**201,762,151**	118,951,524
Other liabilities		**402,006,186**	204,162,320
Amount due to related party	*11*	**7,030,629**	6,339,458
Tenants' security deposits		**169,362,357**	158,673,106
		12,762,312,540	11,464,393,019

18. Financial instruments - fair values and risk management (continued)

A. Accounting classification and fair values (continued)

The following table presents the Group's financial instruments measured at fair value at 30 September 2023 and 31 December 2022:

	30 September 2023-Unaudited				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
FVTPL – equity instruments (a)					
Al Jawhara Real Estate Fund	**381,752**	--	--	**381,752**	**381,752**

	31 December 2022-Audited				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
FVTPL – equity instrnments (a)					
Al Jawhara Real Estate Fund	1,159,414	--	--	1,159,414	1,159,414
Derivatives designated as hedging instruments (b)	7,043,961	--	7,043,961	--	7,043,961

(a) The valuation is derived based on net asset value of the fund which is based on market multiples derived from comparable companies to the investee and adjusted for non-marketability of the investee.

(b) The fair value of commission rate swaps has been calculated by a third-party expert, discounting estimated future cash flows on the basis of market expectation of future interest rates, representing Level 2 in the IFRS 13 fair value hierarchy.

B. Derivatives designated as hedging instruments

The Group held Islamic Profit/commission Rate Swaps ("IRS") of a notional value of USD 80 million (equivalent to SR 300 million) in order to reduce its exposure to commission rate risks against long term financing. The table below shows the fair values of derivatives financial instruments, recorded as positive fair value. The notional amounts indicate the volume of transactions outstanding at the period end and are neither indicative of the market risk nor the credit risk.

Description of the hedged items	Hedging instrument	Fair Value	30 September 2023 Unaudited	31 December 2022 Audited
Commission payments on floating rate loan	IRS	Positive	--	7,043,961

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the rate underlying a derivative contract may have a significant impact on the income or equity component of the Group.

The hedging instrument expired on 31 May 2023 with net amount being settled between the parties. Total amount of cash flow hedge reserve has been reclassified to profit or loss during the period amounting to **SR 7,124,755.**

18. Financial instruments - fair values and risk management (continued)

C. Financial risk management

The Group has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including commission rate risk, real estate risk and currency risk)
- Capital management risk

The Group's principal financial liabilities are loans and borrowings. The main purpose of the Group's loans and borrowings is to finance the acquisition and development of the Group's investment properties portfolio. The Group has accounts receivable, amounts due to and from related parties, lease liability, accounts payable and cash and bank balances that arise directly from its operations.

i. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its leasing activities, including deposits with banks and financial institutions.

Credit risk is managed by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

Bank balances and deposits are held with local banks with sound external credit ratings.

Accounts Receivable

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and sector in which customers operate.

Each entity within the group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the entity's standard payment and delivery terms and conditions are offered. The review includes financial statements, industry information and in some cases bank references. Credits to each customer are reviewed periodically. The Group limits its exposure to credit risk by offering credit terms which are typically not longer than three months on average.

In monitoring customer credit risk, customers are grouped according to their credit characteristics trading history with the Group and existence of previous financial difficulties.

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth.

18. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

i. Credit risk (continued)

The following table provides information about the exposure to credit risk and ECLs for accounts receivable from customers as at 30 September 2023 and 31 December 2022.

	30 September 2023-Unaudited		
	Gross Carrying Amount	**Weighted-average loss**	**Loss Allowance (%)**
0–90 days	**86,464,104**	**16,172,336**	**19%**
91–180 days	**87,539,963**	**21,564,577**	**25%**
181–270 days	**80,809,254**	**22,948,704**	**28%**
271–360 days	**64,756,124**	**22,178,109**	**34%**
361 –450 days	**63,249,546**	**24,695,549**	**39%**
451 -540 days	**41,671,076**	**18,379,110**	**44%**
541 –630 days	**27,011,536**	**14,067,980**	**52%**
631 -720 days	**27,815,707**	**15,270,789**	**55%**
More than 720 days	**126,354,302**	**95,517,678**	**76%**
	605,671,612	**250,794,832**	

	31 December 2022-Audited		
	Gross Carrying amount	**Weighted-average loss**	**Loss Allowance (%)**
0–90 days	110,173,161	13,707,754	12%
91–180 days	99,288,349	16,421,056	17%
181–270 days	86,585,249	15,381,037	18%
271–360 days	44,653,878	11,210,581	25%
361 –450 days	44,176,668	13,460,611	30%
451 -540 days	36,635,522	13,984,109	38%
541 –630 days	33,821,347	14,963,099	44%
631 -720 days	29,279,546	15,327,850	52%
More than 720 days	75,001,342	56,944,745	76%
	559,615,062	171,400,842	

18. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

i. Credit risk (continued)

Accounts Receivable (continued)
During the nine-month period ended 30 September 2023, the Group has written off receivables amounting to **Nil** (Nine-month period ended 31 December 2022: SR 77.9 million). In addition, the group has directly charged to profit or loss an amount of **SR 66.7 million** (Nine-month period ended 31 December 2022: SR 14.6 million) on account of impairment of accounts receivable and accrued revenue.

Due from related parties
An impairment analysis is performed at each reporting date on an individual basis for the major related parties. The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from related parties (please refer to note *11B*). The Group does not hold collateral as a security. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operate. The Group evaluates the risk with respect to due from related parties as low, as majority of the related parties are owned by the same shareholders.

Financial instruments and cash deposit
Credit risk from balances with banks and financial institutions is managed by Ultimate Parent Company's treasury in accordance with the Group's policy. Cash is substantially placed with national banks with sound credit ratings. The Group does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

18. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The management believes that the Group is not exposed to significant risks in relation to liquidity and maintains different lines of credit. Upon careful comparison of the financial liabilities included within the current liabilities (excluding amounts due to related parties as these could be deferred during liquidity crunch situation) with the financial assets forming part of the current assets, there seems to be a reasonably hedging position between the two categories.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Contractual maturities of financial liabilities:	Carrying amount	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
30 September 2023-Unaudited							
Accounts payable	**201,762,151**	**201,762,151**	--	--	--	--	**201,762,151**
Tenants' security deposits	**169,362,357**	**85,424,330**	**28,222,063**	**30,901,690**	**24,583,249**	**231,025**	**169,362,357**
Other liabilities	**402,006,186**	**402,006,186**	--	--	--	--	**402,006,186**
Due to related parties	**7,030,629**	**7,030,629**	--	--	--	--	**7,030,629**
Lease liabilities	**3,112,178,411**	**391,792,760**	**120,727,082**	**227,133,390**	**815,136,198**	**3,562,591,208**	**5,117,380,638**
Loans and borrowings	**8,869,972,806**	**918,597,278**	**628,281,390**	**2,516,272,609**	**5,758,854,811**	**1,081,383,194**	**10,903,389,282**
	12,762,312,540	**2,006,613,334**	**777,230,535**	**2,774,307,689**	**6,598,574,258**	**4,644,205,427**	**16,800,931,243**
31 December 2022-Audited							
Accounts payable	118,951,524	118,951,524	--	--	--	--	118,951,524
Tenants' security deposits	158,673,106	93,131,320	17,970,317	29,753,414	17,383,624	434,429	158,673,104
Other liabilities	204,162,320	204,162,320	--	--	--	--	204,162,320
Due to related parties	6,339,458	6,339,458	--	--	--	--	6,339,458
Lease liabilities	2,639,276,382	195,135,113	175,129,382	254,286,890	678,466,712	3,045,417,085	4,348,435,182
Loans and borrowings	8,336,990,229	1,076,009,249	321,974,381	2,516,369,539	5,154,645,105	1,255,230,891	10,324,229,165
	11,464,393,019	1,693,728,984	515,074,080	2,800,409,843	5,850,495,441	4,301,082,405	15,160,790,753

18. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

iii. Market risk

Market risk is the risk that changes in market prices, such as currency rates and interest rates that will affect the Group's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Commission rate risk
Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group has no significant commission bearing long-term assets, but has commission bearing liabilities as at 30 September 2023 and 31 December 2022. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

The following table demonstrates the sensitivity of the Group to a reasonably possible change, with all other variables held constant, of the Groups profit before zakat (through the impact on floating rate borrowings):

Gain/(loss) through the condensed consolidated statement of profit or loss	**Nine-month period ended 30 September 2023 Unaudited**	Nine-month period ended 30 September 2022 Unaudited
Floating rate debt:		
SIBOR +100bps	**(28,405,569)**	(23,831,337)
SIBOR -100bps	**28,405,569**	23,831,337

Real estate risk
The Group has identified the following risks associated with the real estate portfolio:

- The cost of the development projects may increase if there are delays in the planning process. The Group uses advisors who are experts in the specific planning requirements in the project's location in order to reduce the risks that may arise in the planning process.
- A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property. To reduce this risk, the Group reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises from recognized assets and liabilities which are denominated in currency that is not Group's functional currency. The Group has certain US Dollar denominated financial liabilities which are not exposed to significant currency risk as Group's functional currency is pegged to US Dollar.

iv. Capital management risk

The Board's policy is to maintain an efficient capital base as to maintain investor, creditor and market confidence and to sustain future development of its business. The Board of Directors monitor the return on capital employed and the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:
i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
ii) to provide an adequate return to shareholders

19. Commitments and contingencies

	Note	**30 September 2023 Unaudited**	31 December 2022 Audited
Commitments			
Commitments for projects under construction	*(i)*	**2,537,165,741**	**3,265,050,000**
Outstanding bank guarantees		**10,998,384**	**13,000,000**

(i) These commitments pertain to construction of shopping malls across the Kingdom of Saudi Arabia.

(ii) The Group is currently involved in legal arbitration proceedings brought by a contractor that alleges that Group owes them for work already carried out under the contract. The Group is disputing the claims against it and believes it has strong legal grounds to defend itself. However, the arbitration proceedings' ultimate outcome is uncertain, and the company cannot guarantee that it will successfully defend itself. The potential financial impact of **SAR 25 million** has been recorded in the condensed consolidated financial statements for the nine-month period ended 30 September 2023, which reflects management best estimate of the total expected financial exposure.

20. Summarized financial information of material subsidiaries

The following are the summarized financial statements of material subsidiaries consolidated within the Group condensed consolidated interim financial statements:

	Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin Alhokair and Company	Riyadh Real Estate Development Funds Jawharat Jeddah	Riyadh Real Estate Development Funds Jawharat Riyadh
30 September 2023			
Assets			
Investment properties	**202,882,054**	**1,537,739,856**	**2,349,628,550**
Cash and cash equivalents	--	**7,789,479**	**324,386,504**
Other assets	**66,178,872**	**21,334,284**	**51,191,102**
	269,060,926	**1,566,863,619**	**2,725,206,156**
Liabilities			
Loans and borrowings	--	**124,587,990**	**312,697,768**
Lease liabilities	**80,133,054**	--	--
Other liabilities	**37,109,845**	**19,511,263**	**23,326,157**
	117,242,899	**144,099,253**	**336,023,925**
Net assets	**151,818,027**	**1,422,764,366**	**2,389,182,231**
31 December 2022-Audited			
Assets			
Investment properties	206,622,266	1,413,734,581	2,454,020,995
Cash and cash equivalents	--	7,536,666	--
Other assets	24,211,347	272,652	200,000
	230,833,613	1,421,543,899	2,454,220,995
Liabilities			
Loans and borrowings	--	58,828,677	--
Lease liabilities	77,301,026	--	--
Other liabilities	52,908,921	8,059,529	12,997,219
	130,209,947	66,888,206	12,997,219
Net assets	100,623,666	1,354,655,693	2,441,223,776
Nine-month period ended 30 September 2023-Unaudited			
Statement of profit or loss			
Revenue	**30,717,823**	--	--
Gross profit	**22,429,794**	--	--
Profit / (loss) for the period	**10,306,452**	**(25,047,967)**	**151,446,638**
Nine-month period ended 30 September 2022-Unaudited			
Statement of profit or loss			
Revenue	31,402,830	--	--
Gross profit	17,900,029	--	--
Profit / (loss) for the period	3,937,604	39,612,816	220,126,236

21. Effect of change in accounting policy

On 29 June 2022, the Board of Directors of the Company approved the change in accounting policy for the subsequent measurement of the Group's investment properties from the cost model to the fair value model. The impact of the change in accounting policy has been reflected by restating each of the affected financial statement line items for prior periods. The following table summarizes the impacts on the Group's condensed consolidated statement of comprehensive income for the prior period presented:

Consolidated statement of profit or loss and consolidated statement of comprehensive income

	Impact of change in accounting policy		
For the three-month period ended 30 September 2022	**As previously reported**	**Adjustment**	**As restated**
Depreciation of right-of-use assets	(45,749,437)	45,749,437	--
Depreciation of investment properties	(87,146,968)	87,146,968	--
Other Operating Income	86,040,979	(86,040,979)	--
Other operating Expenses	--	(24,558,834)	**(24,558,834)**
Net fair value loss on investment properties	--	(4,325,663)	**(4,325,663)**
Profit for the period	246,350,325	17,970,929	**264,321,254**
Total comprehensive income for the period	248,146,695	17,970,929	**266,117,624**
Earnings per share – Basic and diluted	0.52	0.04	**0.56**

	Impact of change in accounting policy		
For the nine-month period ended 30 September 2022	**As previously reported**	**Adjustment**	**As restated**
Depreciation of right-of-use assets	(143,327,184)	134,992,522	**(8,334,662)**
Depreciation of investment properties	(266,335,503)	266,335,503	--
Other Operating Income	107,312,589	(87,316,163)	**19,996,426**
Other operating Expenses	(32,106,705)	(20,242,629)	**(52,349,334)**
Impairment of investment properties	(25,038,548)	25,038,548	--
Net fair value loss on investment properties	--	(178,433,886)	**(178,433,886)**
Profit for the period	480,657,393	140,373,895	**621,031,288**
Total comprehensive income for the period	490,553,179	140,373,895	**630,927,074**
Earnings per share – Basic and diluted	1.01	0.30	**1.31**

22. Comparative financial Information

Comparative figure of SR 9,652,914 in the condensed consolidated statement of profit or loss for the nine-month period ended 30 September 2022 have been reclassified from General and administrative expenses to Cost of revenue - Direct costs. This has been reclassified to conform to current period's presentation.

23. Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements were approved by the Board of Directors for issuance on 24 Rabi al thani 1445H (corresponding to 08 November 2023).

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