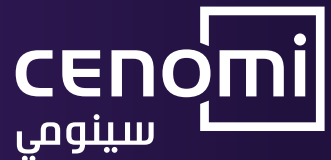




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Arabian Centres Company
(trading as Cenomi Centers)

Arabian Centres Company (trading as Cenomi Centers)



(a company established under commercial registration no. 1010209177 dated 7/4/1426H (corresponding to 15/05/2005G), converted into a closed joint stock company pursuant to ministerial resolution no. 0/322, dated 15/10/1438H (corresponding to 09/07/2017G), with a paid-up capital of SAR 4,750,000,000 and 475,000,000 total ordinary shares)

SAR 4,500,000,000 SUKUK ISSUANCE PROGRAMME

Under the sukuk issuance programme described in this Base Prospectus (the "**Programme**"), Arabian Centres Company (in its capacity as the issuer of Sukuk (as defined below), the "Issuer" or the "**Company**"), may, subject to compliance with all applicable laws, regulations and directives, from time to time issue sukuk (the "**Sukuk**").

The maximum aggregate nominal amount of all Sukuk from time to time as are outstanding under the Programme will not exceed SAR 4,500,000,000, subject to increase in accordance with the Programme Agreement (as defined in Section 16 ("Subscription and Sale")) and all applicable rules and regulations of the Kingdom of Saudi Arabia (the "**Kingdom**"). The maximum total number of Sukuk that can be subscribed for under the Programme is 4,500,000 Sak (in denominations of SAR 1,000 per Sak).

Each Series (as defined in the terms and conditions of the Sukuk as set out in the Master Declaration of Agency (as defined below) and herein (the "**Conditions**"), and any reference herein to a numbered Condition is to the corresponding numbered provision thereof) issued under the Programme will be the subject of, inter alia, a master declaration of agency dated 6 October 2025G between the Issuer and Al Rajhi Capital Company (in its capacity as agent on behalf of the Sukukholders (as defined below), the "**Sukukholders' Agent**", which expression includes any successor Sukukholders' Agent in relation to the Sukuk) (the "**Master Declaration of Agency**"), as supplemented by a supplemental declaration of agency between the same parties in relation to each Tranche (as defined in the Conditions) of such Series (each a "**Supplemental Declaration of Agency**" and, together with the Master Declaration of Agency, a "**Declaration of Agency**") and a payment administration agreement dated 6 October 2025G between the Issuer, the Sukukholders' Agent and Al Rajhi Capital Company (in its capacity as payment administrator, the "**Payment Administrator**") (the "**Payment Administration Agreement**"). Sukuk of each Series confer on the holders thereof from time to time (the "**Sukukholders**") the right to receive certain payments (as more particularly described herein) arising from the Sukuk Assets (as defined in the Conditions) in relation to the relevant Series.

The Sukuk constitute undivided ownership interests of the Sukukholders in the Sukuk Assets of the relevant Series (including undivided rights in the Payment Obligations (as defined herein)), and will at all times rank pari passu, without any preference or priority, with all other Sukuk of the relevant Series issued under the Programme. The Sukuk and the Payment Obligations in respect of each Series of Sukuk will each constitute direct, unconditional, unsubordinated and (subject to Condition 7.1, if applicable) unsecured obligations of the Issuer and shall (save for certain obligations required to be preferred by provisions of law that are both mandatory and of general application) rank pari passu with all other outstanding unsecured, unsubordinated monetary obligations of the Issuer, present and future.

The Sukuk may be issued on a continuing basis to one or more of the dealers (each a "**Dealer**" and together the "**Dealers**") specified under "**Summary**" and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Sukuk being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe (or procure the subscription of) such Sukuk.

Notice of the Aggregate Nominal Amount (as defined in the Conditions) of the Sukuk of each Tranche and any other terms and conditions not contained herein which are applicable to each Tranche will be set out in a final terms document relating to such Tranche (the "**Applicable Final Terms**").

An investment in Sukuk issued under the Programme involves certain risks and uncertainties. For a discussion of certain factors to be considered in connection with an investment in the Sukuk issued under the Programme, please refer to Section ("**Important Notice**") and Section 2 ("**Risk Factors**"), which should be carefully considered prior to making a decision to invest in the Sukuk. This Base Prospectus should be read and interpreted in conjunction with any information incorporated by reference herein via an electronic link to the Tadawul website. Investors are advised to review this information before making any decision on whether to invest in the Sukuk issued under the Programme.

The Issuer may agree with any Dealer that Sukuk may be issued with terms and conditions not contemplated by the Conditions, in which event a supplemental Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Sukuk. This Base Prospectus should be read and construed together with any amendments or supplements hereto and, in relation to any Tranche, should be read and construed together with the Applicable Final Terms.

For further information in relation to the terms and conditions of the Sukuk, see Section 13 ("**Terms and Conditions of the Sukuk**").

The transaction structure relating to the Sukuk (as described in this Base Prospectus) has been approved by the Shari'a Committee of Al Rajhi Capital Company as, in their view, complying with Shari'ah principles as applicable to, and interpreted by, them. Prospective investors should not rely on the approval referred to above in deciding whether to make an investment in the Sukuk (including the tradability of the Sukuk on the secondary market) and should consult their own Shari'ah advisers as to whether the proposed transaction described in the approvals referred to above is in compliance with their individual standards of compliance with Shari'ah principles. None of the Issuer, the Arranger, the Dealer, the Sukukholders' Agent or the Payment Administrator makes any representation as to the Shari'ah compliance of the Sukuk and/or any trading thereof. Prospective investors are reminded that, as with any Shari'ah views, differences in opinion are possible and differing Shari'ah standards may be applied by different Shari'ah advisers.

The Sukuk will be offered to eligible natural persons and legal persons in the Kingdom and shall not be offered or sold to retail clients outside of the Kingdom.

Persons wishing to purchase the Sukuk of the relevant Series will be required to submit a duly completed form (an "**Investor Application Form**") to, in the case of prospective investors who are Institutional Clients or

Qualified Clients (each as defined in the Glossary (the "**Glossary**") of Defined Terms Used in the Regulations and Rules of the Capital Market Authority (the "**CMA**")), the relevant Dealer(s) or to, in the case of prospective investors who are Retail Clients (as defined in the Glossary) ("**Retail Clients**"), the receiving agents ("**Receiving Agents**"), in each case prior to the date of completion of the offering process and shall make payment for the Sukuk of such Series as per the instructions contained in the Investor Application Form. Investor Application Forms will be available from, in the case of Institutional Clients and Qualified Clients, the relevant Dealer(s), or from, in the case of Retail Clients, the Receiving Agents, in each case in respect of such Series. For the avoidance of doubt, Retail Clients shall only liaise with the Receiving Agents in respect of their purchase of the Sukuk of the relevant Series. Any Sukuk to be issued under the Programme may only be offered and sold in the Kingdom in accordance with the Rules on the Offer of Securities and Continuing Obligations of the CMA (the "**ROSCOs**"). The distribution of this Base Prospectus and the offering, sale and delivery of the Sukuk issued under the Programme in any jurisdictions other than the Kingdom may be restricted by law. Any person who comes into possession of this Base Prospectus is required by the Issuer, the Arranger and the Dealer to inform themselves about, and to observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Sukuk issued under the Programme and on distribution of this Base Prospectus and other offering material relating to the Sukuk issued under the Programme, see Section 16 ("**Subscription and Sale**").

The Issuer shall not pay any additional amounts in respect of any withholding required by law to any person who holds Sukuk but is not a Qualified Person (as defined in the Conditions). See Condition 17 ("**Indemnification and Liability of the Sukukholders' Agent**").

For information in relation to the Targeted Investors, see the section of this Base Prospectus entitled "**Summary**" and Section 16 ("**Subscription and Sale**").

The CMA 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 investors in 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.

This prospectus includes information provided as part of the application for registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations of the Capital Market Authority of the Kingdom of Saudi Arabia (the "**Authority**") and the application for listing of securities in compliance with the Listing Rules of the Saudi Stock Exchange Company. The directors, whose names appear in this prospectus, collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The Authority and the Saudi Stock Exchange Company do not take any responsibility for the contents of this prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this prospectus.

The Securities Depository Center Company ("**Edaa**") will be appointed as registrar (the "**Registrar**", which expression includes any successor registrar) of any Sukuk issued under the Programme (as described in the Conditions and in Section 16 ("**Subscription and Sale**"), respectively). The Sukuk will be collectively represented at all times by interests in a registered form global sak, without coupons attached (the "**Global Sak**"), which will be deposited with the Sukukholders' Agent. The Sukuk may only be held in book entry dematerialised registered form and definitive Sukuk will not be issued to Sukukholders in relation to their holdings of Sukuk.

Applications have been submitted by the Issuer to (i) the CMA for the registration and offering of the Sukuk; and (ii) the Saudi Stock Exchange Company (Tadawul) ("**Tadawul**") for the listing of the Sukuk. This Base Prospectus has been approved and all required documents have been submitted to the relevant authorities. All regulatory requirements have been satisfied and all required corporate approvals have been obtained.

Each offer period for the relevant Tranche of the Sukuk will be specified in the Applicable Final Terms (each, an "**Offer Period**") and the relevant Tranche will be allocated after the end of the applicable Offer Period and issued on a date (each, an "**Issue Date**") notified by the Issuer and the Arranger and Dealer to the relevant potential investors after the end of the relevant Offer Period. For further details, see Section 16 ("**Subscription and Sale**").

The Issuer was established as a limited liability company under commercial registration no. 1010209177 dated 07/04/1426H (corresponding to 15/05/2005G) issued on 08/01/1439H (corresponding to 28/09/2017G), and converted into a joint stock company pursuant to ministerial resolution no. 0/322, dated 15/10/1438H (corresponding to 09/07/2017G), with a capital of one million Saudi Riyals (SAR 1,000,000) divided into one thousand (1,000) Shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) each. The Issuer converted from a limited liability company to a closed joint stock company on 08/01/1439H (corresponding to 28/09/2017G). On 22/09/1440H (corresponding to 27/05/2019G), 20% of the Share Capital of the Issuer, amounting to 95,000,000 ordinary shares, were listed and admitted to trading on Tadawul.

The Issuer has been assigned a long term issuer credit rating of "BB" (negative outlook) by Fitch Ratings Ltd. ("**Fitch**") and a long-term issuer credit rating of "B+" (stable outlook) by S&P Global Ratings ("**S&P**"). The Issuer has been assigned a long-term issuer credit rating of "A-" (stable outlook) by Simah Rating Agency ("**Tassnief**"). Fitch and S&P have assigned international scale ratings, while Tassnief has assigned a local scale rating in the Kingdom. **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.**

Financial Advisor



Arranger



Dealer



Receiving Agents



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Important Notice

This Base Prospectus contains detailed information relating to the Issuer and the Sukuk that may be offered under the Programme from time to time. When submitting an application to subscribe for the Sukuk that may be offered under the Programme from time to time, the prospective investors will be treated as applying solely on the basis of the information contained in this Base Prospectus.

Copies of the Base Prospectus can be obtained by visiting the Issuer's website at www.cenomicenters.com, the Arranger's website at www.alrajhi-capital.sa (for access by Institutional Clients and Qualified Clients only), the CMA's website at www.cma.org.sa and Tadawul's website at www.saudiexchange.sa.

This prospectus includes information provided as part of the application for registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations of the Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority") and the application for listing of securities in compliance with the Listing Rules of the Saudi Stock Exchange Company. The directors, whose names appear in this prospectus, collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The Authority and the Saudi Stock Exchange Company do not take any responsibility for the contents of this prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this prospectus.

Al Rajhi Capital Company has been appointed by the Issuer to act as arranger (in its capacity as arranger, together with any additional arranger that may be appointed under the Programme by the Issuer from time to time, the "Arranger") in relation to the Programme. No person is or has been authorised to give any information or to make any representation about the Issuer, the Programme or the Sukuk (other than as contained in this Base Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been made or authorised by the Issuer, the Arranger, the Dealer, the Financial Advisor or any of their respective affiliates. Neither the publication and/or delivery of this Base Prospectus nor any sale of any Sukuk shall, under any circumstances, constitute a representation or create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger, the Dealer, the Financial Advisor, the Sukukholders' Agent and the Payment Administrator and each of their respective affiliates expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Sukuk of any information coming to their attention.

None of the Arranger, the Dealer, the Financial Advisor, the Sukukholders' Agent or the Payment Administrator is acting for any person in connection with the offering of any Series of Sukuk and, to the fullest extent permitted by law, the Arranger and the Dealer, the Financial Advisor, the Sukukholders' Agent and the Payment Administrator will not regard any person (whether or not a recipient of this Base Prospectus or any other offering material relating to any Series or Tranche) as its client or customer (as such terms are defined in the Capital Market Institutions Regulations issued by the board of the CMA pursuant to resolution number 1-83-2005 dated 21/05/1426H (corresponding to 28/06/2005G), as amended by the board of the CMA pursuant to resolution number 1-94-2025 dated 09/03/1447H (corresponding to 01/09/2025G)) in relation to the offer, sale and trade of the Sukuk. To the fullest extent permitted by law none of the Arranger, the Dealer, the Financial Advisor, the Sukukholders' Agent or the Payment Administrator or any of their respective affiliates shall be responsible to anyone for providing the protections afforded to clients or customers of the Arranger, the Dealer, the Financial Advisor, the Sukukholders' Agent or the Payment Administrator or any of their respective affiliates, or for providing advice in relation to the offering of any Tranche, the contents of this Base Prospectus or any other offering material relating to any Tranche, or any transaction, arrangement or other matter referred to in this Base Prospectus.

Prospective investors 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.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Sukuk other than as contained in this Base Prospectus or as approved for such purpose by it. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Arranger, the Dealer or the Financial Advisor or any of their respective affiliates.

The Issuer accepts full responsibility for the accuracy of the information contained in this Base Prospectus and the Applicable Final Terms and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, the information contained in this Base Prospectus is in accordance with the facts and there are no other facts, the omission of which would make any statement herein misleading.

While the Issuer has made all reasonable enquiries as to the accuracy of the information contained in this Base Prospectus as at the date hereof, substantial portions of the market and industry information herein are derived from external sources, and while none of the Issuer, the Arrangers, the Dealer, the Financial Advisor nor their respective advisers or affiliates have any reason to believe that any of the market and industry information is materially inaccurate, such information has not been independently verified and no representation is made with respect to the accuracy or completeness of any of this information.

The information contained in this Base Prospectus is subject to change. In particular, the actual financial state of the Issuer and the value of any Sukuk issued under the Programme may be adversely affected by future developments in inflation, financing charges, taxation, calculation of zakat or other economic, political and other factors, over which the Issuer may have no control. The Issuer does not intend to update or otherwise revise any information or forward-looking statements in this Base Prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Base Prospectus might not occur in the way they are expected, or at all. Prospective investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Neither the publication and/or delivery of this Base Prospectus nor any oral, written or printed interaction in relation to any Sukuk issued under the Programme is intended to be, or should be construed as or relied upon in any way as, a promise or representation as to future earnings, results or events.

The sole purpose of this Base Prospectus is to provide background information about the Issuer to assist each recipient of this Base Prospectus in making an independent evaluation and appraisal of the Issuer, the offering and any investment in the Sukuk.

This Base Prospectus should be read and construed together with any supplements hereto and, in relation to any Tranche, should be read and construed together with the Applicable Final Terms.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Sukuk issued under the Programme: (a) is intended to provide the basis of any credit or other evaluation; or (b) should be considered as a recommendation on the part of the Issuer, the Arranger, the Dealer, the Financial Advisor, the Sukukholders' Agent, the Payment Administrator or any of their respective advisers or affiliates that any recipient of this Base Prospectus should participate in the offering of any Sukuk issued under the Programme. Information provided herein is of a general nature and has been prepared without taking into account any prospective investor's investment objectives, financial situation or particular investment needs. Prior to making an investment decision, each recipient of this Base Prospectus and any other information supplied in connection with the Programme or the issue of any Sukuk issued under the Programme is responsible for obtaining its own independent professional advice from a financial advisor licenced by the CMA in relation to the Issuer, the Programme and the offering of the relevant Sukuk and for making its own independent investigation, evaluation and appraisal of the financial condition and affairs, as well as the creditworthiness, of the Issuer, an investment in the relevant Sukuk, the regulatory, tax and accounting treatment thereof, and of the information and assumptions contained herein, using such advice, analysis and projections as it deems necessary in making any investment decision.

None of the Arranger, the Dealer, the Financial Advisor, the Sukukholders' Agent or the Payment Administrator or any of their respective affiliates accepts any liability in relation to the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Programme or for any other statement made or purported to be made by the Arranger, the Dealer, the Financial Advisor, the Sukukholders' Agent or the Payment Administrator or on its behalf in connection with the Issuer the Programme or the issuance and offering of the Sukuk.

None of the Arranger, the Dealer, the Financial Advisor, the Sukukholders' Agent or the Payment Administrator or any of their respective affiliates accepts any liability or makes any representation, warranty or undertaking, express or implied, in relation to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Issuer, the Sukuk or the Programme or for any statement made or purported to be made by the Arranger, the Dealer, the Financial Advisor, the Sukukholders' Agent or the Payment Administrator or on behalf of any of them in connection with the Issuer, the Sukuk or the Programme. None of the Arranger or any of the Dealer or the Financial Advisor or any of their respective affiliates accepts any responsibility for any acts or omissions of the Issuer or any other person in connection with the Programme, the Base Prospectus or the issue and offering of Sukuk. Each person receiving the Base Prospectus is deemed to have not relied on the Arranger or any of the Dealer, the Financial Advisor, the Sukukholders' Agent or the Payment Administrator 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 Issuer and the Sukuk. An investment in the Sukuk may be more appropriate for some investors but not others. Each person must rely on their own evaluation of the Issuer and the Sukuk and nothing contained in this Base Prospectus is, or is to be construed as, or shall be relied on as a promise, warranty or representation, whether as to the past or future, by any of the Arranger, the Dealer, the Financial Advisor, the Sukukholders' Agent or the Payment Administrator in any respect. To the fullest extent permitted by law, the Arranger, the Dealer, the Financial Advisor, the Sukukholders' Agent, the Payment Administrator and each of their respective affiliates

do not accept any responsibility whatsoever for the contents of this Base Prospectus. Each of the Arranger, the Dealer, the Financial Advisor, the Sukukholders' Agent, the Payment Administrator and each of their respective affiliates accordingly disclaims all and any liability which it might otherwise have in respect of this Base Prospectus or any such statement.

None of the Issuer, the Arranger, the Dealer, the Financial Advisor, the Sukukholders' Agent, the Payment Administrator makes any representation to any investor in the Sukuk regarding the legality of its investment under any applicable laws. Any investor in the Sukuk should be able to bear the economic risk of an investment in the Sukuk for an indefinite period of time.

Each investor in Sukuk issued under the Programme may need to bear additional costs in connection with the subscription for, holding of, or trading of the Sukuk. Sukukholders will bear any costs (including, without limitation fees and charges) in connection with the Sukuk associated with safekeeping, transfer or otherwise imposed by Edaa and/or any costs (including fees and charges) imposed by Sukukholders' relevant capital markets institutions such as their custodians or brokers from time to time. These costs may be subject to change. Prospective Sukukholders must inform themselves about the costs applicable to them or which their respective capital markets institutions might charge. For the avoidance of doubt, neither the Issuer nor the Sukukholders' Agent shall be liable to pay any such costs.

Prospective investors should note that the Issuer shall not pay any additional amounts in respect of any withholding required by law to any person who holds Sukuk who is not a Qualified Person. A **"Qualified Person"** means: (a) a natural person who is considered to be resident in the Kingdom in accordance with the Income Tax Law issued by a Royal Decree no. M/1 dated 15/1/1425H and the implementing regulations thereof (the **"Income Tax Law"**), as amended; or (b) a legal person who is considered to be resident in the Kingdom of Saudi Arabia in accordance with the Income Tax Law and who is holding a current commercial registration number issued by the Ministry of Commerce (however, the requirement for such legal person to hold a current commercial registration number issued by the Ministry of Commerce would not apply to Saudi Arabian governmental entities and mutual funds established in the Kingdom and managed by a person authorised by the CMA or any other entity established in the Kingdom of Saudi Arabia that is not required by the laws of the Kingdom to hold a commercial registration), and who, in each case, has a bank account with a local bank in the Kingdom; or (c) any other category of person specified as such in the Applicable Final Terms.

Prospective investors are reminded that this Base Prospectus is made available to each prospective investor on the basis that such prospective investor is a person into whose possession the Base Prospectus may be lawfully delivered in accordance with the laws of any territory or jurisdiction applicable to such prospective investor. The prospective investor may not deliver or disclose the contents of the Base Prospectus, electronically or otherwise, to any other person. If the prospective investor received this document by e-mail, they should not reply by e-mail to such communication. Any reply e-mail communications, including those generated by using the "Reply" function on the prospective investor's e-mail software, will be ignored or rejected. If the prospective investor receives this document by e-mail, their use of that e-mail will be at their own risk and it is their responsibility to take precautions to ensure that it is free from viruses and any other similar items of a destructive nature.

If the Base Prospectus has been sent to a prospective investor in an electronic form, they must be aware that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Arranger, the Dealer, the Financial Advisor, the Sukukholders' Agent, the Payment Administrator or any person who controls or is a director, officer, employee or agent of any of the Issuer, the Arranger, the Dealer, the Financial Advisor, the Sukukholders' Agent, the Payment Administrator or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Prospectus distributed to prospective investors in electronic format and the hard copy version available to prospective investors on request from the Arranger and Dealer and the copy made available on the official website of the CMA or the Issuer.

The information provided in this Base Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, the financial situation or particular investment needs of the persons who intend to invest in the Sukuk. Prospective investors are not to construe the contents of this Base Prospectus as constituting tax, zakat, investment, legal, regulatory or Shari'ah advice. Prior to purchasing any Sukuk, a prospective investor should consult with his, her or its own legal, financial, business, tax, zakat and Shari'ah advisers to determine the appropriateness and consequences of an investment in the Sukuk for such investor and arrive at an independent evaluation and appraisal of such investment.

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

- a. have sufficient knowledge and experience to make a meaningful evaluation (either alone or with the help of a financial advisor) of the Sukuk, the merits and risks of investing in the Sukuk and the information contained in this Base Prospectus or any applicable supplement;
- b. have access to, and knowledge of, appropriate analytical tools (either alone or with the help of a financial advisor) to evaluate, in the context of their particular financial situation, an investment in the Sukuk and the impact the Sukuk 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 Sukuk;
- d. understand thoroughly (either alone or with the help of a financial advisor) the terms of the Sukuk and be familiar with the behaviour of any relevant indices and financial markets; and
- e. be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic and other factors that may affect their investment and their ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should consult their legal advisers to determine whether and to what extent: (i) the Sukuk are legal investments for them; (ii) the Sukuk can be used as collateral for various types of borrowing; and (iii) other restrictions apply to their purchase or pledge of any Sukuk. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Sukuk under any applicable risk-based capital or similar rules and regulations to avoid breaking any laws and regulations or the provisions of contracts or agreements to which they are party.

The Sukuk are complex financial instruments and may not be suitable or appropriate investments for all investors. There are risks inherent in holding of the Sukuk, including the risks in relation to circumstances in which holders of the Sukuk may suffer loss as a result of holding the Sukuk. A prospective investor should not invest in the Sukuk unless it has the expertise (either alone or with a financial advisor) to evaluate how the Sukuk will perform under changing conditions, the resulting effects on the value of the Sukuk and the impact this investment will have on the prospective investor's overall investment portfolio.

Neither this Base Prospectus nor any other information supplied in connection with the Sukuk: (a) is intended to provide the basis of any credit or other evaluation; or (b) should be considered as a recommendation by the Issuer, the Arranger, the Dealer, the Financial Advisor, the Sukukholders' Agent, the Payment Administrator or any of their respective affiliates that any recipient of this Base Prospectus should purchase any Sukuk. Each investor contemplating purchasing any Sukuk should make their own independent investigation of the financial condition and affairs, and their own appraisal of the creditworthiness of the Issuer.

The Issuer reserves the right, to the maximum extent permitted by applicable laws and regulations, to terminate at any time any further participation by any party in the evaluation process and the offering of any Series of Sukuk and/or reject all bids without any liability or responsibility. The Issuer shall not have any obligation to inform any investor or bidder of the grounds of such termination or rejection. The cost and expenses incurred by any prospective investor or successful bidder (which includes, but is not limited to, cost of employing the services of financial, accounting, technical and legal advisers, travelling expenses, etc.) will be for their own account and neither the Issuer, the Arranger, the relevant Dealer, the Financial Advisor, the Sukukholders' Agent nor the Payment Administrator in any way would be held responsible for any such cost, regardless of, without limitation, the conduct or outcome of the bidding, evaluation and selection process.

The Arranger, the Dealer, the Financial Advisor, the Sukukholders' Agent and the Payment Administrator are not responsible for, and take no responsibility for, the movement of funds or securities on settlement of the offering or thereafter. Settlement of the Sukuk will be through Tadawul's clearing and settlement organisation, Edaa, and in accordance with the procedures and funds settlement as established by the Securities Depository Centre and in accordance with its procedures. The Arranger, the Dealer, the Financial Advisor, the Sukukholders' Agent and the Payment Administrator do not take any responsibility for, or make any representation in connection with, such processes, which investors are expected to complete within the Securities Depository Centre entirely at their own risk.

All prospective investors must carefully read the Base Prospectus, including the Conditions of the Sukuk, prior to completing an application for the purchase of the Sukuk since the execution of the Investor Application Form (as defined herein) constitutes acceptance of and agreement to the Conditions.

Supplementary Base Prospectus

If at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Sukuk and whose inclusion in or removal from this Base Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses (if applicable) and prospects of the Issuer and the rights attaching to the Sukuk, the Issuer shall prepare a supplement to this Base Prospectus or publish a replacement base prospectus for use in connection with any subsequent offering of the Sukuk and shall supply to the Arranger, the Dealer and the Financial Advisor such number of copies of such supplement hereto as such Arranger, Dealer or Financial Advisor may reasonably request.

Notice to Prospective Investors

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Sukuk in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Sukuk may be restricted by law in certain jurisdictions. The Issuer, the Arranger, the Dealer, the Sukukholders' Agent and the Payment Administrator require persons in possession of this Base Prospectus to inform themselves about and to observe all such legal or regulatory restrictions in this regard.

The Sukuk have not been nor will be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), nor with any securities regulatory authority of any state or other jurisdiction of the United States and the Sukuk may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with all applicable securities laws of any state or other jurisdiction of the United States. Each purchaser of the Sukuk is hereby notified that the offer and sale of Sukuk to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S.

Financial and Statistical Information

The following financial statements are incorporated by reference to this Base Prospectus:

- i. the unaudited interim condensed consolidated financial statements of the Company for the three-month period ended 31 March 2025G (the **"Q1 2025G Interim Financial Statements"**) (which include comparative information for the three-month period ended 31 March 2024G);
- ii. the audited consolidated financial statements of the Company as at and for the year ended 31 December 2024G (the **"2024G Audited Financial Statements"**) (which include comparative information as at and for the year ended 31 December 2023G);
- iii. the audited consolidated financial statements of the Company as at and for the year ended 31 December 2023G (the **"2023G Audited Financial Statements"**) (which include comparative information as at and for the nine-month period ended 31 December 2022G);
- iv. the audited consolidated financial statements of the Company as at and for the year ended 31 March 2022G (which include comparative information as at and for the year ended 31 March 2021G) (the **"2022G Audited Financial Statements"**); and
- v. the audited consolidated financial statements of the Issuer as at and for the year ended 31 March 2021G (which include comparative information as at and for the year ended 31 March 2020G) (the **"2021G Audited Financial Statements"**) and, together with the 2022G Audited Financial Statements, the 2023G Audited Financial Statements and the 2024G Audited Financial Statements, the **"Audited Financial Statements"**,

which have been audited / reviewed by KPMG Professional Services Company, a professional closed joint stock company registered in the Kingdom of Saudi Arabia (previously known as KPMG Al Fozan & Partners (Certified Public Accountants)) (**"KPMG"**) as stated in their audit / review reports included elsewhere in this Base Prospectus.

The above Financial Statements are contained in the links contained in Section 20 (*"Incorporation by Reference"*) and are presented in Saudi Riyals.

The Issuer is required by Saudi Arabian regulation to prepare its 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 Q1 2025G Interim Financial Statements has 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 Q1 2025G Interim Financial Statements does not include all of the information required for a complete set of financial statements prepared in accordance with IFRS-KSA.

On 29 June 2022G, the Board of Directors of the Issuer approved the use of the fair value model or the re-evaluation model to measure the value of the Issuer's properties. The financial impact of adopting this new valuation model became effective starting from the three month period ended 31 December 2022G.

On 28 December 2022G, following an Extraordinary General Assembly of the Issuer's shareholders, the Issuer's Board of Directors approved the change of the fiscal year of the Issuer to 31 December from 31 March. Consequently, starting from the first quarter of the 2023G calendar year, the Issuer commenced issuing all of its financial statements in accordance with the regulatory publishing deadlines applicable to companies with fiscal years ending on 31 December. As such, data in the Base Prospectus relating to the Issuer's statement of profit or loss and statement of comprehensive income included herein with respect to the year ended 31 December 2022G are presented on a pro forma basis to reflect the relevant 12-month figures and are not directly comparable to the equivalent data for the year ended 31 December 2023G.

Data in the Base Prospectus relating to the Issuer's statement of cash flows for the period ended 31 December 2022G are based on the Issuer's nine month data and are not directly comparable with the statement of cash flow figures for the period ended 31 December 2023G, which are based on the Issuer's 12 month data for that period.

Data in the Base Prospectus relating to the Issuer's statement of profit or loss, balance sheet and cash flow figures as at and for the years ended 31 March 2022G and 31 March 2021G: (i) are based on the Issuer's audited consolidated financial statements for the year ended 31 March 2022G; and (ii) are not directly comparable with the figures as at 31 December 2024G, 31 December 2023G and 31 December 2022G which are based on the 2024G Audited Financial Statements and 2023G Audited Financial Statements and which take into account the change in the Issuer's accounting policy for measurement of the Issuer's investment properties at fair value instead of the cost model.

The Issuer 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, EBITDA margin, net rental revenue, 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 (including companies filing financial and other documents with the United States Securities and Exchange Commission) and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Issuer's operating results as reported under IFRS-KSA. Recipients of this Base Prospectus must interpret these measures with reference to the Audited Financial Statements of the Company and the remainder of the information set out or incorporated by reference in this Base Prospectus, and should consult an authorised financial advisor on how to interpret and understand these measures.

The financial and statistical information contained in this Base Prospectus 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 Base Prospectus 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 Base Prospectus, all references to:

- "Kingdom" or "Saudi Arabia" refers to the Kingdom of Saudi Arabia;
- "Government" refers to the Government of Saudi Arabia;
- "SAR", "Saudi Arabian Riyals" and "Riyals" refers to the Saudi Arabian riyal, the lawful currency of Saudi Arabia;
- "halalah" refers to the sub-unit of the Riyal; and
- "U.S. dollars" or "U.S.\$" refers to the lawful currency of the United States of America.

Since 2003G, the Saudi Arabian riyal has officially been pegged to the U.S. dollar at a fixed exchange rate of SAR 3.75 = U.S.\$1.00.

References herein to "**this Base Prospectus**" shall be deemed to include this document dated 6 October 2025G together with supplements hereto, if any.

Throughout this Base Prospectus, 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. In addition, unless otherwise expressly stated in this Base Prospectus, any reference to "year" or "years" means Gregorian years.

Information contained in any website referred to herein does not form part of this Base Prospectus. Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Forecasts and Forward-Looking Statements

Forecasts set forth in this Base Prospectus have been prepared on the basis of assumptions based on the Issuer'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 Base Prospectus 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 Base Prospectus, including, without limitation, those regarding the financial position of the Issuer, or the business strategy, management plans and objectives for future operations of the Issuer, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Issuer'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 Base Prospectus entitled "Risk Factors" and "The Company" and other sections of this Base Prospectus. The Issuer 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 Issuer's present, and future, business strategies and the environment in which the Issuer expects to operate in the future. Important factors that could cause the Issuer's actual results, performance or achievements to differ materially from those in the forward-looking statements are discussed in this Base Prospectus in Section 2 ("*Risk Factors*").

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

Pursuant to the requirements of the ROSCOs, the Issuer must submit a supplementary Base Prospectus to the CMA if, at any time after the publication of this Base Prospectus (and before completion of any offer of Sukuk), the Issuer becomes aware that:

- i. there has been a significant change in material matters contained in this Base Prospectus; or
- ii. additional significant matters have become known which would have been required to be included in this Base Prospectus.

With the exception of these two cases, the Issuer does not intend to update or change any sector or market information or the forward-looking-statements included in this Base Prospectus, whether as a result of new information, future events or otherwise. As a result, the forward-looking events and circumstances discussed in this Base Prospectus might not occur in the way the Issuer expects, or at all. Therefore, Investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Corporate Directory

The issuer's address, representatives and board of directors' secretary

Issuer	
Arabian Centres Company Nakheel District, P.O. Box 341904, Riyadh 11333 Kingdom of Saudi Arabia Tel: +966 11 825 2080 Website: www.cenomicenters.com Email: ir.centers@cenomi.com	المراكز العربية Arabian Centres 
Issuer Representatives	
Kamel Badee Alqalam - Board Member Arabian Centres Company, U Walk (University Boulevard) Prince Turki Ibn Abdulaziz Al Awwal Road P.O. Box 341904, Riyadh 11333 Kingdom of Saudi Arabia Tel: +966 11 520 5955 Fax: N/A Website: www.cenomicenters.com Email: kamel@cenomi.com	Turki Saleh Al Zahrani - Senior Executive / Chief Shared Services Officer Arabian Centres Company, U Walk (University Boulevard) Prince Turki Ibn Abdulaziz Al Awwal Road P.O. Box 341904, Riyadh 11333 Kingdom of Saudi Arabia Tel: +966 11 825 2255 Fax: N/A Website: www.cenomicenters.com Email: turki.alzahrani@cenomi.com
Sukukholders' Agent	
Al Rajhi Capital Company Al Rajhi Capital - Head Office, King Fahd Road - P.O. Box 5561, Riyadh 11432 Kingdom of Saudi Arabia Tel: +966 92 000 5856 Fax: +966 11 460 0625 Website: www.alrajhi-capital.sa/ Email: agencysservices@alrajhi-capital.com	الراجحي المالية alrajhi capital 
Payment Administrator	
Al Rajhi Capital Company Al Rajhi Capital - Head Office, King Fahd Road - P.O. Box 5561, Riyadh 11432 Kingdom of Saudi Arabia Tel: +966 92 000 5856 Fax: +966 11 460 0625 Website: www.alrajhi-capital.sa/ Email: agencysservices@alrajhi-capital.com	الراجحي المالية alrajhi capital 
Account Bank	
Al Rajhi Banking and Investment Corporation Al Rajhi Head Office - 8467 King Fahd Road - Al Muruj District - Riyadh 12263 - 2743 P.O. Box 28, Riyadh 11411 Kingdom of Saudi Arabia Tel: +966 92 000 3344 Fax: +966 11 211 9368 Website: www.alrajhi-capital.sa/ Email: aqattan@alrajhibank.com.sa (Attention: Abdulrahman Y. Qattan)	الراجحي المالية alrajhi capital 

Financial Advisor

Al Rajhi Capital Company

Al Rajhi Capital – Head Office, King Fahd Road –
P.O. Box 5561, Riyadh 11432
Kingdom of Saudi Arabia
Tel: +966 11 828 4521
Fax: +966 11 460 0625
Website: www.alrajhi-capital.sa/
Email: Project_Okaz@alrajhi-capital.sa



Arranger

Al Rajhi Capital Company

Al Rajhi Capital – Head Office, King Fahd Road –
P.O. Box 5561, Riyadh 11432
Kingdom of Saudi Arabia
Tel: +966 920005856
Fax: +966 11 460 0625
Website: www.alrajhi-capital.sa/
Email: agency-services@alrajhi-capital.com



Dealer

Al Rajhi Capital Company

Al Rajhi Capital – Head Office, King Fahd Road – P.O. Box 5561, Riyadh 11432
Kingdom of Saudi Arabia
Tel: +966 920005856
Fax: +966 (11) 460 00625
Website: <https://www.alrajhi-capital.sa/>
Email: agency-services@alrajhi-capital.com



Receiving Agents

Albilad Investment Company

King Fahad Road
Olaya District
Riyadh 12313
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Tel: +966 800 116 0002
Fax: +966 11 290 6299
Website: www.albilad-capital.com
E-mail: clientservices@albilad-capital.com



Al Rajhi Capital

Head Office, King Fahad Road, Al Murooj District
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Fax: +966 11 460 0625
Website: www.alrajhi-capital.com
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SNB Capital

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Tel: +966 800 244 0123
Website: www.alahlicapital.com
E-mail: alahlitadawul@alahlicapital.com



SAB Invest

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Fax: +966 11 216 9102
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BSF Capital

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Fax: +966 11 282 6623
Website: www.sfc.sa
E-mail: sfc-supportcenter@bsfcapital.sa



ANB Capital

King Faisal Street, ANB Capital Building
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Kingdom of Saudi Arabia
Tel.: +966 11 406 2500
Fax: +966 11 406 2548
Website: www.anbcapital.com.sa
E-mail: anbc_receiving_entity@anbcapital.com.sa



Derayah Financial Company

Prestige Center, Al Takhassusi Road
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Kingdom of Saudi Arabia
Tel.: +966 11 299 8000
Fax: +966 11 419 5498
Website: www.derayah.com
E-mail: support@derayah.com



Aljazira Capital

King Fahd Branch Road, Al Rahmanyah
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Kingdom of Saudi Arabia
Tel.: +966 800 116 9999
Website: www.aljaziracapital.com.sa
E-mail: Contactus@aljaziracapital.com.sa



Riyad Capital

2414 - Al Shohda District, Unit No. 69
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Kingdom of Saudi Arabia
Tel: +966 92 001 2299
Fax: +966 11 486 5908
Website: www.RiyadCapital.com
E-mail: Ask@RiyadCapital.com



Alinma Capital

Riyadh, King Fahad Road, Al-Anoud Tower
P.O. Box 55560
Kingdom of Saudi Arabia
Tel: +966 11 218 5999
Fax: +966 11 218 5970
Website: www.alinmainvestment.com
E-mail: IPO@alinma.com



Yaqeen Capital

Riyadh, Al Worood District, Al Olaya Street
P.O. Box 884, Riyadh 11421
Kingdom of Saudi Arabia
Tel.: +966 800 429 8888
Fax: +966 11 205 4827
Website: www.yaqeen.sa
E-mail: IPO@yaqeen.sa



Alkhabeer Capital

Jeddah, P.O. Box 128289
Kingdom of Saudi Arabia
Tel.: +966 12 612 9420
Fax: +966 (12) 6856663
Website: www.alkhabeer.com
E-mail: brk-ops@alkhabeer.com



Alistithmar for Financial Securities and Brokerage Company

King Fahd Road, Riyadh
P.O. Box 6888, Riyadh 11452
Kingdom of Saudi Arabia
Tel.: +966 11 254 7666
Fax: +966 11 489 6253
Website: www.icap.com.sa/ar
E-mail: WebEcare@icap.com.sa



Sukuk Capital

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Al Malqa District, Riyadh
Postal Code 13522
Kingdom of Saudi Arabia
Tel.: 920006731
Website: <https://sukuk.sa/>
E-mail: Info@sukuk.sa



Musharaka Capital Company

Prince Turkey Street, Alkurnaish
Al Khobar 34413
Kingdom of Saudi Arabia
Tel.: +966 138044 644
Fax.: +966 138818 412
Website: <https://musharaka.sa/ar/>
Email: IR@musharaka.sa



EFG Hermes KSA

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P.O. Box 300189, Riyadh 11372
Kingdom of Saudi Arabia
Tel: +966 11 2938048
Fax: +966 11 2938032
Website: www.efghermesksa.com
E-mail: contact-ksa@efg-hermes.com



Saudi Stock Exchange

Saudi Exchange

Tawuniya Towers, Northern Tower – Unit Number: 15
King Fahd Road – Olaya 6897
Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: +966 11 9200 1919
Fax: +966 11 218 9133
Website: www.saudiexchange.sa
Email: csc@saudiexchange.com.sa



Registrar

Securities Depository Center Company (Edaa)

Tawuniya Towers - Unit Number: 15
King Fahd Road – Olaya 6897
Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: +966 9200 26000
Email: cc@edaa.com.sa
Website: www.edaa.com.sa



من مجموعة تداول السعودية
From Saudi Tadawul Group

Legal Advisor to the Company

White & Case for Advocacy and Legal Consultations

Airport Road
The Business Gate Building No. 26, Zone C
P.O. Box 1080, Riyadh 11431
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Tel: +966 11 416 7300
Fax: +966 11 416 7399
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White & Case LLP

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Tel: +971 4 381 6200
Website: www.whitecase.com
Email: projectokaz@whitecase.com

WHITE & CASE

Legal Advisor to the Arranger, the Dealer, the Sukukholders' Agent and the Financial Advisor

Zeyad Sameer Khoshaim Company (Professional Limited Liability Company)

17th Floor, Tower B, Olaya Towers
Olaya District
P.O. Box 230667, Riyadh 11321
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Fax: +966 11 461 8799
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Allen Overy Shearman Sterling LLP

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United Arab Emirates
Tel: +971 4 426 7100
Fax: +971 4 426 7199
Website: www.aoshearman.com
Email: A&OProjectOkaz@aoshearman.com

A&O SHEARMAN

Independent Auditors

KPMG Professional Services Company

Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Tel: + 966 11 874 8500
Fax: + 966 11 874 8600
Website: www.kpmg.com.sa
Email: marketingsa@kpmg.com



Credit Rating Agencies

Fitch Ratings Ltd.

Fitch (UK) Global HQ
30 North Colonnade
London E14 5GN
United Kingdom
Tel: +44 0203530 1000
Email: diego.dellamaggiore@fitchratings.com
<https://www.fitchratings.com/contact>
Website: <https://www.fitchratings.com/>

S&P Global Ratings

Gate Village 7, Level 6
Dubai International Financial Centre
Dubai
United Arab Emirates
Tel: +971 56 681 7219
Email: fares.shweiky@spglobal.com
Website: <https://www.spglobal.com/>

Simah Rating Agency (Tassnief)

Granada Park
B3 Sixth Floor
Riyadh
Tel: +966 920003594
Email: bdt@tassnief.com
Website: <http://www.tassnief.com/>

Summary

This summary is intended to provide a brief overview of the information contained in this Base Prospectus. As such, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary must be read as an introduction to this Base Prospectus, and prospective investors should read all the information contained in this Base Prospectus in full. Any decision to invest in the Sukuk by prospective investors should be based on a consideration of this Base Prospectus as a whole. In particular, prospective investors in the Sukuk should carefully consider the information included in each of the: (i) the section of this Base Prospectus entitled “*Important Notice*” on page (i) of this Base Prospectus; and (ii) Section 2 (“*Risk Factors*”) of this Base Prospectus, prior to making any investment decision to invest in the Sukuk.

ISSUER AND PARTIES	SUMMARY
Issuer, Mudareb and Purchaser	Arabian Centres Company was established as a limited liability company under commercial registration no. 1010209177 dated 07/04/1426H (corresponding to 15/05/2005G) issued in Riyadh, with a capital of SAR 1,000,000 divided into 1,000 ordinary Shares with a nominal value of 1,000 Saudi Riyals each. Pursuant to a shareholders’ resolution dated 27/05/1436H (corresponding to 17/03/2015G), the Issuer’s capital was increased from SAR 1,000,000 to SAR 4,450,000,000 divided into 4,450,000 ordinary Shares with a nominal value of SAR 1,000 per share through the capitalization of SAR 2,257,183,825 from the shareholders’ current account as at 28 February 2015G, and the capitalization of SAR 2,191,816,175 from the retained earnings account. Pursuant to a shareholders’ resolution dated 18/09/1438H (corresponding to 13/06/2017G), the par value of the Shares was reduced from SAR 1,000 per Share to SAR 10 per Share as a result of which the Issuer’s capital became SAR 4,450,000,000 divided into 445,000,000 ordinary Shares with a par value of SAR 10 per share. Pursuant to a shareholders’ resolution dated 14/07/1440H (corresponding to 21/03/2019G), the Issuer’s capital was further increased from SAR 4,450,000,000 to 4,750,000,000 divided into 475,000,000 ordinary Shares with a nominal value of SAR 10 per share. The Issuer’s registered office is at Nakheel District, P.O. Box 341904, Riyadh 11333, Kingdom of Saudi Arabia.
Activities of the Issuer	In accordance with the Bylaws, the principal business activities of the Issuer consist of the following: 1. Buying land for the construction of buildings and exploitation thereof through sales or leasing for the benefit of the Company. 2. General contracting works for buildings, including construction, repair, demolition, restoration, maintenance and excavation works for public, residential and commercial buildings, educational, recreational and health facilities. 3. Maintenance, operation and management of malls, commercial and residential complexes. 4. Management, operation and development of land, residential complexes and neighbourhoods. 5. Construction of residential buildings, as well as the maintenance and operation thereof. 6. Advertising, publicity and digital advertising.
Authorisations	The establishment of the Programme and the sale of the Sukuk by the Issuer has been authorised pursuant to: (i) the resolution of the Extraordinary General Meeting of the Issuer dated 24 January 2023G (ii) the resolution of the Issuer’s board of directors dated 26 January 2023G; (iii) the approval by the CMA of an application for the registration and offer of the Sukuk; and (iv) the approval by Tadawul of an application for the listing of the Sukuk.
Arranger	Al Rajhi Capital Company.
Dealer	Al Rajhi Capital Company, or any other Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis.
Receiving Agents	Receiving Agents may be appointed on an issuance-by-issuance basis. If applicable, the names and details of the Receiving Agents shall be listed in the Applicable Final Terms in respect of each Series of Sukuk.
Financial Advisor	Al Rajhi Capital Company.
Sukukholders’ Agent, Rab Al-Mal and Seller	Al Rajhi Capital Company, whose registered address is Al Rajhi Capital – Head Office, King Fahd Road – P.O. Box 5561, Riyadh 11432, Kingdom of Saudi Arabia.
Payment Administrator	Al Rajhi Capital Company, whose registered address is Al Rajhi Capital – Head Office, King Fahd Road – P.O. Box 5561, Riyadh 11432, Kingdom of Saudi Arabia.
On-Sale Agent	Al Rajhi Capital Company, whose registered address is Al Rajhi Capital – Head Office, King Fahd Road – P.O. Box 5561, Riyadh 11432, Kingdom of Saudi Arabia.
Account Bank	Al Rajhi Banking and Investment Corporation whose registered address is Al Rajhi Head Office, 8467 King Fahd Road, Al Muruj District, Riyadh 12263 – 2743, P.O. Box 28, Riyadh 11411, Kingdom of Saudi Arabia.
Registrar	Securities Depository Center Company (Edaa), whose registered address is 6897 King Fahd Road – Al Ulaya, Unit Number: 11, Riyadh 12211-3388, Kingdom of Saudi Arabia.
Terms of each Series	The specific terms of each Series will be set out in each Applicable Final Terms.
Nominal Amount	The Aggregate Nominal Amount of Sukuk that may be issued from time to time under the Programme shall not exceed SAR 4,500,000,000, as specified in the Applicable Final Terms relating to each Series. The total nominal amount of each Series, and the nominal value of each Sak, will be determined and specified in the relevant Applicable Final Terms.
Issuance in Series	The Sukuk will be issued in Series. Each Series may comprise one or more Tranches issued on different Issue Dates. The Sukuk of each Series will have the same terms and conditions or terms and conditions which are the same in all respects, save for the amount and date of the first payment of Periodic Distribution Amounts thereon and the date from which the Periodic Distribution Amounts start to accrue.

ISSUER AND PARTIES	SUMMARY
Issue Date	The Issue Date of each Series of Sukuk will be set out in the Applicable Final Terms.
Profit Rate	The Profit Rate for each Series of Sukuk will be set out in the Applicable Final Terms.
Programme Size	Up to SAR 4,500,000,000 in Aggregate Nominal Amount of Sukuk as are outstanding at any time and number of Sukuk not exceeding 4,500,000 Sak. The Issuer may increase the size of the Programme in accordance with the terms of the Programme Agreement.
Issuance Size	The Aggregate Nominal Amount of each Series of Sukuk will be set out in the Applicable Final Terms.
Transaction Structure	A diagram of the structure of the transaction and the principal cashflows is set out under Section 15 <i>"Summary of the Transaction Structure"</i> .
Restrictions on Sukuk	There are restrictions on the distribution of this Base Prospectus and the offer or sale of Sukuk. In particular, the Sukuk will be offered to eligible natural persons and legal persons in the Kingdom and shall not be offered or sold to retail clients outside of the Kingdom. The distribution of this Base Prospectus and the offering, sale and delivery of the Sukuk in any jurisdictions other than the Kingdom may be restricted by law. Any person who comes into possession of this Base Prospectus is required by the Issuer, the Arranger and the Dealer to inform themselves about, and to observe, any such restrictions. For a more detailed description of these restrictions on offers, sales and deliveries of Sukuk and on the distribution of this Base Prospectus and any offering materials relating to the Sukuk, see Section 16 (<i>"Subscription and Sale"</i>).
Targeted Investors	The Sukuk will be offered to eligible natural persons and legal persons in the Kingdom and shall not be offered or sold to retail clients outside of the Kingdom.
Offer Period	Each offer period for the relevant Tranche of the Sukuk will be specified in the Applicable Final Terms (each, an "Offer Period") and the relevant Tranche will be allocated after the end of the applicable Offer Period and issued on a date (each, an "Issue Date") notified by the Issuer and the Arranger and Dealer to the relevant potential investors after the end of the relevant Offer Period. For further details, see Section 16 (<i>"Subscription and Sale"</i>).
Subscription Method	Targeted participants wishing to purchase the Sukuk of the relevant Series will be required to submit a duly completed investor application form (an "Investor Application Form") to, in the case of Institutional Clients and Qualified Clients, the relevant Dealer(s), or to, in the case of Retail Clients, the receiving agents ("Receiving Agents"), before the end of the Offer Period and shall make payment for the Sukuk of such Series as per the instructions contained in the Investor Application Form. Investor Application Forms will be available from, in the case of Institutional Clients and Qualified Clients, the relevant Dealer(s), or from, in the case of Retail Clients, the Receiving Agents, in respect of such Series. Applications to purchase Sukuk for less than the Specified Denomination will not be accepted.
Costs, Fees and Charges	Each investor in Sukuk issued under the Programme may need to bear additional costs in connection with the subscription for, holding of, or trading of the Sukuk. Sukukholders will bear any costs (including, without limitation fees and charges) in connection with the Sukuk associated with safekeeping, transfer or otherwise imposed by Edaa and/or any costs (including fees and charges) imposed by Sukukholders' relevant capital markets institutions such as their custodians or brokers from time to time. These costs may be subject to change. Prospective Sukukholders must inform themselves about the costs applicable to them or which their respective capital markets institutions might charge. For the avoidance of doubt, neither the Issuer nor the Sukukholders' Agent shall be liable to pay any such costs.
Currencies	The Sukuk will be denominated in Saudi Arabian Riyals ("SAR").
Maturities	The Sukuk will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by any laws or regulations applicable to the Issuer. The maturity date of each Series of Sukuk will be specified in the Applicable Final Terms.
Issue Price	Sukuk may only be issued on a fully paid basis and at an issue price which is at par.
Specified Denominations	The Sukuk will be issued in denominations of SAR 1,000 per Sak.
Allocation Method of each Series of Sukuk and refund of excess	The allocation method of each Series of Sukuk will be specified in the Applicable Final Terms. The acceptance of any application from a prospective investor and the allocation of any Sukuk will be at the sole discretion of the Issuer in consultation with the Dealer(s) in respect of the relevant Series of Sukuk. The allocation of Sukuk for the relevant Series will be determined within 15 days from the end of the applicable Offer Period. In the event of partial or complete rejection of an Investor Application Form for any reason, whether due to a surplus or otherwise, the amounts received in respect of the rejected application, partially or completely as the case may be, will be returned to the relevant investor without any discounts by wire transfer to the bank account from which the funds were received no later than 15 days following the date on which the allocation has been determined by the Issuer and the Dealer(s).
Form of Sukuk	The Sukuk will be issued in dematerialised registered form. The Sukuk of each Tranche will be collectively represented by a Global Sak which will be deposited with the Sukukholders' Agent in accordance with the provisions of the Master Declaration of Agency. Definitive Sukuk representing holdings of the Global Sak will not be issued however Sukukholders will on request be entitled to receive a statement from the Registrar recording their holding of Sukuk.
Status of Sukuk	The Sukuk constitute undivided ownership interests of the Sukukholders in the Sukuk Assets of the relevant Series (including undivided rights in the Payment Obligations (as defined herein)), and will at all times rank pari passu, without any preference or priority, with all other Sukuk of the relevant Series issued under the Programme. The Sukuk and the Payment Obligations in respect of each Series of Sukuk will each constitute direct, unconditional, unsubordinated and (subject to Condition 7.1) unsecured obligations of the Issuer and shall (save for certain obligations required to be preferred by provisions of law that are both mandatory and of general application) rank pari passu with all other outstanding unsecured, unsubordinated monetary obligations of the Issuer, present and future.

ISSUER AND PARTIES	SUMMARY
Information about the Rights Granted to Sukukholders	The payment obligations of the Issuer under the Sukuk Documents to which it is a party will constitute direct, unconditional, unsubordinated and (subject to Condition 7.1) unsecured monetary obligations of the Issuer and shall (save for certain obligations required to be preferred by law) rank pari passu with all other outstanding unsecured, unsubordinated monetary obligations of the Issuer, present and future. A summary of the provisions for convening meetings of Sukukholders of each Series to consider matters relating to their interests as such is set out in Condition 15 (<i>Meetings of Sukukholders; Modification</i>) and as further set out in the Master Declaration of Agency. Sukukholders should note that the provisions contained in the Master Declaration of Agency regarding Sukukholders' meetings are subject to the regulations in force in the Kingdom as may be amended from time to time and as applied in practice. In the event of any inconsistency between these provisions and applicable law as applied in practice, the latter shall prevail.
Use of Proceeds	The proceeds of the issuance of each Tranche will be used to enter into the Mudaraba and into Murabaha Transactions in accordance with the terms of the Conditions and the Sukuk Documents. The amounts so received by the Issuer will be used by it for its general Shari'ah compliant corporate purposes.
Periodic Distributions	Sukukholders are entitled to receive Periodic Distribution Amounts calculated on the basis specified in the Applicable Final Terms. The Applicable Final Terms will specify whether the Periodic Distribution Amounts are determined on the basis of a fixed or floating profit rate.
Payment Start Date	The Payment Start Date for each Series of Sukuk will be determined and set out in the Applicable Final Terms.
Sukuk Account	In relation to each Series, on the Issue Date of the relevant Tranche, the proceeds of the subscription of the Sukuk shall be deposited by or on behalf of the Sukukholders into a non-interest bearing account with the Account Bank in respect of such Series held in the name of the Sukukholders' Agent (for and on behalf of the Sukukholders) and administered by the Payment Administrator on its behalf (the "Sukuk Account").
Application of Proceeds on the Issue Date	On the Issue Date of the relevant Tranche, the Payment Administrator shall, to the order of the Sukukholders' Agent, from the amounts standing to the credit of the Sukuk Account: - provide an amount equal to the Mudaraba Capital specified as such in the Applicable Final Terms (being equal to an amount which is not less than 51% of the Aggregate Nominal Amount of the Sukuk of the relevant Tranche) to the Mudareb to be applied as the capital of the Mudaraba (as defined herein), and, in accordance with the terms of the Master Mudaraba Agreement, the Mudareb shall invest the Mudaraba Capital in the Mudaraba Assets; and - apply the remaining amount standing to the credit of the Sukuk Account equal to the Murabaha Capital specified as such in the Applicable Final Terms (being equal to an amount which is not more than 49% of the Aggregate Nominal Amount of the Sukuk of the relevant Tranche) in one or more Murabaha Transactions to be entered into by the Sukukholders' Agent (in its capacity as Seller) for and on behalf of the Issuer and the Sukukholders with the Issuer (in its capacity as Purchaser).
Sukuk Assets	In respect of each Series, the Sukuk Assets shall comprise: (a) the Mudaraba Assets; (b) the rights, title, interest and benefit, present and future, of the Sukukholders' Agent in, to and under the Mudaraba Assets; (c) the rights, title, interest and benefit, present and future, of the Seller under the Master Murabaha Agreement and each Murabaha Transaction; (d) the relevant Payment Obligations; (e) the Sukukholders' Agent's rights in, to and under the Sukuk Documents to which it is a party (excluding the representations given by the Issuer to the Sukukholders' Agent under the Master Declaration of Agency); and (f) any amounts standing to the credit of the Collection Account and the Sukuk Account from time to time (including the proceeds of the subscription of the Sukuk deposited into the Sukuk Account on the Issue Date of each Tranche of such Series). None of the Issuer (so long as it performs its obligations under the Sukuk Documents), the Sukukholders' Agent, the Payment Administrator, the Arranger or the Dealer are responsible for the performance or profitability of the Sukuk Assets or for the share and amount of the distributions (if any) made to the Sukukholders.
Master Mudaraba Agreement	The Mudaraba in respect of each Series will be constituted by a master mudaraba agreement (the "Master Mudaraba Agreement") between the Company (as Issuer and as Mudareb) and the Sukukholders' Agent (acting as Rab Al-Mal and as agent on behalf of the Sukukholders).
Mudaraba Assets	In respect of each Tranche, on the relevant Issue Date, the Mudareb shall invest the Mudaraba Capital of such Tranche as follows: - an amount of the Mudaraba Capital which (together with, if applicable, the Mudaraba Capital of each other Tranche of such Series) is equal to the Available Amount will (for so long as the Sukuk of such Series are outstanding) be invested in the Mudaraba as immediately available funds (in the form of cash and cash equivalents), which are available to the Mudareb in accordance with the terms of the Master Mudaraba Agreement; and - the remainder of the Mudaraba Capital will be invested by the Mudareb in the Business Portfolio. "Business Portfolio" means the total Shari'ah compliant assets of the Group comprising, among others, commercial centres, shopping malls, hospitality assets and land, which are within the Group along with the investment of the Mudareb (for the benefit of the Sukukholders' Agent) made pursuant to Condition 6.4 (<i>Mudaraba Assets and Mudaraba Income sharing</i>). "Mudaraba Assets" means, in relation to each Series, (i) the Mudareb's share (for the benefit of the Sukukholders' Agent) in the Business Portfolio; and (ii) the Available Amount, in each case representing the investment of the Mudaraba Capital by the Mudareb. Any debt, leverage or other financial obligation incurred by the Issuer in any capacity before or after the constitution of the Mudaraba ("indebtedness") and any repayment thereof or payment in connection therewith (including, for the avoidance of doubt, any debt service amounts): - shall be the sole responsibility of the Issuer and solely for its own account; and - shall count towards the share of the Issuer (for its own account) in the Business Portfolio. In the event of any such indebtedness being created after the Issue Date of the first Tranche of each Series, the Sukukholders' Agent's entitlement and the Issuer's entitlement (for its own account and/or for the account of such other investors or the Sukukholders who agree to invest with it) to the Mudaraba Assets will be adjusted accordingly. "Mudaraba Capital" means: - in respect of each Tranche, the amount specified as such in the Applicable Final Terms, being equal to an amount which is not less than 51% of the Aggregate Nominal Amount of such Tranche; and - in relation to each Series, the aggregate amounts of Mudaraba Capital corresponding to each Tranche of such Series;

ISSUER AND PARTIES	SUMMARY
Mudaraba Income	The income, in relation to each Series, received by the Mudareb in respect of the Mudaraba Assets, less total costs (consisting of direct costs and allocated costs of such activities) relating thereto.
Mudaraba Income Sharing	The proportional profit shares of the Sukukholders' Agent as Rab Al-Mal (being the "Mudaraba Profit") and the Mudareb (being the "Mudareb Profit") in any Mudaraba Income calculated as described above shall be calculated using the ratios set out in the Applicable Final Terms. The Mudaraba Profit (if any) shall be credited to the relevant Collection Account.
Master Murabaha Agreement	Pursuant to the Master Murabaha Agreement entered into between the Sukukholders' Agent (as "Seller") and the Company (as "Purchaser"), the Seller will make available to the Purchaser a murabaha-based financing facility under which the Seller agrees to enter into Murabaha Transactions whereby it agrees to sell, on a murabaha basis, to the Purchaser, on the applicable Settlement Date, certain Commodities purchased by the Seller from nominated Supplier(s) at a price negotiated between the Purchaser and the Seller. Once the Seller has acquired the Commodities from the Supplier(s), the Seller may sell the Commodities to the Purchaser on deferred payment terms, providing for the Purchaser to pay to the Seller the Deferred Sale Price in accordance with the terms of the Master Murabaha Agreement and the Conditions.
Murabaha Transactions	In respect of each Tranche, the Murabaha Capital will be applied in one or more Murabaha Transactions to be entered into by the Sukukholders' Agent (as Seller) and the Company (as Purchaser) pursuant to the Master Murabaha Agreement, as described in further detail in Condition 6 (<i>Sukuk</i>). In relation to each Series of Sukuk, the Seller and the Purchaser shall enter into a single Murabaha Transaction with a Deferred Sale Price owed by the Purchaser to the Seller that is less than 100% of the Aggregate Nominal Amount of the Sukuk of such Tranche on the Issue Date.
Issuer Covenants	The Issuer has agreed to certain financial covenants as set out in Condition 7 (<i>Issuer's Covenants</i>).
Negative Pledge	See Condition 7 (<i>Issuer's Covenants</i>) in respect of any Series. See Section 1 (<i>"Definitions and Abbreviations"</i>) for a definition of Negative Pledge.
Guarantees	The Issuer will not provide any guarantees, pledges or other similar commitments in connection with the Sukuk.
Redemption of Sukuk on the Expiry Date	In respect of each Series, unless previously redeemed, or purchased and cancelled, the Sukuk shall be redeemed on the Expiry Date and each Sukukholder shall receive its proportional share of the Sukuk Capital together with any accrued but unpaid Periodic Distribution Amounts.
Early Redemption	In respect of each Series, the Sukuk may be redeemed prior to the Expiry Date upon: (if so specified in the Applicable Final Terms) the exercise of an Issuer Call Option, in whole, but not in part. See Condition 12.2(a) (<i>Redemption at the option of the Issuer</i>) for further details on the Issuer Call Option; (applicable to all Series) the exercise of an Issuer (Clean-Up) Call, in whole, but not in part. See Condition 12.2(b) (<i>Redemption at the option of the Issuer</i>) for further details on the Issuer (Clean-Up) Call; (if so specified in the Applicable Final Terms) the exercise of a Sukukholders' Put Option, in whole or in part; (if so specified in the Applicable Final Terms) the exercise of a Change of Control Put Option, in whole or in part, and, subject to provisions of Condition 12.4 (<i>Redemption at the option of the Sukukholders</i>), the exercise of a Change of Control Clean-Up Call; - the occurrence of a Tax Event, in whole, but not in part; and - the occurrence of an Event of Default, in whole, but not in part, in each case, at the relevant Sukuk Capital together with any accrued but unpaid Periodic Distribution Amounts and/or Partial Periodic Distribution Amounts. See Condition 12 (<i>Redemption of Sukuk</i>).
Issuer (Clean-Up) Call	Subject to the provisions of Condition 12.2 (<i>Redemption at the option of the Issuer</i>), if the holders of 75% or more in Aggregate Nominal Amount of a relevant Series of Sukuk then outstanding have been redeemed pursuant to Condition 12 or purchased and cancelled in accordance with Condition 10 (<i>Purchase and Cancellation of Sukuk</i>), the Issuer may, choose to redeem or purchase all (but not just some) of the remaining outstanding Sukuk of that Series on the relevant Issuer (Clean-Up) Call Redemption Date.
Change of Control Put Option	Subject to the provisions of Condition 12.4, each Sukukholder will have the right to require the redemption of the Sukuk at the Change of Control Redemption Amount if a Change of Control Event occurs. Any such redemption will take place on the Change of Control Redemption Date.
Change of Control Clean-Up Call	Subject to provisions of Condition 12.4 (<i>Redemption at the option of the Sukukholders</i>), if: - the holders of 75% or more in Aggregate Nominal Amount of a relevant Series of Sukuk as are then outstanding deliver Put Notices in accordance with Condition 12.4; or 75% in Aggregate Nominal Amount of a relevant Series of Sukuk have been redeemed or, as the case may be, purchased, pursuant to Condition 12.4 (<i>Redemption at the option of the Sukukholders</i>), the Issuer may, redeem or, at the Issuer's option, purchase (or arrange for the purchase of) all (but not just some) of the remaining outstanding Sukuk of that Series on the relevant Change of Control Clean Up Redemption Date.
Events of Default	Upon the occurrence of any Event of Default described in Condition 13 (<i>Events of Default</i>), the Sukuk may be redeemed in whole, but not in part, on the Event of Default Date at an amount equal to the Sukuk Capital, together with any accrued but unpaid Periodic Distribution Amounts and/or Partial Periodic Distribution Amounts payable thereon.

ISSUER AND PARTIES	SUMMARY
Withholding Tax	All payments by the Issuer in respect of the Sukuk will be made free and clear of withholding taxes of Saudi Arabia unless such withholding or deduction is required by law. In the event of such withholding, the Issuer will pay or cause to be paid to the Sukukholders who are also at the time of the relevant payments, Qualified Persons, such additional amounts so that the net amount received by the Sukukholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Sukuk in the absence of such withholding or deduction. Prospective investors should note that the Issuer shall not pay any additional amounts in respect of any withholding required by law to any person who holds Sukuk who is not a Qualified Person. See Section 17 ("<i>Taxation and Zakat</i>") for a description of certain tax and Zakat considerations applicable to the Sukuk.
Transfers	Subject to Conditions 4.5 (<i>Transfer Record Dates and Closed Periods</i>) and 4.6 (<i>Regulations concerning transfers and registration</i>), the Sukuk may be transferred in accordance with the regulations and procedures established by the Registrar by delivering to the Registrar such information as such regulations and procedures shall require.
Sukuk Documents	The "Sukuk Documents", in respect of each Series of Sukuk, are: (1) the Master Mudaraba Agreement; (2) the Master Declaration of Agency as supplemented by each relevant Supplemental Declaration of Agency; (3) the Registry Agreement; (4) the Payment Administration Agreement; (5) the Master Murabaha Agreement; (6) the On-Sale Agency Agreement; and (7) the Sukuk (including the Global Sak and the Conditions).
Listing and Admission to Trading	Application has been made to the CMA for the registration and offer of the Sukuk and to Tadawul for the Sukuk to be listed on Tadawul.
Governing Law and Jurisdiction	The Sukuk Documents and the Sukuk of each Series are to be governed by, and construed in accordance with, the laws and regulations of Saudi Arabia and subject to the exclusive jurisdiction of Saudi Arabia's Committee for the Resolution of Securities Disputes and Appeal Committee for the Resolution of Securities Disputes (the "Committees").
Risk Factors and Important Notice	An investment in Sukuk issued under the Programme should be made only after careful consideration by a potential Sukukholder of its individual circumstances. There are certain factors that may affect the Issuer's ability to fulfil their respective obligations under Sukuk issued under the Programme and the Sukuk Documents (as applicable). In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Sukuk issued under the Programme. These are set out in Section 2 ("<i>Risk Factors</i>"). A prospective investor must also carefully review the section of this Base Prospectus entitled "<i>Important Notice</i>" on page (i) of this Base Prospectus and Section 2 ("<i>Risk Factors</i>") before deciding to invest in the Sukuk.
Sukukholder Meetings	A summary of the provisions for convening meetings of Sukukholders of each Series of Sukuk to consider matters relating to their interests as such is set out in Condition 15 (<i>Meetings of Sukukholders; Modification</i>) and as further set out in the Master Declaration of Agency. Sukukholders should note that the provisions contained in the Master Declaration of Agency regarding Sukukholder meetings are subject to applicable Saudi Arabian law as may be amended from time to time and as applied in practice. In the event of any inconsistency between those provisions and applicable law as applied in practice, the applicable law shall prevail.
Further Issues	In respect of any Series, the Issuer shall be at liberty from time to time without the consent of the Sukukholders to create and issue additional Sukuk having the same terms and conditions as the Sukuk of such Series as are outstanding 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 Sukuk of such Series as are outstanding. See Condition 19 (<i>Further Issues</i>) for further information.
Credit Ratings	The Issuer has been assigned a long-term issuer credit rating of "BB" (negative outlook) by Fitch and a long-term issuer credit rating of "B+" (stable outlook) by S&P. The Issuer has been assigned a long-term issuer credit rating of "A-" (stable outlook) by Tassnief. The Fitch rating is valid until 31 July 2026G, the S&P rating is valid until 31 May 2026G, and the Tassnief rating is valid until 3 June 2026G, with each rating carrying a one-year validity period from its respective date of issuance. Fitch and S&P have assigned international scale ratings, while Tassnief has assigned a local scale rating in the Kingdom.

Summary of Risk Factors

1. Risks relating to the Company's Business and Activities

- 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 revenues depend on Key Account Tenants
- 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 business is impacted by the financial condition of the Company's tenants
- The Company's businesses could be negatively impacted by increasing inflation and rising interest rates
- The Company's business is affected by consumer behaviour
- The COVID-19 global pandemic had, and any similar contagious disease outbreak may have, an adverse effect on the Company's business and results of operations
- 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 faces regulatory risks, including in relation to the maintenance of permits, licences and approvals necessary for the Company's business
- The Company operates in a highly competitive environment, and the Company may not be able to compete effectively in the future
- The Company faces risks associated with the development of new malls and the renovation and redevelopment of its existing malls
- The Company faces risks associated with its use of third party contractors
- The Company has close ongoing business relationships with a variety of related parties
- The Company faces risks associated with potential or actual conflicts of interest with the Controlling Shareholders or Directors
- The Company faces risks associated with the terms of its related party transactions
- The Company's business is impacted by increasing operating expenses and 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
- 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 may face unexpected interruptions to its business
- 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 may require additional financing to support its financial position in the future, which may not always be available on commercially attractive terms
- The Company faces risks relating to credit and expected credit losses
- The Company faces risks relating to its financing arrangements
- The Company's revenues are concentrated amongst its largest malls
- Despite its high level of indebtedness, the Company and its Subsidiaries may still be able to incur significant additional amounts of indebtedness, which could further exacerbate the risks associated with its substantial indebtedness
- 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 operates malls under fixed-term Head Leases, and if these leases are not renewed, the operations of the mall concerned would cease
- The Company faces risks relating to environmental, health or occupational safety matters
- The Company's insurance may be inadequate to cover all losses

- The Company relies on its senior management and key personnel
- 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'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 Sukuk, and operate its business
- 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 Sukuk and/or have different effects
- The Company is likely to require additional funding in the future, which may not always be available on commercially attractive terms
- 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
- The Company may be adversely impacted by negative changes in its credit rating

2. Risks relating to the Market, Industry and Regulatory Environment

- Visitor spending at the Company's malls may be negatively affected by Value Added Tax in Saudi Arabia, which was increased from 5% to 15% in July 2020G and the imposition of additional increases in taxes could further adversely contribute to this impact
- Government fees apply to Company's and its tenants' non-Saudi employees of the Company and its 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
- 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

3. Risks relating to the Sukuk

- Certain Sukukholders may be exposed to currency conversions risks due to the Sukuk being denominated in Saudi Riyals
- Any future regulation or reform or discontinuance of the offered rate for deposits in Saudi Arabian Riyals ("SAIBOR") may adversely affect the value of the Sukuk if the Floating Periodic Distribution Provisions are specified in the Applicable Final Terms as being applicable
- Absence of a secondary market for the Sukuk can have an adverse effect on their market value
- Trading, settlement and listing
- The Sukuk are unsecured obligations of the Issuer
- The payment obligations of the Issuer under the Sukuk Documents to which it is a party will rank pari passu with the unsecured and unsubordinated financial obligations of the Issuer
- The Sukuk may be subject to redemption at the option of the Issuer
- The Sukuk may be redeemed prior to the Expiry Date for tax reasons
- The Sukuk may be subject to early redemption
- Change of law
- Tax consequences in the Kingdom
- The interests of the controlling shareholders may conflict with holders of the Sukuk
- Restrictive covenants and change of control provisions in the Issuer's other debt obligations
- Payment relating to the Sukuk and Qualified Persons
- Legal investment considerations may restrict certain investment
- Registry Agreement
- Modification, Waivers and Substitution
- Mudaraba Assets risk

- Murabaha Contracts risk
- There is no assurance that the Sukuk will be Shari'ah-compliant
- Governing law, jurisdiction and enforceability
- Events of Default
- Penalties and indemnities
- Compliance with bankruptcy law in Saudi Arabia may affect the Issuer's ability to perform its obligations under the Sukuk and the Sukuk Documents
- A court may not grant an order of specific performance

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Definitions and Abbreviations

1. Definitions and Abbreviations

"Accounting Principles"	The generally accepted accounting principles, standards, and procedures in the Kingdom of Saudi Arabia.
"Admission"	Admission of the Sukuk to listing and the admission of the Sukuk to trading on the Tadawul in accordance with the ROSCOs and the Listing Rules.
"Advisors"	Company advisors in relation to the Programme, whose names appear on pages (x) to (xvi) of this Base Prospectus.
"Aggregate Nominal Amount"	In respect of the Sukuk, a Tranche or a Series, the aggregate nominal amount of the Sukuk, Tranche or Series, as the case may be.
"Amana"	A municipality within the Kingdom of Saudi Arabia.
"Anchor Tenant"	Any tenant of the Company which leases a retail unit which occupies more than 1,000 square metres of GLA of any one Mall.
"Applicable Final Terms"	The final terms relating to a particular Tranche.
"Arranger"	Al Rajhi Capital Company, and any additional Arranger that may be appointed under the Programme by the Issuer from time to time.
"Associated Company"	Any company, entity or person which is a member of the Fawaz Alhokair Group excluding the Company and its Subsidiaries.
"Audit Committee"	The Board of Directors' audit committee.
"Base Prospectus"	The base prospectus dated 6 October 2025G relating to the Programme, as amended and updated from time to time, including all information and supplements which form part of such base prospectus.
"Board of Directors" or "Board"	Means: - with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorised committee thereof; - with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorised committee thereof; and - with respect to any other Person, the board or any duly authorised committee of such Person serving a similar function. Whenever any provision of these Conditions and the Master Declaration of Agency 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 Issuer" under these Conditions and the Master Declaration of Agency may be exercised pursuant by the Board of Directors of a Material Subsidiary or a Parent pursuant to a delegation of powers of the Board of Directors of the Issuer.
"Board of Grievances Law"	The Board of Grievances Law, issued under Royal Decree No. M/78 dated 19/09/1428H (corresponding to 01/10/2007G) (as amended).
"Business Day"	A day on which commercial banks are open for general business in the locations specified in the Applicable Final Terms.
"Bylaws"	The Company's Bylaws, set out in Section 21 ("Appendix 1 – The Issuer's Bylaws").
"CAGR"	Compound Annual Growth Rate.
"Capital Market Law"	The Capital Market Law of Saudi Arabia issued by Royal Decree Number M/30 dated 02/06/1424H (corresponding to 31/07/2003G), as amended by the Royal Decree No. (M/16) dated 19/01/1441H (corresponding to 18/09/2019G).
"Cenomi Retail"	Fawaz A. Alhokair & Co. and its subsidiaries (operating under the trading name "Cenomi Retail"), listed on Tadawul under ticker symbol 4240 and an Associated Company, engaged in, among other things, fashion retail franchising (for more information, please refer to Section 5 "Related Party Transactions").
"Chairman"	The chairman of the Board of Directors.
"Chief Executive Officer"	The Company's chief executive officer.
"Chief Financial Officer"	The Company's chief financial officer.
"CMA"	The Capital Market Authority of the Kingdom of Saudi Arabia, including, where the context permits, any committee, sub-committee, employee or agent to whom any function of the CMA may be delegated.
"Committees"	The Audit Committee and the Nomination and Remuneration Committee.
"Community Mall"	Any mall that has a GLA of at least 10,000 square metres but less than 37,000 square metres, based on the ICSC definition.
"Companies Law"	The Companies Law, issued under Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G).

"Company"	Arabian Centres Company together with its consolidated Subsidiaries (unless the context requires otherwise).
"Controlling Shareholders"	Each of Fawaz Abdulaziz Alhokair, Salman Abdulaziz Alhokair and Abdulmajeed Abdulaziz Alhokair, directly or indirectly.
"Corporate Governance Regulations"	The Corporate Governance Regulations issued by the CMA's Board pursuant to Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G) (pursuant to the Companies Law) as amended by Resolution No 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G).
"Council of Ministers"	The council of ministers of Saudi Arabia.
"Dammam Metropolitan Area"	The area comprising the cities of Dammam, Dhahran and Al Khobar, which have merged into what is referred to as the Dammam Metropolitan Area.
"Dealer"	Al Rajhi Capital Company, and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis.
"Directors"	Members of the Board of Directors.
"EBITDA"	In respect of any relevant period, the consolidated operating profit of the Group (or of the relevant Subsidiary, as the case may be) before taxation (excluding the results from discontinued operations): before deducting any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any member of the Group (calculated on a consolidated basis) in respect of that relevant period; not including any accrued interest owing to any member of the Group; - after adding back any amount attributable to the amortisation or depreciation of assets of members of the Group (and taking no account of the reversal of any previous impairment charge made in that relevant period); before taking into account any Exceptional Items; after deducting the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests; after deducting cash charges due to Operating Leases; plus or minus the Group's share of the profits or losses (after finance costs and tax) of Non-Group Entities after deducting the amount of any profit of any Non-Group Entity to the extent that the amount of the profit of the Group included in the financial statements delivered at the commencement of the relevant period pursuant to clause 7(b) (Financial Statements and Other Information) of the Master Declaration of Agency exceeds the amount actually received in cash by members of the Group through distributions by the Non-Group Entity; before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instrument which is accounted for on a hedge accounting basis); before taking into account any gain or loss arising from an upward or downward revaluation of any other asset at any time after the date of the financial statements delivered at the commencement of the relevant period pursuant to clause 7(b) (Financial Statements and Other Information) of the Master Declaration of Agency; excluding the charge to profit represented by the expensing of stock options, in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Group before taxation.
"Eid"	Eid Al Fitr and / or Eid Al Adha.
"External Tenant"	Any tenant of the Company which is not an Internal Tenant.
"Extraordinary General Assembly"	An extraordinary general assembly of the Shareholders convened in accordance with the Bylaws.
"FAS Energy"	FAS Energy Trading Company, an Associated Company, engaged in renewable energy development (for more information, please refer to Section 5 "Related Party Transactions").
"Fawaz Abdulaziz Alhokair Co."	Fawaz Abdulaziz Alhokair Co. (trading as Cenomi Retail).
"Fawaz Alhokair Group"	The group of companies (including the Company, Cenomi Retail, FARE, FAS Energy and TNS, among others) owned and controlled collectively, directly or indirectly, by Fawaz Abdulaziz Alhokair, Salman Abdulaziz Alhokair and Abdul Majeed Abdulaziz Alhokair.
"Financial Statements"	The (i) audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2023G and 2024G; (ii) the audited consolidated financial statements for the fiscal years ended 31 March 2021G and 2022G, which have been prepared in accordance with IFRS-KSA, also referred to herein as the Audited Financial Statements; and (iii) the unaudited interim consolidated financial statements of the Company for the three-month period ended 31 March 2025G.
"Food and Entertainment Trading Company"	Food and Entertainment Trading Company, an Associated Company, engaged in the operation of food service outlets through international franchises (for more information, please refer to Section 5 "Related Party Transactions").
"G"	Gregorian.
"GCC"	Gulf Cooperation Council.
"GDP"	Gross Domestic Product (the broadest quantitative measure of a nation's total economic activity, representing the monetary value of all goods and services produced within a nation's geographic borders over a specified period of time).
"GDP per capita"	GDP per capita is a measure of average income per person in a country (calculated by dividing the GDP by the population).

"General Assembly"	An Extraordinary General Assembly and/or an Ordinary General Assembly. "General Assembly" shall mean any Company general assembly.
"General Entertainment Authority"	The Saudi General Entertainment Authority.
"GLA"	Gross leasable area.
"GOSI"	General Organization of Social Insurance in Saudi Arabia.
"Government" or "Saudi Government"	Government of Saudi Arabia, with "Governmental" interpreted accordingly.
"Group"	Arabian Centres Company (the Issuer) and its Subsidiaries.
"H"	Hijri.
"Head Lease"	Head lease agreements entered into with the Company or its Operating Subsidiaries as a tenant in respect of certain of its Malls, as set out in Section 3 ("The Company") of this Base Prospectus.
"ICSC"	International Council of Shopping Centers.
"IFRS"	International Financial Reporting Standards (formerly International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Issuer is, 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 licence of property that would be considered an operating lease under IFRS prior to 1 January 2019G and any guarantee given by the Issuer in the ordinary course of business solely in connection with, and in respect of, the obligations of the Issuer under any such operating lease shall be accounted for in accordance with IFRS as in effect prior to 1 January 2019G. Moreover, at any date after the Original Issue Date, the Company 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.
"IFRS-KSA"	IFRS as endorsed by SOCPA, comprising IFRS with additional requirements and disclosures added by SOCPA and other standards and pronouncements that are endorsed by SOCPA, which include standards and technical releases relating to matters not covered by IFRS, such as the subject of Zakat.
"Internal Tenant"	Any of Cenomi Retail, Food and Entertainment Company and its subsidiaries, Billy Games Company, Kids Space Company, Coffee Centres Trading Co., each of which leases GLA in one or more of the Company's Malls and is a Related Party.
"Issue Date"	In respect of each Tranche, the issue date of the relevant Tranche of such Series specified as such in the Applicable Final Terms.
"IT"	Information technology.
"Judiciary Law"	The Judiciary Law, issued under Royal Decree No. M/78 dated 19/09/1428H (corresponding to 01/10/2007G) (as amended).
"Key Account Tenant"	Any tenant of the Company which generates at least SAR 10 million for each financial year.
"KPMG"	KPMG Professional Services Company.
"KSA", "Kingdom", "Saudi Arabia" or "Saudi"	The Kingdom of Saudi Arabia.
"Listing"	Listing of the Company's Sukuk on Tadawul in accordance with the Listing Rules.
"Listing Rules"	The Listing Rules of Tadawul issued by the board of the CMA pursuant to resolution No. 3-123-2017 dated 9/4/1439H (corresponding to 12/27/2017G) as amended pursuant to resolution number 4-114-2024 dated 04/04/1446H (corresponding to 07/10/2024G).
"Lynx Contracting Company"	Lynx Contracting Company, an Associated Company, engaged in the construction of malls (for more information, please refer to section 5 ("Related Party Transactions")).
"Mall" or "Malls"	All or any one of the Company's existing 21 operating malls as at 31 March 2025G.
"Management"	The executive directors and Senior Executives of the Company.
"Master Mudaraba Agreement"	The master mudaraba agreement dated 6 October 2025G between the Issuer (acting as Mudareb) and the Sukukholders' Agent (acting as Rab Al-Mal and as agent on behalf of the Sukukholders).
"Master Murabaha Agreement"	The master murabaha agreement dated 6 October 2025G between the Issuer (as Purchaser) and the Sukukholders' Agent (as Seller).
"MENA"	Middle East and North Africa.
"MOC"	Ministry of Commerce in Saudi Arabia.
"Negative Pledge"	Means the covenant described in Condition 7.1 (<i>Negative Pledge</i>), where the Issuer undertakes that, for so long as any Sukuk are outstanding, neither it nor any of its Material Subsidiaries will create or permit to subsist any Security Interest, except for any such security that qualifies as a Permitted Security Interest (as defined therein), to secure any Relevant Indebtedness (as defined therein), unless certain conditions specified therein are complied with.

"Nomination and Remuneration Committee"	The nomination and remuneration committee of the Board of Directors.
"Official Gazette"	Um Al Qura, the official gazette of the Government of Saudi Arabia.
"On-Sale Agency Agreement"	The on-sale agency agreement dated 6 October 2025G between the Issuer and the on-sale agent named therein
"Operating Subsidiaries"	The Company's subsidiaries which currently own Properties, owned Properties immediately or currently hold investments, being: RCCL; Al Qaseem Company for Entertainment and Commercial Projects (Partnership Company); Oyoun Al Basateen Trading Company; Oyoun Al Raed Mall Trading Company; Al Bawarij International Development and Real Estate Investment Company and Al Makarem International Real Estate Development Company.
"Ordinary General Assembly"	An ordinary general assembly of the Shareholders convened in accordance with the Bylaws.
"Payment Administration Agreement"	The payment administration agreement dated 6 October 2025G between the Issuer and the Payment Administrator.
"Payment Administrator"	Al Rajhi Capital Company.
"Programme"	The programme for the issuance of Sukuk by the Issuer where the aggregate nominal amount of Sukuk issued at any time does not exceed SAR 4,500,000,000.
"Programme Agreement"	The programme agreement dated 6 October 2025G between the Issuer, the Arranger and the Dealer.
"Properties"	The Company's portfolio of properties and development projects, which consists of the following: - the 21 Malls as set out in Table 3.2 ("<i>Overview of the Company's Malls</i>") (and which, in the case of Nakheel Plaza (Qassim), is deemed to include Nakheel Plaza Extension in Qassim); - the 6 new malls under construction, as set out in Section 3.8.1 ("<i>Malls Under Construction</i>"); - the 4 sites for future development, as set out in Section 3.8.2 ("<i>Land plots for Future Development</i>"); and - the vacant lands with no current plans for development, being Abha Land.
"Public"	Persons not listed below: - affiliates of the Company; - Substantial Shareholders of the Company; - directors and senior executives of the Company; - directors and senior executives of the affiliates of the Company; - directors and senior executives of the Substantial Shareholders in the Company; - any Relatives of the persons referred to in ((1), (2), (3), (4) or (5)) above; - any company controlled by any person referred to in ((1), (2), (3), (4), (5) or (6)) above; and - persons working together and, collectively, holding 5% or more of the applicable listed shares.
"Rab Al-Mal"	The Sukukholders' Agent, acting for and on behalf of the Sukukholders, in its capacity as the party contributing the Mudaraba Capital to the Issuer (as Mudareb) for investment in the Mudaraba Assets, in accordance with the terms of the Master Mudaraba Agreement.
"Ramadan"	The Holy month of Ramadan.
"RCCL"	Riyadh Centres Company Limited, a subsidiary of the Company.
"Regional Mall"	Any mall with a GLA of at least 37,000 square metres but less than 74,000 square metres, based on the ICSC definition.
"Register"	The registry system administered by the Registrar or any successor entity.
"Registrar"	Securities Depository Center Company (Edaa) (and includes any successor registrar as may be appointed in accordance with the provisions of the Registry Agreement).
"Registry Agreement"	The registry and trading agreement to be entered into between the Issuer and the Registrar in relation to the Sukuk on or about the Issue Date of the first Tranche.
"Regulation S"	Regulation S under the Securities Act issued by the United States of America in 1933 (and any amendments thereto).
"Related Party Transactions"	Transactions entered into between the Company and its Related Parties (including Internal Tenants) as set out in Section 5 (" <i>Related Party Transactions</i> ").
"Related Party(ies)"	Any of the following: - affiliates of the Company, except for wholly-owned companies; - Substantial Shareholders; - Directors and Senior Executives; - members of the boards of directors and senior executives of an affiliate of the Company; - members of the boards of directors and senior executives of Substantial Shareholders; - any Relatives of the persons described in paragraphs (1), (2), (3) or (5); or - any company controlled by any person described in paragraphs (1), (2), (3), (5), or (6) above. In paragraph (7) above, "control" means the ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate: (i) holding 30% or more of the voting rights in a company; or (ii) having the right to appoint 30% or more of the members of the governing body, and a "controller" shall be construed accordingly.

"Relatives"	A "relative" includes any of the following: 1. fathers and mothers; 2. children; and 3. husbands and wives.
"Retail Clients"	Any client who is not a "qualified client" or an "institutional client", each term as defined in the Glossary of Defined Terms Used in the Regulations and Rules of the CMA issued by the board of the CMA pursuant to resolution number 4-11-2004 dated 20/08/1425H (corresponding to 4/10/2004G) as amended by resolution number 1-94-2025 dated 09/03/1447H (corresponding to 01/09/2025G), and as further amended from time to time.
"ROSCOs"	The Rules on the Offer of Securities and Continuing Obligations Issued by the board of the CMA pursuant to resolution number 3-123-2017 dated 9/4/1439H (corresponding to 27/12/2017G) based on the Capital Market Law, as amended by resolution number 1-94-2025 dated 09/03/1447H (corresponding to 01/09/2025G), and as further amended from time to time.
"Saudi Riyal(s) "or SAR"	Saudi Arabian Riyal(s), the official and legal currency of Saudi Arabia.
"Saudisation"	Saudisation requirements applicable in Saudi Arabia with respect to the labour market.
"Saudisation Rate"	The percentage of employees within any workforce who are deemed to count towards the level of Saudisation within the workforce of any company, including Saudi nationals and persons married to Saudi nationals, with certain categories of persons, such as disabled Saudi national employees, given greater weighting when counted towards the Saudisation level.
"Secretary"	The secretary of the Board of Directors.
"Security Interest"	Means any arrangement in respect of any indebtedness that grants a right of recourse to any asset, including (without limitation) any mortgage, pledge, lien, attachment, or any similar arrangement.
"Securities Act"	The United States Securities Act of 1933, as amended.
"Senior Executives"	Members of the Company's senior management whose names are set out in Table 4.2 (" <i>Senior Management</i> ").
"SOCPA"	Saudi Organization for Chartered and Professional Accountants.
"Subsidiaries"	The Company's Operating Subsidiaries (as defined above).
"Substantial Shareholder"	A person who owns 5% or more of the Company's share capital.
"Super-Regional Mall"	Any mall with a GLA of at least 74,000 square metres, based on the ICSC definition.
"Sukuk"	The sukuk issued under the Programme with an aggregate nominal amount of SAR 4,500,000,000.
"Sukukholder"	The Person in whose name any of the Sukuk is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof).
"Tadawul"	The Saudi Exchange (Tadawul) the registered address of which is outlined in the " <i>Corporate Directory</i> " section of the Base Prospectus
"Tranche"	The Sukuk of the same series that are identical in all respects (including as to the listing and admission to trading).
"TNS"	Tadarees Najd Securities for Special Civil Security Services Establishment, a member of the Fawaz Alhokair Group (but not a Subsidiary) engaged in security services.
"Ultimate Parent Company"	Saudi FAS Holding Company.
"U.S.\$" or "US Dollar"	United States Dollar, the lawful currency of the United States of America.
"VAT"	Value Added Tax (also known as the goods and services tax).
"Vision 2030"	Vision 2030 issued in 2016G by the Saudi government.
"ZATCA"	Zakat, Tax and Customs Authority.
"Zakat"	A form of alms-giving treated in Islam as a religious obligation.
"Zakat Certificates"	Zakat certificates issued by ZATCA.

2

Risk Factors

2. Risk Factors

Before deciding whether to invest in the Sukuk, prospective investors are advised to carefully consider all the information contained in this Base Prospectus, particularly the risk factors described below. These risk factors may not include all the risks that the Company may encounter, and additional risks may exist that are not currently known by the Company but may nevertheless adversely affect the Company's operations.

The Company's business, financial position, results of operations and future prospects could be adversely and materially affected if any of the following risks, which are identified as material, or if any other risks that the Directors have not so identified or which are currently considered not to be material, actually occur or become material. As a result of these and other risks, the forward-looking events and circumstances discussed in this Base Prospectus might not occur in the way the Company and/or the Directors expect, or at all. Investors should consider all forward-looking statements in this Base Prospectus in light of these explanations and should not place any reliance on forward-looking statements (see "*Forecasts and Forward-Looking Statements*" on page (ix)).

The Directors also confirm that, to the best of their knowledge and belief, there are no other material risks besides those mentioned in this section, the exclusion of which would affect investors' decisions to invest in any Sukuk as at the date of this Base Prospectus.

An investment in the Sukuk is only appropriate for investors who are capable of assessing the risks and merits of such an investment and who have sufficient resources to bear any loss that might result from this investment. Any prospective investor who has any doubts concerning the appropriate action to be taken should consult a financial advisor licenced by the CMA for advice in connection with any investment in the Sukuk.

In the event of the occurrence of any risks which the Company currently believes to be material, or the occurrence of any other risks that the Company did not identify, or that it currently does not consider to be material, the market value of the Sukuk may decrease and prospective investors may lose all or part of their investment in such Sukuk.

The risks and uncertainties described below are presented in an order that does not reflect their importance or anticipated effect on the Company. Additional unknown risks and uncertainties or those deemed immaterial now may have the impact or consequences described in this Base Prospectus. The risks set out in this section do not purport to be: (a) a complete or composite list of all risks which may affect the Company or its operations, activities or assets or the markets in which it operates; and/or (b) an explanation of all the risks involved in investing in the Sukuk.

The Company believes that the factors described below represent the principal risks inherent in investing in the Sukuk, but the inability of the Company to pay any amounts on or in connection with any Series of Sukuk may occur for other reasons and the Company cannot represent that the statements below regarding the risks of holding any Series of Sukuk are exhaustive. There may also be other considerations, including some which may not be presently known to the Company or which the Company currently deems immaterial, that may impact any investment in the Sukuk.

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

2.1 Risks relating to the Company's Business and Activities

2.1.1 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, shifts in consumer preferences towards e-commerce

and heightened macroeconomic and geopolitical volatility. 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 2020G and 2021G forced temporary closures of the Company's malls, cinemas and/or hospitality venues periodically in early 2020G and 2021G 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. COVID-19 or any similar contagious disease outbreak, and any of its associated restrictions or lockdowns may accelerate shifts in consumption patterns, away from malls and towards online platforms. Moreover, supply chain disruptions caused by regional conflicts, could limit the availability of goods for tenants, further impacting retail sales and tenant performance. 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 the disease outbreak has been contained. See *"— The COVID-19 global pandemic had, and any similar contagious disease outbreak 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 the 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 the 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.

2.1.2 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 at 31 March 2025G, the Company had 30 Key Account Tenants, as compared to 25 Key Account Tenants as at 31 December 2024G, 24 Key Account Tenants as at 31 December 2023G, and 23 Key Account Tenants as at 31 December 2022G. Collectively, the Company's Key Account Tenants generated approximately 47.1% of the Company's total revenue for

the year ended 31 December 2024G, as compared to approximately 48.5% of the Company's total revenue for the year ended 31 December 2023G and approximately 50.8% of the Company's total revenue for the year ended 31 December 2022G. The Company's revenues from its top five Key Account Tenants represented approximately 29.7% of the Company's total revenue for the year ended 31 December 2024G, as compared to approximately 32.5% of the Company's total revenue for the year ended 31 December 2023G and 35.6% for the year ended 31 December 2022G. The Company's revenues from its top 10 Key Account Tenants represented approximately 37.1% of the Company's total revenue for the year ended 31 December 2024G, as compared to 38.3% of the Company's total revenue for the year ended 31 December 2023G, and approximately 41.9% of the Company's total revenue for the year ended 31 December 2022G. 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, provide pricing concessions to certain Key Account Tenants, particularly in the Company's Regional Malls and Community Malls, which were 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.

2.1.3 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 2,422 leases during the year ended 31 December 2024G, representing 95% of leases due to expire in that period. Additionally, during the year ended 31 December 2023G, the Company renewed 2,133 leases, representing 98% 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.

2.1.4 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 e-commerce. For example, 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.

Similarly, the economic conditions in the retail market in Saudi Arabia were challenging 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.

2.1.5 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 Base Prospectus, many of the world's economies are experiencing increased levels of inflation due to the impact of several factors, including the legacy post-COVID-19 economic policies of governments across the world, global supply chain disruptions, the war in Ukraine and regional conflict in the Middle East. Recent escalation in Middle East geopolitical tensions and continued disruptions to critical shipping routes have further exacerbated inflationary pressures in 2025G, including higher fuel and import costs in Saudi Arabia. These factors also continue to increase uncertainty in the outlook of the near-term and long-term inflation outlooks. 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 construction costs (excluding land costs) for malls in its pipeline to range from SAR 5,500 and SAR 8,000, or above per square metre.

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"*.

In addition, as central banks across many economies typically respond to high levels of inflation by increasing interest rates, increases in inflation have been accompanied by 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 a material adverse effect on the Company's results of operations, either directly or through a similar negative effect on the financial performance of its tenants.

2.1.6 The Company's business is affected by consumer behaviour

The Company's business is, and will continue to be, affected by changes in consumer demand and behaviour. For instance, the Company's business 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"* and *"Risk Factors—Risks relating to the Company's Business and Activities—The Company's businesses 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 COVID-19 global pandemic had, and any similar contagious disease outbreak may 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 demand and behaviour 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 depend 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 *"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.

2.1.7 The COVID-19 global pandemic had, and any similar contagious disease outbreak may have, an adverse effect on the Company's business and results of operations

In late 2019G, a new strain of coronavirus was detected in Wuhan, China. In March 2020G, 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 2020G, 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. As a result, the Company closed its malls (except for pharmacies and supermarkets) from mid-March 2020G until late April 2020G and then partially reopened its malls in late April 2020G until late June 2020G. On 21 June 2020G, the government fully lifted the lockdown restrictions and permitted the resumption of all commercial activity. Following this, the malls operated according to normal opening schedules, with temporary precautionary measures such as limiting visitor capacity, sanitising stations, and contactless payment. On 17 May 2021G, the Saudi government officially opened its land, sea and air borders, allowing citizens who have received doses of the coronavirus vaccines to travel internationally. Eventually, in March 2022G, the government officially lifted most of the remaining COVID-19 restrictions following the successful roll-out of the national vaccination programme.

While the commercial activity in the Company's malls has recovered since lockdown restrictions were lifted, there remains a risk of similar contagious disease outbreaks in the future, and potential future lockdown measures. Any restrictions that may require full or partial shutdowns of the Company's malls could materially adversely affect the Company's business, results of operations, access to sources of liquidity and financial condition. Similarly, such restrictions may in the future accelerate changes in consumer shopping preferences away from malls and towards online platforms. While the Company is seeking to innovate in the digital space through various initiatives, including a tenant portal and enhanced wi-fi/digital offerings at its malls, there can be no assurance that these efforts to adapt to changing consumer preferences will be successful.

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 2020G.

The government released guidance in January 2021G requiring the waiver of due rents during the lockdown period for certain businesses affected by the COVID-19 pandemic. As a result, the Company has implemented certain rent-relief measures with respect to its tenants and during the course of the year ended 31 March 2021G, approved a total discount of SAR 579 million which is being amortised over the remaining period of the leases. 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.

The impact of rent-relief for the year ended 31 March 2022G amounted to SAR 174 million, compared to SAR 241 million for the year ended 31 March 2021G. No rent-relief measures were made available to the Company's tenants during the years ended 31 December 2024G or 31 December 2023G. 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 2020G and 31 March 2021G.

To the extent the COVID-19, or any similar contagious disease outbreak, adversely affects the Company's business, financial condition and results of operations, it may also have 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 and if it cannot compensate for such increases through rent escalation and service charges collected from tenants, its business could be materially adversely affected", and "– The Company's success depends in part on its ability to maintain the reputation of the "Arabian Centres" and "Cenomi Centers" brand and".

2.1.8 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 2021G, 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 at 31 March 2021G, compared to 5.6% as at 31 March 2022G.

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 loans 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.

2.1.9 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 ("MOC"), 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 30 April 2026G and as at the date of this Base Prospectus, 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 be detrimental to the Company's reputation and may adversely affect the Company's business, results of operations, financial condition and prospects.

As at 31 March 2025G, the Company has been issued with Amana (Building) Completion Certificates in respect of 13 of its malls (out of a total of 21 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 Base Prospectus, 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 and branches 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.

2.1.10 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, new and competing forms of entertainment or alternative concepts as a result of, among other, ongoing social reforms within Saudi Arabia, all of which could improve their competitive position vis-a-vis the Company. 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. 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 "– The COVID-19 global pandemic had, and any similar contagious disease outbreak 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.

2.1.11 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 20 years prior to the date of this Base Prospectus, 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.

2.1.12 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.

2.1.13 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 Business and Activities – 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 (which are related parties of the Company). 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 31 March 2025G, 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) an interest in its ordinary shares. As at 31 March 2025G, Fawaz Abdulaziz Alhokair Co. had 334 retail units (not including food & beverage units) across the Company's portfolio of malls and the amounts due from Fawaz Abdulaziz Alhokair Co. in the year ended 31 December 2024G amounted to approximately 30.0% of total revenue as compared to 18.8% of total revenue for the year ended 31 December 2023G. 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 22.9% of the Company's total revenue for the year ended 31 December 2024G, as compared to 16.9% of the Company's total revenue for the year ended 31 December 2023G and 18.6% of the Company's total revenue for the year ended 31 December 2022G. The net amounts due from related parties for the years ended 31 March 2021G and 2022G represented 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 and therefore a related party. As at the date

of this Base Prospectus, 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 21 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.

2.1.14 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, Ahmed Demerdash Badrawi and Kamel Badee Alqalam are also on the board of related companies (which conduct competing or similar businesses to the Company's) such as Marakez, 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.

2.1.15 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. As at 31 March 2025G, such contracts represented approximately 26.5% of the Company's total weighted average occupied GLA, (whereby amounts due from related parties represented 29.0% of the Company's total revenues during the three-month period ended 31 March 2025G). Such contracts represented approximately 30.4% of the Company's total weighted average occupied GLA as at 31 December 2024G, (whereby amounts due from related parties represented 22.9% of the Company's total revenues during the year ended 31 December 2024G). By comparison, such contracts represented approximately 32.9% of the Company's total weighted average occupied GLA as at 31 December 2023G, (whereby amounts due from related parties represented 16.9% of the Company's total revenues during the year ended 31 December 2023G). Moreover, such contracts represented approximately 34.0% of the Company's total weighted average occupied GLA as at 31 December 2022G, (whereby amounts due from related parties represented 18.6% of the Company's total revenues during the year ended 31 December 2022G). Moreover, during the year ended 31 December 2024G, the Company recognised a one-time finance cost of SAR 36.5 million due to its assessment of the time value of money in relation to certain payment plan arrangements agreed with certain tenants with a view to expediting rental collections, and SAR 50.6 million relating to the write-off of non-amortized financing costs associated with a historical Islamic facility and sukuk issuance.

The Company's related party 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 "*The Company—Tenant Categories—Internal Tenants and External Tenants*."

2.1.16 The Company's business is impacted by increasing operating expenses and 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 2020G and 2021G. However, from January 2022G, 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 4.0%, or SAR 90.4 million from SAR 2,253.7 million in the year ended 31 December 2023G to SAR 2,344.0 million in the year ended 31 December 2024G, the Company's general and administrative expenses amounted to SAR 256.1 million during the year ended 31 December 2024G. 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 increase its borrowing, 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.

The price of fuel and oil has fluctuated significantly in recent years. Fuel and oil prices experienced a significant fall for much of 2020G 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 war in Ukraine that started in 2022G. In January 2024G, oil prices increased as result of regional conflict in the Middle East and the attacks by al-Houthi rebels on shipping transiting the Red Sea trade route. In 2024G and 2025G, ongoing Middle East conflicts, including escalated tensions between Israel and Iran, have further heightened volatility in fuel and oil prices, with risks of supply disruptions in key trade routes such as the Strait of Hormuz and continued Houthi attacks on Red Sea shipping. These developments could lead to sustained or sharper fuel price spikes, increasing operational costs for the Company and its tenants. Periods of prolonged high fuel and oil prices could increase the Company's operating expenditure. Such increases could also exacerbate inflationary pressures, impacting tenant profitability and consumer spending in the Company's malls. Such conditions could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

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 2.2.3 ("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 are 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.

2.1.17 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 Company's brand and its reputation for providing high quality malls for both its tenants and visitors.

Quality and health and safety issues, 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" brands 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" brands. 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 "Arabian Centres" and "Cenomi Centers" brands could reduce both demand from potential tenants as well as footfall from visitors, each of which would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.18 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 precautions taken by the Company in protecting its trademarks, third parties may still infringe 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.

2.1.19 The Company may face unexpected interruptions to its 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 2022G, a fire incident occurred in a part of the Mall of Dhahran Extension leading to its temporary closure, with the mall reopening on 7 June 2022G. 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 in place from time to time, as was the case during the COVID-19 pandemic. 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 their attraction to visitors.

If there were a significant interruption of operations at one or more of the Company's malls, the Company may incur liabilities, and its 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

2.1.20 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.

2.1.21 The Company may require additional financing to support its financial position 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.

For various reasons, including any non-compliance with undertakings under existing or future lending arrangements, additional financing or the refinancing of existing lending 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 12,229.5 million, SAR 12,172.3 million, SAR 8,986.7 million and SAR 8,337.0 million as at 31 March 2025G, 31 December 2024G, 31 December 2023G and 31 December 2022G, respectively, representing 73.1%, 73.2%, 66.9% and 70.6% of its total liabilities for the same periods, respectively. An increase in indebtedness may expose the Company to additional risks. See *"—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 Sukuk, and operate its business;"* and *"—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 Sukuk 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.

2.1.22 The Company's revenues are concentrated amongst its largest malls

During the three-month period ended 31 March 2025G and the years ended 31 December 2024G, 31 December 2023G and 31 December 2022G, the Company generated 32.1%, 35.1%, 36.7% and 37.1%, respectively, of net rental revenue from Mall of Arabia (Jeddah), Nakheel Mall (Riyadh) and Mall of Dhahran. During the three-month period ended 31 March 2025G and the years ended 31 December 2024G, 31 December 2023G and 31 December 2022G, the Company generated 44.0%, 46.9%, 48.8% and 49.3%, respectively 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.

2.1.23 Despite its high level of indebtedness, the Company and its Subsidiaries may still be able to incur significant additional amounts of indebtedness, which could further exacerbate the risks associated with its substantial indebtedness

The Company and its Subsidiaries may be able to incur substantial additional debt in the future. Although the Conditions of the Sukuk contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions, and, under certain limited circumstances, the amount of debt that could be incurred in compliance with these restrictions could be substantial. Under the Conditions of the Sukuk 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 its Fixed Charge Coverage Ratio (as defined in Condition 7 (*Issuer's Covenants*)), if applicable. In addition, the Conditions of the Sukuk 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 "*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 Sukuk, and operate its business*".

2.1.24 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. See Section 3.15 "*The Company—Legal Proceedings*" for disclosure relating to pending or existing litigation, disputes and investigations involving the Company.

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*".

2.1.25 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 March 2025G, out of the Company's 21 existing malls, 11 (representing 51.0% of the total GLA of the Company's malls as at 31 March 2025G) are built on land that the Company leases under fixed term Head Lease contracts which as at the date of this Base Prospectus had an average term of approximately 11 Gregorian years, while Jeddah Park (held under an operational management agreement) represented 9.6% 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 11 existing malls subject to Head Lease contracts was 23 years as at 31 March 2025G.

The Head Lease for the second phase of Mall of Dhahran is due for expiry in 2026G. As at 31 March 2025G, the lease renewal date for the Company's remaining malls which are held on leased land ranges from 2032G to 2052G, with the exception of each of Tala Mall and Nakheel Plaza (Qassim), where the leases are due for renewal during the course of 2029G. 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 2021G and January 2022G 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, in February 2025G, the first phase of Mall of Dhahran was handed over to the landlord upon expiry of the head lease. 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 31 March 2025G, the fair value of shopping malls operated by the Company on leasehold land was SAR 7,112.6 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 2020G. 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 31 March 2025G, the Company was in arrears in the payment of rents due under a number of its Head Leases for an amount of SAR 215.5 million. These delays in payment relate principally to Salaam Jeddah (SAR 60.9 million), Mall of Dhahran (SAR 46.2 million), Haifa Mall (SAR 18.0 million) and Tala Mall (SAR 31.5 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.

2.1.26 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 borrow funds 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.

2.1.27 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 (for more information about insurance policies maintained by the Company, see ("The Company— Insurance") below). 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, could significantly increase the Company's costs, which would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.28 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. Please see "Management, Corporate Governance and Principal Shareholders— Compliance Matters" for a description of a confidential compliance matter involving certain of the Company's directors in connection with their director positions held in another company.

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.

2.1.29 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 2022G, 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. In November 2021G 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 2022G (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.

2.1.30 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 Sukuk, and operate its business

As at 31 March 2025G, on a consolidated basis, the Company has financial debt (including lease liability on right-of-use assets) of SAR 15,348.3 million, total equity of SAR 14,872.8 million and total equity and liabilities of SAR 31,600.0 million. In addition, the Company is able to borrow additional indebtedness, subject to compliance with covenants and other conditions. Its level of indebtedness could have important consequences for investors in the Sukuk. 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 borrow additional funds.

2.1.31 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 Sukuk and/or have different effects.

Any debt 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 lenders, 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 Sukuk.

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 Sukukholders of their right to require redemption of the Sukuk 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 Sukukholders' Agent's ability to fulfil its obligations under the Sukuk.

2.1.32 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 Sukuk 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 Sukuk 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 7 (*Issuer's Covenants*)). In addition, the Conditions of the Sukuk 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 Sukuk, 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 12,229.5 million as at 31 March 2025G, representing 73.1% of its total liabilities as at 31 March 2025G. By comparison, the Company's total long-term loans (including current portion of long-term loans) amounted to SAR 12,172.3 million, SAR 8,986.7 million and SAR 8,337.0 million as at 31 December 2024G, 31 December 2023G and 31 December 2022G, respectively, representing 73.2%, 66.9% and 70.6% 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 Sukuk, 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 Sukuk 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.

See Section 6 "*Description of Financing Arrangements*" for detailed information and accompanying tables relating to the Company's financing facilities.

2.1.33 The Company faces risks relating to credit and expected credit losses

The Company is exposed to credit risk primarily through its leasing activities, whereby accounts receivable represent amounts due from tenants under lease arrangements, the majority of which are interest-free and not secured by guarantees. A significant portion of the Company's tenants do not have an external credit rating. As such, the recoverability of receivables is inherently subject to the creditworthiness of each tenant and their ability to meet lease payment obligations as they fall due.

As at 31 March 2025G, the Company's gross accounts receivable totalled SAR 944.4 million, with a total impairment allowance of SAR 431.3 million. Moreover, as at 31 December 2024G, the Company's gross accounts receivable totalled SAR 911.1 million, compared to SAR 768.7 million as at 31 December 2023G. The total impairment allowance on receivables increased from SAR 285.5 million as at 31 December 2023G to SAR 423.8 million as at 31 December 2024G, reflecting a higher proportion of aged or non-performing receivables. Of the gross receivables, SAR 590.1 million as at 31 December 2024G related to balances overdue by more than 360 days, with an associated expected credit loss coverage of 59%. This increase in impairment allowance was driven by both an ageing debtor profile and a rise in the underlying credit risk associated with

certain tenants. The ageing profile of gross receivables, corresponding impairment allowances, and weighted average loss rates as at 31 December 2024G and 31 December 2023G are set out below.

Table (2.1): Age of receivables and loss allowance as at 31 December 2024G and 2023G (SAR millions)

31 December 2024G (Audited)	Gross carrying amount	Weighted average loss	Loss Allowance
0-90 days	88.9	10.8	12%
91-180 days	91.6	20.1	22%
181-270 days	71.4	20.2	28%
271-360 days	69.1	22.5	33%
More than 360 days	590.1	350.1	59%
	911.1	423.8	
31 December 2023G (Audited)	Gross carrying amount	Weighted average loss	Loss Allowance
0-90 days	85.4	9.9	12%
91-180 days	96.9	21.3	22%
181-270 days	78.8	24.0	30%
271-360 days	80.6	27.6	34%
More than 360 days	427.1	202.7	47%
	768.7	285.5	

While the Company monitors receivables on an ongoing basis, and applies internal credit limits and assessments prior to lease approval, there can be no assurance that all outstanding balances will be recovered in full. If the financial condition of tenants deteriorates, or if broader macroeconomic conditions worsen, the Company may be required to recognise further impairment losses or write-offs.

Accordingly, material increases in the expected credit loss provision, or deterioration in tenant credit quality, may materially and adversely affect the Company's results of operations, financial condition, liquidity and prospects.

2.1.34 The Company faces risks relating to its financing arrangements

The Company has a portfolio of outstanding debt and Shari'ah-compliant financing obligations, including term and revolving murabaha facilities and multiple sukuk issuances. While these arrangements provide the Company with access to long-term funding, they also expose it to certain risks, including liquidity risk, refinancing risk, covenant compliance risk and enforcement of security. Should the Company be unable to meet scheduled repayments or refinance its facilities in a timely manner, this could result in a default and potentially trigger cross-defaults under other financing arrangements.

The Company's senior facilities include financial covenants and other customary restrictions. A breach of these covenants, if not remedied or waived, could result in the acceleration of the relevant debt and enforcement of associated security. The Company's financing arrangements also contain provisions for mandatory prepayment or cancellation in limited circumstances. The exercise of these provisions could have an impact on the Company's liquidity and cash flows.

The below table shows a summary of the Company's key financing arrangements as at 31 March 2025G. See Section 6 "Description of Financing Arrangements" for further detailed information relating to the Company's financing facilities.

Table (2.2): Summary of Key Financing Arrangements as at 31 March 2025G

Financing Type	Currency	Issuer / Borrower	Principal Amount	Maturity Date	Security / Guarantee	Joint Lead Managers / Financiers
2021G Sukuk (Wakala-Murabaha)	U.S.\$	Arabian Centres Sukuk II Limited	U.S.\$ 875.0 million	07/10/2026G	Unsecured	HSBC, Goldman Sachs, J.P. Morgan, Emirates NBD, Dubai Islamic Bank, Kamco, Mashreq, ANB Capital, Sharjah Islamic Bank, Warba
2024G Sukuk (Wakala-Murabaha)	U.S.\$	Arabian Centres Sukuk III Limited	U.S.\$ 710.0 million	06/03/2029G	Unsecured	HSBC, Goldman Sachs, J.P. Morgan, Emirates NBD, Citigroup, Dubai Islamic Bank, Kamco, Mashreq, ANB Capital, Al Rajhi Capital

Financing Type	Currency	Issuer / Borrower	Principal Amount	Maturity Date	Security / Guarantee	Joint Lead Managers / Financiers
Term SAR Murabaha Facility	SAR	Arabian Centres Company	Up to SAR 5,250 million (shared cap)	13/02/2036G	Secured	Saudi National Bank and other participants
Term U.S.\$ Murabaha Facility	U.S.\$	Arabian Centres Company	Up to U.S.\$ 200.0 million (shared cap)	13/02/2036G	Secured	Saudi National Bank and other participants
SAR Revolving Murabaha Facility	SAR	Arabian Centres Company	Up to SAR 5,250 million (shared cap)	13/02/2028G	Secured	Saudi National Bank and other participants
U.S.\$ Revolving Murabaha Facility	U.S.\$	Arabian Centres Company	Up to U.S.\$ 200.0 million (shared cap)	13/02/2028G	Secured	Saudi National Bank and other participants
Jawharat Jeddah Mall – Murabaha Facility (Non-Recourse Financing)	SAR	Durrat Al Bahr Al Ahmar Investment Company Limited	SAR 800.0 million	06/07/2032G	Secured	Al Rajhi Banking & Investment Corporation
Jawharat Riyadh Mall – Murabaha Facility (Non-Recourse Financings) ⁽¹⁾	SAR	Durrat Al Raed Investment Company Limited	SAR 1,350.0 million	29/12/2032G	Secured	Riyad Bank, National Development Fund

Source: Company information; 2024G Audited Financial Statements; Q1 2025G Interim Financial Statements

(1) The Jawharat Riyadh Non-Recourse Facilities are comprised of a SAR 350 million long-term facility with the National Development Fund and a SAR 1,000 million long-term facility with Riyadh Bank.

There is no assurance that the Company will continue to access funding on acceptable terms. Any inability to refinance, repay or service its obligations could have a material adverse effect on its business, financial condition and results of operations.

2.1.35 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 believes 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 2023G, the Company announced that it was engaged in discussions with Fawaz Abdulaziz Alhokair Co. (a related party to the Company), in relation to a potential transaction to combine their businesses. However, as announced on 21 December 2023G, 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.

2.1.36 The company may be adversely impacted by negative changes in its credit rating

The Company's credit ratings affect the cost and other terms upon which the Company is able to obtain funding. Rating agencies regularly evaluate the Company and their ratings of its long-term funding are based on a number of factors, including financial performance, quality of earnings, credit exposure, the risk management framework and funding diversification. These parameters and their possible impact on the Company's credit rating are monitored closely and incorporated into its liquidity risk management and contingency planning considerations.

As at the date of this Base Prospectus, the Company has been assigned long-term issuer credit ratings of "BB" by Fitch and "B+" by S&P. Moreover, the Company has been assigned a long-term issuer credit rating of "A-" by Tassnief. There can be no assurance that the rating agencies will maintain the Company's current ratings or outlooks. For example, in July 2025G, Fitch lowered the Company's Long-Term Foreign-Currency Issuer Default Rating and its senior unsecured ratings to "BB" with a negative outlook. This, or any additional potential downgrade in the Company's credit ratings may increase its cost of borrowing and limit the Company's ability to raise funding on favourable terms, which could have a material adverse effect on the Company's business, results of operations, financial condition and prospects. Ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organisation. Each rating should be evaluated independently of any other rating.

2.2 Risks relating to the Market, Industry and Regulatory Environment

2.2.1 Visitor spending at the Company's malls may be negatively affected by Value Added Tax in Saudi Arabia, which was increased from 5% to 15% in July 2020G 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 2018G and was increased to 15% in July 2020G. The decision to introduce VAT was agreed upon the 102nd meeting of GCC Finance Ministers in Riyadh and based on an agreement taken by the Supreme GCC Council earlier in 2016G 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.

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

As at 31 March 2025G, 27% of employees of the Company were non-Saudi nationals. In 2016G, 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 2018G, as well as increasing residency permit fees for the families of non-Saudi employees as at 1 July 2017G. 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. 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 Factor 2.1.4 ("The Company's business is impacted by the financial condition of the Company's tenants").

2.2.3 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 31 March 2025G, 73% 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 2017G, Saudi Arabia's Minister for Labour issued an order to restrict employment in shopping malls to Saudi nationals. In early 2018G 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 increased the operating costs of most of the Company's tenants. 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.

2.2.4 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 2019G to register residential and commercial leases through an online portal to ensure that such leases become enforceable before Saudi Courts which remains largely untested. 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.

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

2.3 Risks relating to the Sukuk

2.3.1 Certain Sukukholders may be exposed to currency conversions risks due to the Sukuk being denominated in Saudi Riyals

Payments to Sukukholders will be made in Saudi Riyals. If an investor's financial activities are principally denominated in a currency other than Saudi Riyals, it will be subject to certain currency conversion risks. These risks include: (i) the risk that exchange rates may significantly change (including changes due to the devaluation of the Saudi Riyal or revaluation of the investor's currency); and (ii) the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. In recent years, exchange rates between certain currencies have been volatile and such exchange rate volatility may continue in the future. Any appreciation of an investor's currency relative to the Saudi Riyal would decrease the currency equivalent value of the Periodic Distribution Amounts or Partial Periodic Distribution Amounts payable in respect of the Sukuk in the investor's currency, the investor's equivalent value of the Sukuk Capital payable on the Sukuk, and the investor's currency equivalent market value of the Sukuk. In addition, exchange controls could adversely affect the availability of a specified foreign currency at the time of payment of amounts on Sukuk. As a result, investors may receive less than expected, or no payment at all.

2.3.2 Any future regulation or reform or discontinuance of the offered rate for deposits in Saudi Arabian Riyals ("SAIBOR") may adversely affect the value of the Sukuk if the Floating Periodic Distribution Provisions are specified in the Applicable Final Terms as being applicable

The sustainability of interbank offered rates has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. As a result, there has been recent international regulatory guidance and proposals for reform of interest rates and indices which are deemed to be "benchmarks". Some of these reforms are already effective whilst others are still to be implemented. Such reforms may cause such "benchmarks" to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. The implementation of any such reforms in relation to SAIBOR could have a material adverse effect on the value or liquidity of, and return on, any Sukuk where the Floating Periodic Distribution Provisions are applicable.

Reforms of "benchmarks" such as SAIBOR or the general increased regulatory scrutiny of such "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. It is not possible to predict with certainty whether, and to what extent, SAIBOR will continue to be supported going forwards. This may cause SAIBOR to perform differently than it has done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects: (i) discouraging market participants from continuing to administer or contribute to a "benchmark"; (ii) triggering changes in the rules or methodologies used in the "benchmark"; and/or (iii) leading to the disappearance of the "benchmark".

Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Sukuk where the Floating Periodic Distribution Provisions are applicable. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any such reforms in making any investment decision with respect to any such Sukuk.

Investors should be aware that the Floating Periodic Distribution Provisions provide for certain fall-back arrangements in the event that SAIBOR ceases to exist or be published or another SAIBOR Event (as defined in Condition 9 (*Floating Periodic Distribution Provisions*)) occurs. These fall-back arrangements include the possibility that the Reference Rate could be determined by reference to a successor or replacement rate or an alternative rate and that an adjustment spread may be applied to such successor, replacement or alternative rate as a result of any such replacement of SAIBOR. Any adjustment spread that is applied may not be effective to reduce or eliminate economic prejudice to investors. The use of a successor, replacement or alternative rate (including with the application of an adjustment spread) may still result in any Sukuk where the Floating Periodic Distribution Provisions are applicable performing differently (which may include payment of a lower Periodic Distribution Amount) than such Sukuk would if SAIBOR were to continue to apply in its current form.

In certain circumstances the ultimate fall-back for the purposes of calculation of the applicable Periodic Distribution Amount may result in the Reference Rate for the last preceding Periodic Distribution Period being used. This may result in the Floating Periodic Distribution Provisions effectively providing for the application of a fixed rate based on the Reference Rate last determined in relation to the Sukuk in respect of the most recent preceding Periodic Distribution Period. In addition, due to the uncertainty concerning the availability of any successor, replacement or alternative rate and the application of any adjustment spread, the relevant fall-back provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value or liquidity of and return on any such Sukuk. Moreover, any of the above matters or any other significant change to the setting or existence of SAIBOR could affect the ability of the Issuer to meet its obligations under the Sukuk where the Floating Periodic Distribution Provisions are applicable or could have a material adverse effect on the value or liquidity of, and the amount payable under such Sukuk. Investors should consider these matters when making their investment decision with respect to the Sukuk.

2.3.3 Absence of a secondary market for the Sukuk can have an adverse effect on their market value

There is no assurance that a secondary market for any Series of Sukuk will develop or, if it does develop, that it will provide the Sukukholders with liquidity of investment or that it will continue for the life of the Sukuk. There is no guarantee of what the market price for selling or buying the Sukuk will be at any time. The market value of each Series of Sukuk may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Sukuk. Accordingly, a Sukukholder may not be able to find a buyer to buy its Sukuk readily or at prices that will enable the Sukukholder to realise a desired yield. As such, the purchase of Sukuk is suitable only for investors who can bear the risks associated with a lack of liquidity in the Sukuk and the financial and other risks associated with an investment in the Sukuk. Therefore, investors should be aware of the possibility that they may need to hold the Sukuk to maturity.

2.3.4 Trading, settlement and listing

The Sukuk of each Tranche will only be issued in dematerialised registered global form and will be represented at all times by interests in a registered form Global Sak, which will be deposited with the Sukukholders' Agent on the relevant Issue Date. While the Sukuk are represented by the Global Sak, investors will be able to trade their beneficial interests only through the clearing and settlement system of the Registrar and the Issuer will discharge its payment obligations under the Sukuk by making payments through such clearing and settlement system. A holder of a beneficial interest in the Global Sak must rely on the procedures of the clearing and settlement system of the Registrar and its participants in relation to payments under the Sukuk.

However, there can be no assurance that there will be no interruption to, or errors in, trading, clearing or settlement of the Sukuk as a result of the inexperience or lack of familiarity of the operations in regard to trading, clearing and settlement systems or as a result of inherent inadequacies of any such trading, clearing or settlement system. None of the Arranger or the Dealer will be under any obligation to provide pricing on, or make a market in, any Sukuk.

2.3.5 The Sukuk are unsecured obligations of the Issuer

The Sukuk are not debt obligations of the Issuer. The Sukuk of any Series represent undivided interests in the relevant Sukuk Assets (including undivided rights in the relevant Payment Obligations). Recourse to the Issuer in respect of any Sukuk is limited to the relevant Sukuk Assets, the proceeds of which are the sole source of payments payable by the Issuer on the relevant Sukuk.

Upon the occurrence of a Liquidation Date (as defined in the Conditions), the sole recourse of each Sukukholder will be against the Issuer to pay such Sukukholder's proportional share of the Payment Obligations from the proceeds of the Sukuk Assets pursuant to the Conditions and the Sukuk Documents to which the Issuer is a party. The Sukukholders will otherwise have no other recourse to any assets of the Issuer, the Arranger, the Dealer, the Payment Administrator, or the Sukukholders' Agent (to the extent that the Sukuk Assets have been exhausted) or any affiliate of any of the foregoing entities in respect of any shortfall in the expected amounts due under the relevant Sukuk Assets. There can be no assurance that the proceeds or the realisation of, or the enforcement with respect to, the Sukuk Assets and the Payment Obligations will be sufficient to make all payments due in respect of any Series of the Sukuk.

2.3.6 The payment obligations of the Issuer under the Sukuk Documents to which it is a party will rank pari passu with the unsecured and unsubordinated financial obligations of the Issuer

The Issuer has existing secured and unsecured financial obligations and may incur further obligations in the future (either through the issuance of other debt instruments or otherwise). The payment obligations of the Issuer under the Sukuk will rank pari passu with the unsecured and unsubordinated financial obligations of the Issuer. Secured creditors will take priority in recovering their exposure from the security granted to them. The existence of other financial obligations may reduce the amount recoverable by Sukukholders from the Sukuk Assets where the Issuer does not have sufficient assets to satisfy its financial obligations or upon the occurrence of any other insolvency event. Accordingly, upon the occurrence of such events, there may not be a sufficient amount to enable the Sukukholders' Agent to satisfy the amounts owing to the Sukukholders which would result in the Sukukholders losing all or part of the amount invested in the Sukuk.

2.3.7 The Sukuk may be subject to redemption at the option of the Issuer

If so provided in the Applicable Final Terms, a Series may be redeemed early at the option of the Issuer in whole, but not in part, in accordance with Condition 12.2 (*Redemption at the option of the Issuer*). Additionally, the Issuer may, in certain circumstances following the exercise by Sukukholders of their rights (if applicable) pursuant to Condition 12.4 (*Redemption at the option of the Sukukholders*), redeem a Series early in accordance with Condition 12.4. Any such optional redemption feature of any Sukuk is likely to limit their market value. During any period when the Issuer may elect to redeem Sukuk, the market value of such Sukuk generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Sukuk when its cost of financing is lower than the profit rate on the Sukuk. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the Sukuk being redeemed and may only be able to do so at a significantly lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time.

2.3.8 The Sukuk may be redeemed prior to the Expiry Date for tax reasons

If on the occasion of the next payment due under a Series the Issuer has or will become obliged to pay any additional amounts in respect of the Sukuk as provided for, or referred to, in Condition 16 (*Taxation*) 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 power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date upon which agreement is reached to issue the relevant Series and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may redeem the Sukuk of such Series in whole, but not in part, in accordance with Condition 12.3 (*Redemption for tax reasons*). If the Sukuk are redeemed early, Sukukholders may only be able to reinvest the redemption proceeds at an effective profit rate that is lower than the profit rate on the Sukuk.

2.3.9 The Sukuk may be subject to early redemption

The Sukuk may be redeemed prior to the Expiry Date: (i) at the option of the Issuer in whole but not in part; (ii) at the option of the Issuer in whole but not in part in the event of certain changes affecting taxes of the Saudi Arabia; (iii) at the option of the Sukukholders in whole or in part; (iv) at the option of the Sukukholders following the occurrence of a Change of Control Event in whole or in part; (v) at the option of the Issuer in whole but not in part in the event that at least 90% of the Aggregate Nominal Amount of the Sukuk of a given Series has been redeemed following a Change of Control Event; (vi) at the option of the Issuer in whole but not in part in the event that at least 90% of the Aggregate Nominal Amount of the Sukuk of a given Series has been purchased and cancelled pursuant to Condition 10 (*Purchase and Cancellation of Sukuk*); or (vii) following the occurrence of an Event of Default.

If the Sukuk 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 Sukuk 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.

2.3.10 Change of law

The structure of each issue of Sukuk under the Programme is based on the laws and administrative practice of the Kingdom in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Saudi Arabian law or administrative practice after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer: (i) to make payments under the Sukuk; (ii) to comply with its obligations under the Sukuk Documents which could affect the legal status of the Sukuk and therefore affect the Issuer's ability to satisfy its payment and other obligations under the Sukuk.

2.3.11 Tax consequences in the Kingdom

The Sukukholders may be subject to payment of income tax, withholding tax, capital gains tax, zakat or other taxation in the Kingdom as a result of acquiring, holding or disposing of the Sukuk. Each prospective Sukukholder must take its own professional advice as to the tax consequences for such Sukukholder of acquiring, holding or disposing of the Sukuk. The Issuer (Tax Identification Number: 3000474854) will treat the Sukuk as capital / equity for Zakat purposes throughout the period in which the Sukuk are outstanding, regardless of their classification in the Issuer's financial statements. For a further discussion of taxation and zakat issues relating to the acquisition, holding or disposal of the Sukuk, see Section 17 ("*Taxation and Zakat*").

2.3.12 The interests of the controlling shareholders may conflict with holders of the Sukuk

The controlling shareholders have (directly or indirectly) the power to, inter alia, affect the Issuer's legal and capital structure and its day-to-day operations and may have an incentive to increase the value of their investments or cause the Issuer to distribute funds at the expense of its financial condition, which could impact its ability to make payments under the Sukuk Documents to which it is a party. In addition, the controlling shareholders have the power to elect a majority of the Issuer's Board of Directors and appoint new officers and management and, therefore, effectively control many other major decisions regarding the Issuer's operations. There can be no assurance that the interests of the Issuer's controlling shareholders will not conflict with holders of the Sukuk.

2.3.13 Restrictive covenants and change of control provisions in the Issuer's other debt obligations

Any debt financing incurred by the Issuer 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 Issuer is unable to obtain a waiver from the respective lenders, 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 Sukuk, in which the Change of Control put right pursuant to Condition 1.2.4(b) only arises upon a Change of Control (as defined in the Conditions).

Furthermore, future debt of the Issuer or its Subsidiaries may prohibit redemption of the Sukuk in the event of a change of control or provide that a change of control is a default or requires repurchase upon a change of control. Moreover, the exercise by the Sukukholders of their right to require redemption of the Sukuk 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 purchase on the Issuer. The realisation of any of these risks could have a material adverse effect on the Issuer's business, financial condition and results of operations and thus on the Trustee's ability to fulfil obligations under the Sukuk.

2.3.14 Payment relating to the Sukuk and Qualified Persons

Prospective investors should note that the Periodic Distribution Amount or Partial Periodic Distribution Amount on the relevant payment date will be paid from the Mudaraba Profit.

Prospective Sukukholders should also note that the Issuer shall not pay any additional amounts in respect of any withholding required by law to any person who holds Sukuk but is not a Qualified Person. Therefore, interested investors must ensure satisfaction of the requirements of being a Qualified Person to avoid such withholding or any other legal or regulatory consequences.

2.3.15 Legal investment considerations may restrict certain investment

The investment activities of certain investors are subject to legal investment laws and regulations, or the review of such laws and regulations by certain governmental or regulatory authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Sukuk constitute legal investments for it; (ii) the Sukuk can be used as collateral for various types of borrowing; and (iii) other restrictions apply to any purchase or pledge of any Sukuk by the investor.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Sukuk under any applicable risk-based capital or similar rules and regulations to avoid breaching any laws and regulations or the provisions of contracts or agreements to which they are a party.

2.3.16 Registry Agreement

The Registry Agreement is required to complete registration of Sukuk issued under the Programme with Tadawul and such registration is necessary to facilitate trading of Sukuk by investors through Tadawul. However, as at the Issue Date of each Tranche to be issued under the Programme, the Registry Agreement may not have been signed and registration of such Tranche with Tadawul may not have occurred. As such, investors should be aware that trading of Sukuk may not be possible through Tadawul as of the relevant Issue Date. Under the Programme Agreement, the Issuer is required to sign the Registry Agreement and procure registration of the Sukuk with Tadawul as soon as practicable after the relevant Issue Date.

2.3.17 Modification, Waivers and Substitution

The Conditions and the Master Declaration of Agency contain provisions for calling meetings (including by way of teleconference call (using a video enabled platform)) of the Sukukholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Sukukholders, including Sukukholders who did not attend and vote at the relevant meeting and the Sukukholders who voted in a manner contrary to the majority. The meeting provisions in

the Sukuk Documents are subject in their entirety to the relevant provisions of Saudi Arabian Companies Law issued pursuant to Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), as amended from time to time, which will, in case of a contradiction, prevail over the meeting provisions set out in the Sukuk Documents.

The Master Declaration of Agency also contains provisions permitting the Sukukholders' Agent (acting on behalf of and for the benefit of the Sukukholders) to agree, without the consent or sanction of the Sukukholders, to any modification (subject to certain exceptions as provided in the Master Declaration of Agency) of, or to any waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Declaration of Agency or any other Sukuk Document, or may determine that an Event of Default, shall not be treated as such which in any such case, in the opinion of the Sukukholders' Agent, is not materially prejudicial to the interests of the Sukukholders or to any modification of any of the Conditions or any of the provisions of the Declaration of Agency or any other Sukuk Document which is (in the opinion of the Sukukholders' Agent) of a formal, minor or technical nature or which is made to correct a manifest error or to comply with mandatory provisions of law. Subject to any such modification, waiver, authorisation or determination shall be binding on the Sukukholders and, unless the Sukukholders' Agent agrees otherwise, any such modification shall be notified to the Sukukholders as soon as practicable thereafter in accordance with Condition 18 (*Notices*).

2.3.18 Mudaraba Assets risk

Pursuant to the Master Mudaraba Agreement, an amount which is not less than 51% of the Aggregate Nominal Amount of the relevant Tranche, less the applicable Available Amount (or portion thereof where the Series comprises more than one Tranche), will be directly invested in the business of the Issuer with a view to earning profit therefrom, which will in turn be applied towards payments due to Sukukholders in respect of the Sukuk. In the event that any of the risks relating to the business of the Issuer mentioned above (see Section 2.1 "*Risks relating to the Company's Business and Activities*") or otherwise materialise and impact the Issuer's business, the value of and profit earned from the investment in such Mudaraba Assets may drop which may, in turn, have a material adverse effect on the Issuer's ability to fulfil its payment obligations in respect of the Sukuk Documents.

2.3.19 Murabaha Contracts risk

Taxation risk

The Issuer will, pursuant to the terms of the Master Murabaha Agreements (as defined in the Conditions), acquire from time to time certain Commodities from the Seller (each as defined in the Master Murabaha Agreement) for subsequent on-sale to independent purchasers in any commodity market. Upon purchasing, and prior to on-selling, any Commodities, the Issuer will for a limited period assume the legal and beneficial title to the Commodities. It is possible that the acquisition of the Commodities, or the disposal thereof, may be, or may by virtue of a change in law become, subject to increased taxation. To the extent that taxation costs arise in respect of the Issuer's acquisition, ownership or disposition of the Commodities, there may be a material adverse effect on the Issuer's ability to perform its obligations (including payment obligations) under the Master Murabaha Agreements and, in turn, in respect of the relevant Series of Sukuk.

Price fluctuation risk

The price at which a commodity changes hands is determined as a function of its market as a whole, and both under- and over-supply of a commodity can have significant implications for the price at which it is traded. If, after the Issuer has purchased any Commodities, the market for the Commodities becomes over-supplied or flooded, the price at which the Commodities can be on-sold or traded subsequently may be adversely affected. Similarly, if after the Issuer has purchased the Commodities, additional governmental or import or export licences become applicable to the market for the Commodities, the price at which the Commodities can be sold or traded subsequently may also be adversely affected. The effect of such price fluctuations may have a material adverse impact on the Issuer's ability to secure on-sale prices for the Commodities and, in turn, have a material adverse effect on the Issuer's ability to perform its obligations (including payment obligations) under the Murabaha Agreements and, in turn in respect of the Sukuk.

Commodity risk

Upon purchasing Commodities from the Seller and prior to selling the Commodities to independent purchasers in any commodity market, the Issuer will for a limited period assume the operational risks associated with taking ownership of the Commodities. These risks include, without limitation:

- that the Commodities may suffer damage of a nature that reduces their value whilst in storage or during transit;

- that the Issuer's storage or transfer of the Commodities may cause environmental damage, such as pollution, leakage or contamination, which may breach environmental laws or regulations making the Issuer susceptible to legal or financial recourse;
- that the Commodities may be liable to theft or vandalism; and
- that the Commodities may be damaged by sabotage attacks, natural disasters, fire or other catastrophic events that are beyond the control of the Issuer.

To the extent that these risks are not mitigated, or fully covered, by any insurance taken out in respect of the Commodities, the occurrence of any of these events may have a material adverse effect on the value of the Commodities or the Issuer's ability to on-sell the Commodities which may, in turn, affect the Issuer's ability to perform its obligations (including payment obligations) under the Murabaha Agreements and, in turn in respect of the Sukuk.

Supplier risk

From time to time, it will be necessary for the Issuer to acquire and on-sell (at satisfactory prices) specific quantities and types of Commodities in order to meet its obligations under the Master Murabaha Agreements and in respect of the Sukuk. The Issuer's ability to perform such obligations (including payment obligations) may be materially adversely affected in the event that the Issuer is unable to secure from Suppliers the requisite quantities or types of Commodities.

2.3.20 There is no assurance that the Sukuk will be Shari'ah-compliant

Prospective investors should note that different Shari'ah advisers, and Saudi courts and judicial committees, may have different interpretations of Shari'ah principles and as such may form different opinions on identical issues and different Shari'ah standards may be applied by different Shari'ah boards and therefore prospective investors should consult their own legal and Shari'ah advisers to receive an opinion on the compliance of any Sukuk issued under the Programme with Shari'ah principles. Prospective investors should also note that although the Shari'a Committee of Al Rajhi Capital Company has reviewed the terms of the Programme and the Sukuk Documents for compliance with the principles of Shari'ah as applicable to, and interpreted by, them, any pronouncement would not bind a Saudi Arabian court or judicial committee, including in the context of any insolvency or bankruptcy proceedings relating to the Issuer and any Saudi Arabian court or judicial committee will have the discretion to make its own determination about whether terms of the Programme, any Series of Sukuk issued under the Programme, the Sukuk Documents and the related structure (or any part thereof) complies with Saudi law and Shari'ah principles and therefore is enforceable. Prospective investors should not rely on the Shari'ah pronouncement issued by the Shari'a Committee of Al Rajhi Capital Company, when deciding whether to make an investment in the Sukuk and should obtain their own independent Shari'ah advice as to whether the Transaction Documents, the Sukuk and the issue and trading of the Sukuk will meet their individual standards of compliance with Shari'ah principles, and should also make their own determination as to the future tradability of the Sukuk on any secondary market. In addition, questions as to the Shari'ah permissibility of the Transaction Documents or the issue and trading of the Sukuk of any Series may limit the liquidity and adversely affect the market value of the Sukuk. Accordingly, no person (including, without limitation, the Issuer, the Arranger and the Dealer) makes any representation that the terms of the Programme, any Series of Sukuk issued under the Programme, the Conditions and any other Sukuk Document comply with Shari'ah principles and in particular no representation is made regarding any Shari'ah pronouncement issued by the Shari'a Committee of Al Rajhi Capital Company regarding the terms of the Programme and the Sukuk Documents, subject to change and disagreement from other Shari'ah scholars. Accordingly, there is no assurance that the Programme nor any Series of Sukuk issued thereunder will be considered to be Shari'ah-compliant by any person.

2.3.21 Governing law, jurisdiction and enforceability

The Sukuk and the Sukuk Documents are governed by, and are to be construed in accordance with, the laws and regulations of Saudi Arabia, which are based on Shari'ah. There are a number of courts and judicial committees in Saudi Arabia which have jurisdiction in respect of certain types of claims. Disputes are generally heard before the general courts of Saudi Arabia unless jurisdiction for a particular type of dispute is awarded to another court or judicial committee. Disputes arising under the Capital Market Law of Saudi Arabia (issued pursuant to the Royal Decree No. (M/30) dated 2/6/1424H (corresponding to 31/07/2003G), as amended by the Royal Decree No. (M/16) dated 19/01/1441H (corresponding to 18/09/2019G)) (the "Capital Market Law") and its implementing regulations are heard before the Committees, which are quasi-judicial bodies.

The government of Saudi Arabia has approved and implemented a restructuring of the judicial system, including the establishment of a Supreme Court as well as commercial, personal status and labour courts. The Judiciary Law (the "The Judiciary Law"), and the Law of the Board of Grievances (the "Board of Grievances Law") were enacted by Royal Decree No. M/78 dated 19/09/1428H (corresponding to 01/10/2007G) (as amended). Under the Judiciary Law, the Supreme Court has been given all the functions (other than certain administrative responsibilities) of the Supreme Judiciary Council, which previously served as the Kingdom's highest tribunal. Previously, the Board of Grievances had jurisdiction over commercial

disputes. As of the date of this Base Prospectus, with the establishment of commercial courts pursuant to circular No. T/967 issued by the Supreme Judiciary Council on 01/01/1439H (corresponding to 21/09/2017G), jurisdiction over commercial disputes passed to the commercial courts. Pursuant to the Commercial Courts Law promulgated by Royal Decree No. M/93 dated 15/08/1441H. (corresponding to 09/04/2020G), the commercial courts have jurisdiction over: (i) disputes arising between traders as a result of their principal or ancillary commercial transactions; (ii) claims against traders with respect to disputes related to commercial contracts to the extent that such claims exceed one hundred thousand Saudi Arabian Riyals (SAR 100,000) or any other higher threshold prescribed by the Supreme Judiciary Council; (iii) disputes between shareholders of speculative companies; (iv) claims and violations related to the application of the Companies Law, the Bankruptcy Law, the Intellectual Property Laws and the other commercial laws; (v) claims related to the appointment of a sequester, custodian, liquidator or specialist to the extent that this relevant to a dispute under the jurisdiction of the commercial courts; and (vi) damage claims arising from disputes previously resolved by the commercial courts. It is not clear at this stage what impact on the Sukuk or any claim under the Sukuk this restructuring may have.

The Sukuk and the Sukuk Documents provide for the resolution of disputes through proceedings before the Committees. However, whilst the Committees are responsible for the settlement of disputes arising under the Capital Market Law and its implementing regulations, under the laws of Saudi Arabia, only a court in its application of the law will finally determine the appropriate adjudicating forum for the dispute, notwithstanding the contractual election of the parties to an agreement. There is therefore a risk that other courts or judicial committees will have jurisdiction to hear relevant disputes. Any provision in an agreement that purports to preclude any party from invoking the jurisdiction of a particular Saudi Arabian court or judicial committee where the parties have referred a dispute to any Saudi Arabian court or judicial committee may not be enforceable.

Also, prospective investors should note that, to the best of the Issuer's knowledge, no securities of a similar nature to the Sukuk have previously been the subject of adjudicatory interpretation or enforcement in Saudi Arabia. Accordingly, it is uncertain exactly how and to what extent the Sukuk and the Sukuk Documents (or any of them) would be enforced by the Committees or any other judicial or quasi-judicial authority in Saudi Arabia.

Prospective investors should also note that the various courts and judicial committees of Saudi Arabia applying Saudi law, and, in particular, the relevant principles of Islamic law are generally construed and applied pursuant to the teachings of the Hanbali school of jurisprudence, which may interpret or enforce, or reinterpret, the Sukuk and any Sukuk Document other than in accordance with its terms. There are majority and minority views within the Hanbali school of jurisprudence either of which may be applied in any particular case. In this regard, the courts and judicial committees of the Kingdom may decline to enforce any contractual or other obligations (including any provisions relating to the payment of profit) if it is their view that the enforcement thereof would be contrary to principles of Shari'ah. In addition, there is neither a doctrine of binding precedent in Saudi Arabia nor a public centralised index of previous judgments of courts and judicial committees thereby allowing judges notable interpretative discretion and rendering it difficult to predict which of the positions would be followed by a court or judicial committee in Saudi Arabia.

Prospective investors should further note that different Shari'ah advisers and courts and judicial committees in Saudi Arabia may form different opinions on identical issues and different Shari'ah standards may be applied by different Shari'ah boards and therefore prospective investors should consult their own legal and Shari'ah advisers to receive an opinion, as to the compliance or otherwise of the Sukuk and the Sukuk Documents with Shari'ah principles (see Section 2 ("*Risks relating to the Sukuk—There is no assurance that the Sukuk will be Shari'ah-compliant*")). Prospective investors should also note that although the Shari'a Committee of Al Rajhi Capital Company has confirmed that the Sukuk Documents are, in their view, compliant with the principles of Shari'ah as applicable to, and interpreted by, them, such approvals and confirmations would not bind a court or judicial committee in the Kingdom. As such, any court or judicial committee in the Kingdom will have the discretion to make its own determination as to whether the Sukuk and the Sukuk Documents comply with the laws of the Kingdom and Shari'ah principles and therefore are enforceable in the Kingdom.

2.3.22 Events of Default

The courts and judicial committees of Saudi Arabia may elect to not give effect to any Event of Default other than those Events of Default relating to the non-payment of amounts due under the Sukuk Documents. In such circumstances, the Sukukholders may subsequently have no right to take enforcement action with respect to the relevant Events of Default.

2.3.23 Penalties and indemnities

The courts or judicial committees of Saudi Arabia may determine that any provision of the Sukuk Documents is an agreement to pay a penalty rather than a genuine estimate of loss incurred. Upon such a determination, such provision would not be enforceable in Saudi Arabia. Further, in certain circumstances, an indemnity provided by the Issuer in relation to any Sukuk or pursuant to the Sukuk Documents may not be enforceable under the laws and regulations of Saudi Arabia.

The occurrence of any of the above circumstances may adversely affect the ability of the Sukukholders to enforce their rights in relation to any Sukuk or pursuant to the Sukuk Documents.

2.3.24 Compliance with bankruptcy law in Saudi Arabia may affect the Issuer's ability to perform its obligations under the Sukuk and the Sukuk Documents

The bankruptcy law promulgated pursuant to Royal Decree No. M/50 dated 28/05/1439H (corresponding to 14/02/2018G), as amended by Royal Decree No. M/89 dated 9/7/1441H (corresponding to 04/03/2020G) (the "**Bankruptcy Law**") prescribes general bankruptcy procedures.

If the Issuer's insolvency satisfied the eligibility conditions for such bankruptcy procedures, this could adversely affect the Issuer's ability to perform its obligations in respect of the Sukuk and the Sukuk Documents. There is little precedent to predict how claims by or on behalf of the Sukukholders would be resolved in the event of the Issuer satisfying the eligibility conditions of any such bankruptcy procedures and, accordingly, it is uncertain exactly how and to what extent the Sukuk and the Sukuk Documents would be enforced by a Saudi Arabian adjudicatory body in that situation and, therefore, there can be no assurance that Sukukholders will receive repayment of their claims in full or at all in these circumstances. In addition, there is a material likelihood that a Saudi Arabian adjudicatory body could consider void a contractual provision that seeks to terminate a contract in the event of a preventative settlement process being instigated (such as, for example, Condition 13(h) (*Events of Default*)). This is based on Article 22 and Article 23 of the Bankruptcy Law, which states that contracts should not be affected as a result of preventative settlement or financial restructuring processes and any condition to the contrary is null and void. Whilst there is an exemption for finance contracts, it is not clear whether the Conditions or the Sukuk Documents will fall within the scope of this exemption. It is open to a contractual party to apply for its contract to be terminated, pursuant to Article 24 of the Bankruptcy Law, if the party undergoing preventative settlement fails to comply with its obligations in the period after the commencement of preventative settlement.

2.3.25 A court may not grant an order of specific performance

In the event that the Issuer fails to perform its obligations under the Sukuk or any Sukuk Document the potential remedies available to the Sukukholders' Agent (on behalf of Sukukholders) include: (i) obtaining an order for specific performance of the Issuer's obligations; or (ii) a claim for damages.

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. Specific performance, injunctive relief and declaratory judgments and remedies are rarely available as judicial and other adjudicative remedies in the Kingdom. 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 Sukukholders' Agent and the Sukukholders 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 the Issuer to perform its obligations set out in the Sukuk and the Sukuk Documents. Damages for loss of profits, consequential damages or other speculative damages are not awarded in the Kingdom by the courts or other adjudicatory authorities, and only actual, direct and proven damages are awarded.

3

The Company

3. The Company

3.1 Overview of the Company and its Business Activities

Arabian Centres Company (trading as Cenomi Centers) (the “Company”) is a joint-stock company established under commercial registration no. 1010209177 dated 07/04/1426H (corresponding to 15/05/2005G), pursuant to ministerial resolution no. Q/322, dated 15/10/1438H (corresponding to 09/07/2017G). The Company’s registered office is located at Nakheel District, P.O. Box 341904, Riyadh 11333, Kingdom of Saudi Arabia. The Company’s current capital is four billion seven hundred and fifty million Saudi Riyals (SAR 4,750,000,000) divided into four hundred and seventy five million (475,000,000) ordinary shares, with a nominal value of ten Saudi Riyals (SAR 10) per Share. The Company’s main activities involve maintaining, operating and managing shopping malls.

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 as at 31 March 2025G. The Company’s core operating portfolio comprised 21 shopping malls (the “malls”) as at 31 March 2025G, 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 2025G, the Company’s malls had a total GLA of approximately 1.280 million square metres, 4,239 occupied retail units and a period-end like-for-like occupancy rate of 93.1%. Based on the latest market study commissioned by the Company, as at 31 December 2024G, the Company held a 18.3% overall market share of total shopping mall GLA in the major cities of Saudi Arabia (i.e. Jeddah, Dammam and Riyadh), compared to 17.6% as at 31 January 2023G.

As at 31 March 2025G, the Company also has a number of strategic projects to support its growth, including a pipeline of six additional malls by 2027G, and an additional mall (Jubail Marina Mall) that will be managed under an operational agreement, all of which the Company expects to increase GLA by approximately 559,000 square metres. In February 2024G, the Company entered into a non-binding memorandum of understanding with GIB Capital regarding the proposed operation and management of Barakah Mall in Makkah, located near the Great Mosque of Mecca. Barakah Mall, which is scheduled to open in February 2026G, is expected to comprise approximately 80,000 square metres and is intended be managed by the Company on an asset-light basis, requiring no capital expenditure by the Company. On 17 November 2021G, 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 may now sell and rent units off-plan, thereby boosting its financial flexibility.

The Company operates some of the most iconic malls in Saudi Arabia, including the Mall of Arabia (Jeddah) and Nakheel Mall (Riyadh). The Company generated revenue of SAR 590.6 million for the three-month period ended 31 March 2025G and SAR 2,344.0 million for the year ended 31 December 2024G. The Company generated revenue of SAR 2,253.7 million and 2,206.7 million for the years ended 31 December 2023G and 31 December 2022G, respectively. For the years ended 31 December 2024G and 31 December 2023G, the footfall for the Company’s malls reached 131.9 million and 124.0 million, respectively. The footfall for the Company’s malls reached approximately 34.7 million for the three-month period ended 31 March 2025G.

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 31 March 2025G more than 1,100 international, regional and local retail brands, including Centrepont, Zara, Danube, Virgin Megastores and Panda, were tenants of the Company’s properties. The Company has strong relationships with 30 large, strategic Key Account Tenants (as defined below), each of which holds retail unit leases in a number of its malls. As a result, the Company’s strong tenant relationships have allowed it 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 2017G. In addition, since 2019G, the Company has focused on expanding the entertainment and lifestyle offerings in its malls and had introduced cinemas at 16 of its 21 malls by 31 March 2025G.

The Company commissioned an external valuation by independent valuers of its investment properties as at 31 March 2025G. Based on the valuation, the fair value of the Company’s investment properties as at 31 March 2025G was SAR 28.3 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 2020G 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 March 2025G, the Company had a market capitalisation of SAR 9.8 billion, including 33.7% in free float.

3.2 Competitive Advantages, Strengths and Strategies of the Company

3.2.1 Competitive Advantages and Strengths of the Company

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

3.2.2 Saudi Arabia's Leading Shopping Mall Owner and Operator

The Company believes that, as at 31 March 2025G, it was the largest shopping mall owner, developer and operator in Saudi Arabia by GLA, with a portfolio of 21 malls with a total GLA of 1.280 million square metres, compared to a total GLA of approximately 700,000 held by the Company's next largest competitor. On 15 December 2023G, the Company initiated the soft-opening of U Walk Jeddah, followed by a grand opening on 15 February 2024G. The Company has strong local positioning in the major cities of Saudi Arabia, with a market share of total shopping mall GLA as at 31 December 2024G of 25.8% in Jeddah, 22.6% in Dammam and 12.7% in Riyadh according to the latest market study commissioned by the Company. Since opening its first shopping mall in Riyadh in 2002G, the Company has cemented its position as the market leading developer and operator of high-quality retail spaces in Saudi Arabia. As at 31 March 2025G, 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 2019G and 2024G the Company's total GLA increased at a compound annual growth rate ("CAGR") of 2.9% from approximately 1.2 million square metres to approximately 1.4 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 16 of its 21 malls, which accounted for 27.8% of the total GLA as at 31 March 2025G. 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 2022G, annual footfall for the Company's malls increased to reach 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 104.0 million footfall for the year ended 31 December 2022G, 124.0 million footfall for the year ended 31 December 2023G and 131.9 million footfall for the year ended 31 December 2024G. For the three-month period ended 31 March 2025G, the Company recorded a quarterly footfall of 34.7 million. As at 31 March 2025G, the Company's malls featured over 1,100 brands, including many leading fashion and apparel brands such as Centrepont, 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.

3.2.2.1 Large Retail Market with Long-term Growth Prospects

Saudi Arabia is the largest retail market in the GCC, with a 40.7% market share as of 31 December 2023G, based on the latest available market study, as compared to the second largest retail market, the United Arab Emirates, which had a 36.3% market share at the same date. 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 2016G, 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 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. In 2019G, total tourism spending in Saudi Arabia increased by 8.8% to SAR 154 billion compared to the previous year. However, in 2020G, due to the impact of COVID-19, tourism spending decreased to SAR 63.4 billion. Despite the slowdown in tourism activity in 2020G, tourism activity in Saudi Arabia began a recovery in 2021G following the easing of travel restrictions and the successful roll-out of the COVID-19 vaccine programme in Saudi Arabia. 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.

3.2.2.2 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. For instance, related parties have not charged the Company penalties for rescheduling contracts or delayed payments as a result of COVID-19.

One of the key related parties, Fawaz Abdulaziz Alhokair Co., in which the Controlling Shareholders own (directly or indirectly) an interest in its ordinary shares, is a leading franchise retailer and one of the largest retail companies in Saudi Arabia and, as at 31 March 2025G, had over 850 retail stores in over nine countries. Its brand portfolio includes over 55 brands, including Zara, Massimo Dutti, Gap and New Yorker, which are among the leading international brands operating in Saudi Arabia. As at 31 March 2025G, Fawaz Abdulaziz Alhokair Co. had 280 retail units (not including food & beverage units) across the Company's portfolio of malls and accounted for 26.5% of the Company's average total occupied GLA for the three-month period ended 31 March 2025G. 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 5,898 square metres of GLA (1.0% of the total GLA of the Company) across the Company's malls as at 31 March 2025G. Innovative Union Company is a large restaurant franchise owner and operator and food retailer in Saudi Arabia with a brand portfolio of 16 brands and has been in operation since 2000G.

The leading Saudi cinema brand, Next Generation Co L.L.C. (otherwise known as MUVI), is another key related party. As at 31 March 2025G, MUVI had a presence in 15 of the Company's shopping malls occupying more than 53,000 square metres of GLA. MUVI plans to further expand its cinema offering across the network of Company's malls.

Given the Company's strong relationships with a range of these related parties, the Company believes it has a distinguished ability 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 21 malls, and, as at 31 March 2025G the Company has contracted Lynx Contracting Company for the development of 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 working together to successfully and efficiently deliver mall projects.

3.2.2.3 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 of SAR 590.6 million for the three-month period ended 31 March 2025G. For the year ended 31 December 2024G, the Company's revenues were SAR 2,344.0 million, as compared to SAR 2,253.7 million for the year ended 31 December 2023G and SAR 2,206.7 million for the year ended 31 December 2022G. The Company's revenues decreased during the year ended 31 March 2021G to SAR1,856.4 million, mainly due to the amortisation of SAR 241 million in COVID-19 related discounts to tenants, 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 2022G, 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, with an average occupancy rate of 93.8% over the last three years. The Company's like-for-like period end occupancy was 93.1% as at 31 March 2025G and 94.4% as at 31 December 2024G (as compared to 92.9% as at 31 December 2023G, 94.2% as at 31 December 2022G, 92.4% as at 31 March 2022G and 92.1% as at 31 March 2021G). For the three-month period ended 31 March 2025G, the Company's EBITDA was SAR 357.4 million, with EBITDA margins and net profit margins of 60.5% and 37.7%, respectively. For the year ended 31 December 2024G, the Company's EBITDA was SAR 1,409.1 million, with EBITDA margins and net profit margins of 60.1% and 52.2%, respectively.

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 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 2021G and 31 March 2022G, 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 2019G which translated into an occupancy level of 96.7% as at 31 March 2022G. Similarly, Nakheel Mall (Riyadh) had a pre-leasing level of 75% in the year ended 31 March 2015G, which translated into occupancy levels of 92%, 92% and 96% in the years ended 31 March 2016G, 2017G and 2018G, respectively. Moreover, as at 31 December 2023G, U Walk Jeddah (which soft-opened on 15 December 2023G) had secured a pre-leasing level of approximately 80% from tenants. This 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 approximately 90% of its lease contracts as at 31 March 2022G 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 2020G and 2021G 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.

3.2.2.4 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 in the commercial real estate and retail industries. The management team is responsible for the Company successfully becoming the largest mall owner and operator in Saudi Arabia. It 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 10.9% from 2019G to 2024G. The team also oversaw the Company's successful IPO on the Saudi Stock Exchange in May 2019G.

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. In May 2024G, the Company announced several senior management changes, including the appointment of Jabri Maali as Chief Financial Officer effective 2 June 2024G, consolidation of the regional Chief Operating Officer roles into a single position under Bruno Wehbe, and reassignment of legal department oversight to the finance function.

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 to Saudi Arabia, including through the introduction of Zara, Miss Selfridge and Wallis to Saudi consumers in the late 1990s, following which the Company opened its first mall in 2002G. 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.

3.2.3 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 operational excellence in order to maximise returns from the Company's existing operating portfolio, including through the non-core asset sale programme 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.

3.2.3.1 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 programme:** In November 2021G, 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 land, residential projects and mixed-use land 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 2022G, 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 Programme**"). The Non-Core Asset Sale Programme 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 Base Prospectus, five assets have been successfully divested pursuant to the Non-Core Asset Sale Programme, generating over SAR 1.24 billion in proceeds. These include the sale of: (i) a land plot in the Olaya district of Riyadh for SAR 230.5 million during the year ended December 2022G; (ii) a land plot in the Al Raed district of Riyadh for SAR 644.5 million during the year ended December 2023G; (iii) a land plot in the Granada district of Al Ahsa for SAR 62.5 million during the year ended December 2023G; (iv) Sahara Plaza, a single-tenant shopping centre, for SAR 200 million in February 2024G, for which proceeds were received in February 2025G; and (v) a land plot in Al Kharj City, located in Riyadh for SAR 100 million in June 2025G (excluding real estate transaction tax and brokerage fees).

The Company intends to divest additional land plots in the near future to further optimise its portfolio alignment. The income generated from the Non-Core Asset Sale Programme has strengthened, and is expected to continue to strengthen, the Company's liquidity and assist its expansion plans, including its pipeline of six additional malls by 2027G, which the Company expects will increase its GLA by approximately 559,000 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 Base Prospectus, 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.

In October 2024G, the Company entered into a strategic partnership with GIB Capital to establish a closed-end, Shariah-compliant real estate investment fund, with initial capital of SAR 1 billion, for the dual purposes of facilitating the sale of Qassim land and developing the U Walk Qassim mall, which forms part of the larger Tijan mixed-use scheme in Buraidah. Pursuant to CMA approval obtained in 2024G, GIB Capital will act as fund manager, overseeing the sale of the Qassim land and arranging project financing. The Company will contribute assets in-kind to the fund and retain sole unit-holder status.

- **Increasing occupancy rates:** A key asset management objective for the Company is to continually 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 93.1% as at 31 March 2025G, 94.4% as at 31 December 2024G and 92.9% as at 31 December 2023G, 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 2014G, 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 each of 31 March 2025G, 31 December 2024G, 31 December 2023G, 31 December 2022G, and 31 March 2022G, approximately 90% of the Company's lease contracts included a turnover rent component. Following the implementation of turnover rent, such rents were not consistently actively collected due to difficulties in collecting data and 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 2020G, 2021G and 2022G respectively. For the three-month period ended 31 March 2025G and for the years ended 31 December 2024G, 31 December 2023G, and 31 December 2022G, turnover-based rent accounted for 4.6%, 3.0%, 3.1%, and 2.5% 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 2022G the Company collected sales data from approximately 3,060 contracts, as compared to 2,425 contracts for the year ended 31 March 2021G. During the year ended 31 December 2023G, the Company collected sales data from approximately 2,753 contracts, as compared to 3,131 contracts for the year ended 31 December 2022G. During the three-month period ended 31 March 2025G, the Company collected sales data from approximately 3,306 contracts, whilst for the year ended 31 December 2024G, sales data was collected from 3,514 contracts.

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 seeks a more active rotation of underperforming tenants.

- **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 is also aiming 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. Since 2017G, the Company has begun standardising lease contract templates for all tenant categories by (among other things) standardising lease durations and prices (including with respect to discounts). The Company believes that by introducing a clearly defined pricing framework to reduce discounts and systematically applying the Company discount policy, the Company could see 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 additional space across its existing portfolio of malls. 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. As at 31 March 2025G, 11 of the Company's malls were located on leasehold land, with one being held under an operational agreement. In October 2020G, the Company renegotiated its lease-manage-maintenance agreements for two

of its major developments: U Walk Jeddah (formerly Zahra Mall) which, at the time, was under construction and Jeddah Park. Pursuant to the agreement with the landlord of Jeddah Park, the Company now leases, manages, operates and carries out maintenance works at Jeddah Park on behalf of the landlord in return for a percentage of the Jeddah Park's annual revenue. The Company received SAR 76.7 million in rental concessions on leases across its malls during the year ended 31 March 2021G compared to SAR nil during the year ended 31 March 2022G. During the year ended 31 December 2023G and the year ended 31 December 2024G, the Company received SAR 3.8 million and SAR 1.9 million respectively in rental concessions on leases across its malls. During the three-month period ended 31 March 2025G, the Company did not receive any rental concessions.. 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. 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. 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.

Moreover, on 14 June 2022G, 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 at 31 December 2022G. 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 at 31 December 2022G. 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), trolleys 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 its new 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.

3.2.3.2 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 typically 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.

As at 31 December 2023G, 16.9% and 10.0% 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 62.2% and 7.8% of the Company's total GLA, respectively. Moreover, as at 31 December 2024G, 18.6% and 8.9% 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 62.3% and 7.6% of the Company's total GLA, respectively. As at 31 March 2025G, 18.1% and 9.7% 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 62.1% and 7.3% of the Company's total GLA, respectively.

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 2017G, Saudi Arabia announced that it would lift the prohibition on cinemas, and the first new cinema opened in Saudi Arabia in April 2018G. In August 2019G, the Company opened its first cinema at Mall of Arabia (Jeddah) and has cinemas at 16 of its malls as at 31 March 2025G. In October 2020G, 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.

- **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. During the three-month period ended 31 March 2025G, the Company onboarded 67 brands. In the year ended 31 December 2024G, the Company onboarded 583 brands, and in the years ended 31 December 2023G and 31 December 2022G, the Company onboarded 160 and 187 brands, respectively. The international brands onboarded during the year ended 31 December 2024G include Vox Cinemas, Five Guys, Lululemon, Charlotte Tilbury and Xiaomi, 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 has launched a new website during 2024G which includes 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 March 2025G, 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 to 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. Management anticipates that the implementation of 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 journey, 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.

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. 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 is engaging in refurbishments to Yasmin Mall in connection with the construction of a cineplex which opened in January 2022G and is undertaking refurbishment works at Salam Mall Jeddah, Nakheel Plaza and Noor Mall as at the date of this Base Prospectus. These refurbishments will include improvements to the mall exteriors, shorefronts, car parking, landscapes, flooring, wet areas, lighting and signage.

- **Brand sponsorships:** In September 2019G, 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 2022G, 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 2022G, the Company announced the launch of 'Cenomi Rewards', the Company's first loyalty programme 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 a range of fashion, beauty and lifestyle retail options. In June 2025G, the Company launched the Cenomi Plus App, intended to serve as a central hub for mall-related services. The app provides users with access to mall information, exclusive offers, navigation tools and retail directories. In the future, the Cenomi Plus App is intended to integrate the Company's revamped loyalty programme, developed in partnership with Visa. As at the date of this Base Prospectus, the app has recorded over 1 million downloads and sign-ups.

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

In 2021G, the Company added two new malls to its portfolio, Jeddah Park and The View (previously named Khaleej Mall). Jeddah Park and The View commenced their operations in the second and third quarters of the fiscal year ending on 31 March 2022G, respectively and increased the Company's GLA by approximately 120,000 and 56,300 square metres, respectively.

As at 31 March 2025G, the Company also has a number of strategic projects to support its growth, including a pipeline of six additional malls by 2027G, all of which the Company expects to increase GLA by approximately 559,000 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 (Riyadh), Jawharat Al Khobar and Jawharat Jeddah) and two Regional Malls (U Walk Qassim and Murcia Mall). As at the date of this Base Prospectus, construction works are in progress for Jawharat Riyadh and Jawharat Jeddah, whilst the land, zoning and building permits and concept designs are in place, with development construction

ongoing for the 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 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.

3.2.3.4 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 minimise its environmental footprint across its portfolio of shopping centres. 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 has increased its transparency and accountability in pursuing its long-term sustainability objectives through the publication of its inaugural sustainability report in 2022G.

In December 2023G, 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 installation process will be carried out in phases. Regulatory permitting activities began at sites in Riyadh, Jeddah, and Dammam during 2024G, and several permits have already been secured. As at 31 March 2025G, construction had commenced at three sites, with additional locations across the Kingdom scheduled to follow throughout 2025G and 2026G.

Moreover, the Company aims to foster community development by supporting various local initiatives. Through programmes like the Mall Proof of Concept programme, the Company provides training and development opportunities to young Saudi nationals, fostering entrepreneurship and career advancement. Collaborations with institutions and organisations, 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 aforementioned efforts, the Company aims to establish itself as a leader in sustainability, driving positive impact across environmental, social, and governance domains.

3.3 Recent developments

Key recent developments occurring after 31 March 2025G include the following:

Ratings Update

In July 2025G, Fitch lowered the Company's Long-Term Foreign-Currency Issuer Default Rating and its senior unsecured ratings to "BB" from "BB+" with a 'negative' outlook. The revision reflects Fitch's assessment of the Company's liquidity position and increased leverage due to its large development programme, as well as ongoing refinancing plans for the U.S.\$ 875 million sukuk maturing in October 2026G. Fitch also highlighted the uncertainty around asset disposals and the ongoing reliance on head leases, despite good operating performance and progress in pre-leasing new malls.

In June 2025G, S&P lowered the Company's long-term issuer credit rating to "B+" from "BB-", whilst maintaining a 'stable' outlook. The revision reflects S&P's reassessment of the Company's credit metrics, driven by an increase in receivables and higher adjusted debt, alongside a flat revenue forecast following the lease expiry at Dhahran Mall and the delayed opening of the Jawharat Riyadh mall. The stable outlook, however, reflects the mitigating impact of expected insurance proceeds, continued strength in footfall and occupancy levels, and management's ongoing efforts to refinance the U.S.\$ 875 million sukuk maturing in October 2026G, which S&P expects will support the Company's liquidity position.

Previously, in July 2024G, Fitch affirmed the Company's Long-Term Foreign-Currency Issuer Default Rating and its senior unsecured ratings at "BB+", but revised its outlook to 'negative' from 'stable'. Fitch noted that the negative revision reflects narrowing headroom within the Company's credit metrics as it prepares to fund an extensive SAR 5.5 billion capex program, including six new malls due by 2027G. Fitch highlighted concerns over deteriorating interest coverage and persistent high dividend distributions, which may lead to increased pressure on cash flows. While Fitch acknowledged the Company's strong market presence, owning and managing 22 malls (as at July 2024G) across Saudi Arabia, it also emphasized that the high proportion of leasehold properties, significant asset concentration, and related-party transactions constrain the rating. Nonetheless, Fitch recognized that proceeds from ongoing asset disposals and management's tenant mix optimization efforts may help partially mitigate these pressures, though the Negative Outlook underscores the near-term challenges in maintaining current credit metric.

As at the date of this Base Prospectus, the Company does not maintain a rating from Moody's Investors Service ("**Moody's**") and the previous ratings assigned by Moody's were withdrawn in February 2025G.

Publication of unaudited consolidated financial statements as at and for the three-month period ended 31 March 2025G

In May 2025G, the Company published its unaudited condensed consolidated interim financial statements for the three-month period ended 31 March 2025G (which include comparative information for the three-month period ended 31 March 2024G).

Please see Section 20.1 "*Financial Statements of the Company as at, and for the three-month period ended 31 March 2025G—Financial Statements of the Company as at, and for the three-month period ended 31 March 2025G*" for a link to the Q1 2025G Interim Financial Statements which have been incorporated by reference to this Base Prospectus.

Partnership with Unibail-Rodamco-Westfield

In May 2025G, the Company entered into a 10-year exclusive strategic and franchising partnership with Unibail-Rodamco-Westfield ("**URW**"), with an option to extend for an additional 10 years. Under the terms of the agreement, the Company will obtain exclusive licensing rights to the Westfield brand in Saudi Arabia and benefit from URW's global network, expertise and operational capabilities across leasing, marketing, retail media, and mall operations. The partnership supports the rebranding of up to eight of the Company's flagship malls, beginning with Jawharat Riyadh, Jawharat Jeddah and Nakheel Mall Dammam, and aims to significantly expand the Company's customer and tenant base, enhance its digital and in-mall experience offerings, and drive operational efficiencies across its portfolio.

3.4 Corporate Overview of the Company

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 15/05/2005G). 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 16/9/1440H (corresponding to 21/05/2019G), 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 2022G, 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. Accordingly, starting from the first quarter of the 2023G 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.

3.5 Key Developments of the Company since Establishment

The following table shows the Company's key developments since its establishment up to the date of this Base Prospectus.

Table (3.1): Key developments since the Company's establishment

Year	Event/Development
2002G	Opening of the Company's first mall, the Sahara Plaza
2004G	Opening of Nakheel Plaza in Qassim and Khurais Mall in Riyadh Total GLA reaches over 100,000 m2
2005G	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
2006G	Total footfall reaches over 20,000,000
2008G	Opening of Mall of Arabia in Jeddah and Noor Mall in Madinah Total GLA reaches over 500,000 m2 Total footfall reaches over 30,000,000
2009G	Opening of Mall of Dhahran extension
2010G	Opening of Ahsa Mall in Hofuf Total footfall reaches over 50,000,000
2011G	Opening of Haifa Mall in Jeddah and Makkah Mall in Makkah Total GLA reaches over 600,000 m2 Total footfall reaches over 60,000,000
2012G	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
2013G	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 m2 Received Best Special Shopping Experience award for Mall of Dhahran, Saudi Excellence in Tourism Awards
2014G	Opening of Tala Mall in Riyadh, Nakheel Mall in Riyadh and Salma Mall in Hail Total footfall reaches over 88,000,000
2015G	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
2016G	Opening of Yasmin Mall in Jeddah and Al Hamra Mall in Riyadh Total GLA reaches over 1,000,000 m2 Total footfall reaches over 96,000,000
2018G	Total footfall reaches over 108,000,000
2019G	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 Damman
2020G	Total footfall reaches approximately 115,000,000 MUVI opens one of the largest cinema 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)

Year	Event/Development
2021G	Opening of Jeddah Park Mall in Jeddah and The View Mall in Riyadh, which resulted in an additional 176,000 m2 of GLA Total footfall reaches approximately 63,200,000
2022G	Company rebrands its trading name to "Cenomi Centers" Total GLA reaches 1,335,000 m2 Company receives the WAFI Qualification Certificate of the Real Estate Developer Cineplexes have been inaugurated at 15 of the Company's 21 malls Total footfall reaches approximately 80,800,000
2023G	Received Gold Award at the MENA Conference for Shopping Centres and Retail Shops Opening of U Walk Jeddah Total footfall reaches approximately 124,000,000
2024G	Total footfall reaches approximately 131,900,000 for the year ended 31 December 2024G
2025G	Company completes handover of the first phase of the Mall of Dhahran to the landlord

Source: Company information

3.6 Overview of the Company's Principal Activities

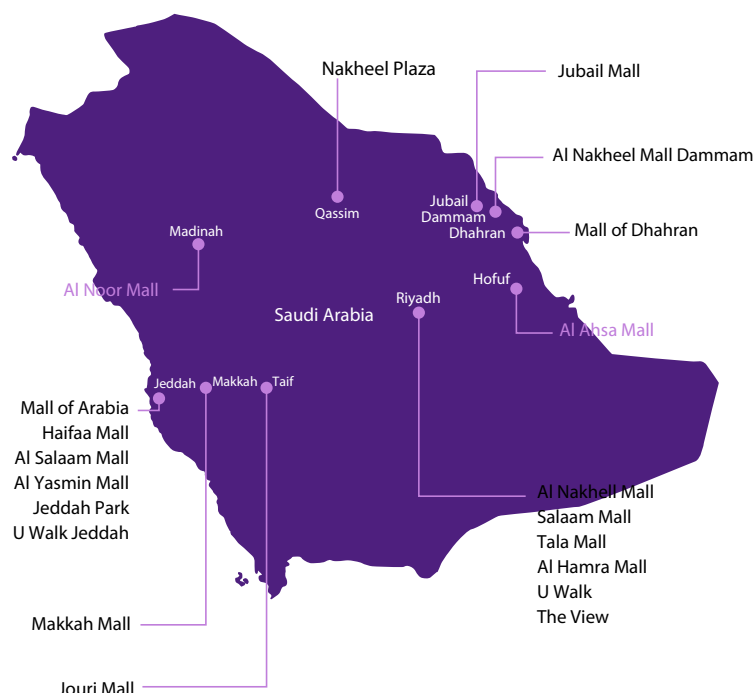
The Company owns, develops and operates shopping malls in Saudi Arabia and generates revenue by:

- 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 March 2025G, it is the largest shopping mall owner, developer and operator in Saudi Arabia with a total GLA of 1.280 million square metres. Based on the latest market study commissioned by the Company as at 31 December 2024G, the Company held a 18.3% overall market share of total shopping mall GLA in the major cities of Saudi Arabia (i.e. Jeddah, Dammam and Riyadh), compared to 17.6% as at 31 January 2023G.

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 as at 31 March 2025G.

The map below illustrates the location and distribution of the Company's malls as at 31 March 2025G:



For the three-month period ended 31 March 2025G, the Company generated total revenue of SAR 590.6 million. For the year ended 31 December 2024G, the Company generated total revenue of SAR 2,344.0 million. For the years ended 31 December 2023G and 31 December 2022G, the Company generated total revenue of SAR 2,253.7 million and SAR 2,206.7 million respectively.

With a GLA of approximately 1.280 million square metres featuring 4,239 occupied retail units as at 31 March 2025G, the Company provides commercial retail space to over 1,100 international, regional and local retail brands, including Centrepont, Zara, Danube, Panda and Virgin Megastores. The Company generated footfall of approximately 34.7 million for the three-month period ended 31 March 2025G, 131.9 million for the year ended 31 December 2024G, 124.0 million for the year ended 31 December 2023G, and 104.0 million for the year ended 31 December 2022G.

For the three-month period ended 31 March 2025G, the net rental revenue generated by leasing retail space as a percentage of the Company's total revenue for that period was 88.7%. For the years ended 31 December 2024G, 31 December 2023G and 31 December 2022G, the net rental revenue generated by leasing retail space as a percentage of the Company's total revenue for those financial periods was 88.2%, 91.2% and 89.7%, 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.

3.7 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 at 31 March 2025G, the Company had five Super-Regional Malls, thirteen Regional Malls and three Community Malls.

The following table sets out key information in respect of each of the Company's malls for the year ended 31 December 2024G:

Table (3.2): Overview of the Company's Malls

	Location	GLA as at 31 December 2024G (sqm)	Net rental revenue for the year ended 31 December 2024G (SAR millions)	Occupancy Rate as at 31 December 2024Gn (%)	Launch Date
Super-Regional					
Mall of Dhahran ⁽¹⁾	Dammam	133,118	215.3	83.2%	2005G
Salaam Mall	Jeddah	140,061	106.5	88.9%	2012G
Mall of Arabia	Jeddah	111,616	244.7	98.4%	2008G
Jeddah Park	Jeddah	122,276	-	78.7%	2021G
Nakheel Mall	Riyadh	78,341	266.4	96.7%	2014G
Regional					
Aziz Mall	Jeddah	66,760	93.9	91.4%	2005G
Noor Mall	Madinah	69,079	114.3	97.3%	2008G
Nakheel Mall Dammam	Dammam	61,398	147.0	99.1%	2019G
Yasmin Mall	Jeddah	60,678	111.0	96.8%	2016G
U-Walk	Riyadh	51,677	60.0	91.9%	2019G
Hamra Mall	Riyadh	55,743	102.2	98.3%	2016G
Salaam Mall	Riyadh	47,561	65.0	95.7%	2005G
Jouri Mall	Taif	48,840	101.3	95.8%	2015G
Ahsa Mall	Hofuf	44,202	36.0	88.7%	2010G
Mecca Mall	Mecca	37,476	138.4	99.1%	2011G

	Location	GLA as at 31 December 2024G (sqm)	Net rental revenue for the year ended 31 December 2024G (SAR millions)	Occupancy Rate as at 31 December 2024Gn (%)	Launch Date
The View	Riyadh	56,374	91.2	95.1%	2021G
U Walk Jeddah	Jeddah	59,757	62.4	68.8%	2023G
Nakheel Plaza	Qassim	42,312	45.3	99.0%	2004G
Community					
Haifa Mall	Jeddah	33,777	26.5	83.4%	2011G
Tala Mall	Riyadh	20,730	23.4	80.5%	2014G
Jubail Mall	Jubail	21,465	13.4	78.2%	2015G
Sahara Plaza ⁽²⁾	Riyadh	14,722	4.5	96.6%	2002G

Source: Company information

⁽¹⁾ First phase of Mall of Dhahran was handed over to the landlord in February 2025G upon expiry of the headlease.

⁽²⁾ Sahara Plaza was sold by the Company in February 2024G, the proceeds for which were received by the Company in February 2025G.

3.7.1 Tenants of the Company

3.7.1.1 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 year ended 31 December 2024G, the largest 20 brands among the Company's tenants occupied 31.5% of the Company's total GLA and represented 18.0% of its net rental revenue. In addition, for the same period, international and local brands contributed 51.3% and 48.7% of the Company's occupied GLA, respectively. On 27 January 2021G, 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 commencing from September 2021G.

The breakdown of tenants by tenant type across all of the Company's malls is as follows:

Table (3.3): The Breakdown of Tenants by Tenant Type

No.	Tenant Type	Rental revenue (SAR millions)						Typical lease term (years)	Average Rental Revenue in SAR per sqm (31 December 2024G)
		12M Dec 2022G	12M Dec 2023G	12M Dec 2024G	12M Mar 2021G	12M Mar 2022G	Percentage of total GLA (31 December 2024G)		
1	Apparel, Shoes, Accessories	859.9	880.8	872.0	807.7	841.7	40.7%	3	1,945.4
2	Department Store	42.2	54.4	56.2	32.4	17.6	5.6%	5	917.2
3	Entertainment	113.7	129.7	123.4	80.8	119.7	17.2%	5	651.5
4	Food & Beverages	247.3	255.5	252.3	226.2	241.3	9.5%	3	2,421.1
5	Furniture and Home Fashions	51.1	51.4	54.9	48.1	44.4	4.5%	10	1,102.8
6	Health & Personal care	281.8	308.4	327.1	246.3	276.6	7.5%	3	3,956.6
7	Home Electronics and appliances	17.6	22.7	23.1	12.5	18.4	1.1%	3	1,956.4
8	Hypermarket/Supermarket	35.1	31.4	36.8	45.6	45.6	7.3%	10	458.9
9	Services	28.8	33.2	26.0	26.9	27.4	2.6%	3	902.4
10	Sport & Leisure	68.8	71.6	80.5	61.2	69.3	3.4%	3	2,152.1
11	Kiosks	233.2	215.9	216.2	130.5	143.4	0.8%	1	-
Total		1,979.3	2,054.9	2,068.6	1,718.1	1,845.4	100%	-	1,876.3
External Tenants and Internal Tenants (see below)									
1	External Tenants	1,461.4	1,542.5	1,666.7	1,296.3	1,337.1	65.8%	-	2,299.3
2	Internal Tenants	517.9	512.4	401.9	421.8	508.3	34.2%	-	1,064.3
Total		1,979.3	2,054.9	2,068.6	1,718.1	1,845.4	100.0%	-	1,876.3

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.

3.7.1.2 Tenant Categories

Tenants are generally categorised according to revenue contribution, GLA and by whether they are a related party.

Key Account Tenants

As at 31 December 2024G the Company had 25 "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 25 Key Account Tenants generated approximately 48.5% of the Company's revenue for the year ended 31 December 2023G and approximately 47.1% of the Company's revenue for the year ended 31 December 2024G.

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:

Table (3.4): Overview of top 10 Key Account Tenants

Key Account Tenant	Key Brands	Commencement of relationship	Revenue Contributions For year ended			Number of malls
			31 Dec 2022G	31 Dec 2023G	31 Dec 2024G	
Fawaz Al Hokair and Co. ⁽¹⁾	Zara, Bershka, Aldo, Clarks, GAP, Mango, Zara Home, US Polo, Accessorize	2002	23.7%	20.8%	17.0%	19
Landmark Arabia Co.	Centrepont, Koton, Steve Madden, City Max	2002	3.7%	4.2%	4.0%	18
Leather Corner Trading Co.	Calvin Klein, Sketchers, Athletic Co., Inglot, Crocs, Naturalizer, BHPC	2010	3.3%	2.2%	2.0%	19
Farouk Contracting and Trading Co.	Sephora, Dior, Fendi, Lacoste, Tumi Wojooh, L'Occitane, Ghawali, Swarovski	2002	3.1%	3.5%	4.0%	20
Kamal Othman Jamjoom Trading Co.	Mikiyaji, Nayomi, ELC, The Body Shop	2009	1.9%	1.9%	2.0%	19
Abdulmohsin Al Hokair Co.	Sparky's, Fun Time, Entertainment City	2004	1.1%	1.2%	1.0%	8
Al Othaim Group	Bijou Brigitte, Lpsy, La Senza, Flormar, Aldo	2024	0.0%	0.0%	3.0%	19
Al Abdulkarim Trading Co	Terranova, RINA, ALCOTT	2004	1.3%	1.3%	1.0%	17
Sun and Sand Sports LLC	Sun & Sand Sports, NIKE, Under Armour, Vans, Timberland	2004	1.4%	1.5%	2.0%	14
Alshaya International Trading Co	Starbucks, jo malone, American Eagle, Victoria's Secret	2004	0.0%	1.0%	1.0%	17
Total		-	39.9%	39.2%	37.1%	-

Key Account Tenant	Key Brands	Commencement of relationship	Revenue Contributions (%) For year ended 31 March:			Number of malls
			2020G	2021G	2022G	
Fawaz Al Hokair and Co. ⁽¹⁾	Zara, Massimo Dutti, Bershka, Aldo, Clarks, GAP, La Senza, Mango, Zara Home, US Polo, Accessorize	2002G	26.1%	25.1%	25.6%	21
Landmark Arabia Co.	Centrepont, Koton, Steve Madden, City Max	2002G	4.0%	4.3%	3.5%	15
Leather Corner Trading Co.	Calvin Klein, Sketchers, Athletic Co., Inglot, Crocs, Naturalizer, BHPC	2010G	2.9%	2.3%	2.4%	17
Farouk Contracting and Trading Co.	Sephora, Dior, Fendi, Lacoste, Tumi Wojooh, L'Occitane, Ghawali, Swarovski	2002G	3.1%	2.9%	2.9%	18
Kamal Othman Jamjoom Trading Co.	Mikiyaji, Nayomi, ELC, The Body Shop	2009G	2.3%	2.3%	1.9%	18
Abdulmohsin Al Hokair Co'	Sparky's, Fun Time, Entertainment City	2004G	1.3%	1.2%	1.5%	12
Azizia Panda United Company Ltd.	Panda Hypermarket	2009G	1.7%	2.0%	1.7%	6
Al Abdulkarim Trading Co	Terranova, RINA, ALCOTT	2004G	1.2%	1.1%	1.1%	17
Sun and Sand Sports LLC	Sun & Sand Sports, NIKE, Under Armour, Vans, Timberland	2004G	1.6%	1.6%	1.5%	11
Al Futtaim Group Company		2014G	1.4%	1.4%	1.4%	6
Total		-	45.6%	44.2%	43.5%	-

Source: Company information

⁽¹⁾ Fawaz Al Hokair and Co. is an Internal Tenant (as defined below) and includes Al Hokair Fashion Retail, Innovative Union Company, 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 2020G, 2021G and 2022G. For the years ended 31 December 2023G and 31 December 2024G, 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 year ended 31 December 2023G is 38.3% as compared to 37.1% for the year ended 31 December 2024G.

Internal Tenants and External Tenants

The Company also 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 year ended 31 March 2022G 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. For the year ended 31 December 2023G, the weighted average occupied GLA split between the Internal Tenants and the External Tenants was 419,070 square metres and 673,798 square metres, respectively, with the net rental revenues for the same period amounting to SAR 512.4 million and SAR 1,542.5 million, respectively. Moreover, for the year ended 31 December 2024G, the weighted average occupied GLA split between the Internal Tenants and the External Tenants was 377,583 square metres and 724,886 square metres, respectively, with the net rental revenues for the same period amounting to SAR 401.9 million and SAR 1,666.7 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.

Table (3.5): Overview of the Revenue Contributions

Revenue contribution (%)	During the year ended				
	31 March 2021G	31 March 2022G	31 Dec 2022G	31 Dec 2023G	31 Dec 2024G
Internal Tenants	25.0%	27.5%	26.2%	24.9%	19.4%
External Tenants	75.0%	72.5%	73.8%	75.1%	80.6%

Source: Company information

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, trolleys and food carts. Tenants leasing non-GLA space for these purposes are categorised by the Company as other tenants.

3.7.1.3 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 2014G, 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 comprising the 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 31 December 2024G.

Table (3.6): Lease Expiry Schedule

Year of expiration	Occupied GLA expiry (square metres)*	% of total rental revenues*
2024G	1,457	0.1%
2025G	391,507	31.5%
2026G	281,765	22.7%
2027G	213,546	17.2%
2028G and beyond	353,850	28.5%
Total	1,242,125	100%

Source: Company information

* On a like-for-like basis

Lease contract renewal profile

As set out in the tables below, in the year ended 31 December 2024G, the Company renewed 2,422 leases that were due to expire, representing nearly all leases that were set to expire during that year. In the year ended 31 December 2023G, the Company renewed 2,133 leases that were due to expire, representing nearly all leases that were set to expire during that year.

Table (3.7): Lease Renewal Rate

Lease Metric	During the year ended				
	31 March 2021G	31 March 2022G	31 Dec 2022G	31 Dec 2023G	31 Dec 2024G
Number of leases renewed	1,767	868	1,929	2,133	2,422
Percentage of leases falling due for renewal that were actually renewed	98%	90%	96%	98%	95%
Total GLA of renewed leases (m²)	223,555	98,579	287,331	333,637	401,698

Source: Company information

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 end;
- annual rent escalation provisions (further details of which are set out below);
- a requirement for most External Tenants to pay a security deposit for an amount 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

The Company suspended enforcement of all rent escalation provisions for the calendar years 2020G and 2021G in response to COVID-19 and to offset the impact of the VAT increase from 5% to 15% which took effect from 1 July 2020G on tenants. As at 31 March 2025G, 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. Notwithstanding the suspension of rent escalations in 2020G and 2021G, 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 31 March 2025G, approximately 90% 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.

Discount policy

The Company has a 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 2022G, the Company's weighted average rental revenue per square metre increased compared to the corresponding period in 2021G, primarily driven by a decrease in the Company's weighted average rental discount rate and an increase in occupancy rates. In the year ended 31 December 2023G, the Company's weighted average rental revenue per square metre increased compared to the corresponding period in 2022G, primarily driven by increases in net rental revenue. In the year ended 31 December 2024G, the Company's weighted average rental revenue per square metre increased compared to the corresponding period in 2023G, primarily driven by higher occupancy.

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 year ended 31 March 2021G and for the year ended 31 March 2022G, respectively.

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.

3.7.2 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 31 December 2024G is set out below.

Table (3.8): Overview of Stores by GLA

No.	Store Category	Aggregate GLA (m ²)(¹)	Percentage of total GLA (%)	Average Annual rental revenue per m ²
1	Anchor Stores	413,650	37.5%	648
2	Junior Anchor Stores	248,924	22.6%	1,234
3	Line Stores	439,895	39.9%	2,957

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 the dates listed 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 31 December 2024G, the Company had 94 retail units leased to Anchor Stores across its mall portfolio, comprising 37.5% 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 31 December 2024G, the Company had approximately 269 retail units leased to Junior Anchor Stores, comprising 22.6% 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 31 December 2024G, the Company had approximately 2,875 retail units leased to Line Stores, comprising 39.9% 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.

3.7.3 Project Development Model and Construction

The Company added an additional 176,000 square metres of GLA in the 2021G calendar year through the inauguration of The View Mall in Riyadh and Jeddah Park in Jeddah. On 15 December 2023G, the Company opened 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 2027G, and an additional mall (Jubail Marina Mall) that will be managed under an operational agreement, all of which the Company expects to increase GLA by approximately 559,000 square metres. 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 2024G. 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 is dependent 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 8,000 per square metre as a result of inflation, together with changes in the design features and quality of offerings in the respective malls.

3.7.3.1 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.

3.7.3.2 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.

3.7.3.3 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.

3.7.3.4 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.

3.7.3.5 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.

3.7.4 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.

3.7.5 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 2017G, the Company completed the implementation of its new property management system, Yardi, which introduced industry best practice standards, policies, processes and procedures, facilitating the efficient management of all malls while enabling the Company to better engage with and serve tenants. Since its introduction, Yardi has almost fully automated the rental revenue recognition process.

The management functions for each mall include:

3.7.5.1 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.

3.7.5.2 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.

3.7.5.3 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, including the enhanced cleaning procedures implemented in response in COVID-19, during trading hours as well as out of hours checks.

3.7.5.4 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, travellers, firefighting, fire alarm and CCTV maintenance. The Company's management function also looks after all utilities for the malls.

3.7.5.5 Guest Services

The Company's guest service teams provide helpdesk services to all tenants and visitors of the Company.

3.7.5.6 Security

The Company's security arrangements are outsourced to TNS (a related party of the Company which is 100% owned by Salman Abdulaziz Alhokair, a Director), 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.

3.7.5.7 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.

3.7.5.8 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.

3.7.6 Ownership of Properties by the Company

As at 31 March 2025G, the Company's 21 malls, 11 malls operate on leased land, 9 malls operate on freehold land and 1 mall (Jeddah Park) operates under an operational agreement.

As at 31 December 2024G, the Company's active real estate portfolio comprised 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). In addition, the Company has six new malls under construction, with three malls being developed on freehold land and two malls on leasehold land and one mall to be held under an operational agreement (see section 3.8 "Future Plans and Growth Opportunities").

As at 31 December 2024G, with respect to the Company's 21 malls, 11 malls operate on leased land, 9 malls operate on freehold land and 1 mall (Jeddah Park) operates 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 2024G, the Company had entered into 12 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 year ended 31 December 2024G, the Company's land lease cost was SAR 299.3 million, being 12.8% 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's existing head lease termination dates as at the date of this Base Prospectus are set out in the following table:

Table (3.9): Head Lease Termination Dates

No.	Mall (held under Head Lease)	Term Expiry Date*
Existing malls		
1	Mall of Dhahran	Extension Head Lease 17/10/1447H (corresponding 06/04/2026G) ⁽¹⁾
2	Salaam Mall (Jeddah)	22/04/1454H (corresponding 30/07/2032G)
3	Aziz Mall	29/02/1469H (corresponding 28/11/2046G)
4	Nakheel Mall (Riyadh)	06/05/1456H (corresponding 23/07/2034G)
5	Yasmin Mall	13/09/1456H (corresponding 24/11/2034G)
6	Jouri Mall	30/12/1456H (corresponding 11/03/2035G)
7	Nakheel Plaza (Qassim)	27/04/1451H (corresponding 06/09/2029G)
8	Haifa Mall	29/12/1453H (corresponding 12/04/2032G)
9	Tala Mall	16/12/1450H (corresponding 30/04/2029G)
10	U-Walk Riyadh	27/09/1468H (corresponding 31/07/2046G)
11	Nakheel Mall (Riyadh) Extension Phase 1	20/12/1459H (corresponding 27/01/2038G) ⁽²⁾
12	Jeddah Park	13/09/1472H (corresponding 03/06/2050G) ⁽³⁾
13	U Walk Jeddah	05/12/1474H (corresponding 31/07/2052G)
Lands for Future Development		
14	Nakheel Mall (Riyadh) Extension Phase 2	20/12/1459H (corresponding 27/01/2038G)
15	Murcia Mall	26/05/1462H (corresponding 09/06/2049G)
16	Jubail Marina	26/11/1454H (corresponding 27/03/2033G) ⁽³⁾
17	Jawharat Al Khobar	03/11/1474H (corresponding 30/06/2052G)

Source: Company information

⁽¹⁾ First phase of Mall of Dhahran was handed over to the landlord in February 2025G upon expiry of the headlease.

⁽²⁾ 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.

⁽³⁾ Jeddah Park and Jubail Marina are managed under operational agreements.

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. The Company has entered into and renegotiated three agreements:

- In November, 2020G, the Company renegotiated its lease contract with the landlord of U Walk Jeddah, which was then under construction and 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 2021G by settling an amount of SAR 90 million rentals for the period up to 31 July 2021G.
- In October 2020G, the Company negotiated a management, operation and maintenance agreement with the landlord of Jeddah Park which replaced the first ten years of the initial lease contract. 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.

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 2017G and Nakheel Plaza in 2019G, for example). In some instances, the Company may decide not to extend the relevant head lease. For example, the Company's head lease agreements for Salma Mall and Khurais Mall expired in December 2021G and January 2022G respectively and were not renewed by the Company since they were regarded as non-core assets and therefore not in alignment with the Company's strategic objectives. Consequently, both Salma Mall and Khurais Mall were handed over back to the landlord upon expiry of their respective head lease agreements. Moreover, in February 2025G, the Company handed over the first phase of Mall of Dhahran to the landlord upon expiry of the

head lease, in line with the contractual terms providing for transfer of the land and building upon lease expiry.

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. 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. As at the date of this Base Prospectus, Management has completed the handover of the first phase of the Mall of Dhahran to the landlord, pursuant to the agreed lease contractual terms. The Company intends to offset the financial impact of the handover of the Mall of Dhahran through various strategic initiatives, including leveraging operational synergies from its U Walk Jeddah mall, which was inaugurated in February 2024G and is expected to achieve operational stability by the end of the financial year 2025G. The Company further anticipates that its flagship pipeline malls, particularly Jawharat Al Khobar and Jawharat Jeddah, both under development as part of its long-term expansion strategy, will meaningfully strengthen its financial profile and offset any residual impact from the Mall of Dhahran handover following their respective launches. In addition, the Company is intent on further enhancing performance across its portfolio of malls through improved occupancy levels and additional revenue streams from non-leasable areas.

3.7.7 Overview of Portfolio of Malls

The following section provides an overview of each of the Company's 21 malls currently in operation as at 31 December 2024G.

3.7.7.1 Super-Regional Malls

3.7.7.1.1 Mall of Dhahran (Dhahran)

The Mall of Dhahran opened in 2005G and is one of the Company's leading mall based on revenue. For the year ended 31 December 2024G, the Mall of Dhahran generated SAR 241.2 million, which accounted for 10.3% of the Company's total revenue.

As at 31 December 2024G the Mall of Dhahran had 138 tenants which collectively occupied 309 retail units. The average occupancy rate for the year ended 31 December 2024G was 83.2%, with an annual footfall of 10.5 million, and 88.0% for the year ended 31 December 2023G, with an annual footfall of 10.6 million.

Mall of Dhahran was one of the largest shopping mall in the Eastern Province of Saudi Arabia and has one of the largest cinemas in Saudi Arabia. Given its size, it presented 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 supermarket, furniture franchises, entertainment facilities and several large-scale vendors that enhance and complement the other retailers.

The first phase of Mall of Dhahran, with a GLA of approximately 82,000 square metres, was handed over to the landlord in February 2025G. The second phase of Mall of Dhahran, with a GLA of approximately 80,000 square meters, continues under a separate lease that is set to expire in April 2026G.

An overview of the tenant mix of Mall of Dhahran is set out in the table below:

Table (3.10): Overview of the Tenant Mix of Mall of Dhahran (Dhahran)

No.	Tenant Type	Rental revenue (SAR millions)					
		Year ended					
		31 Dec 2022G	31 Dec 2023G	31 Dec 2024G	31 Mar 2021G	31 Mar 2022G	% of total GLA (31 December 2024G)
1	Apparel, Shoes, Accessories	121.2	113.7	89.7	124.5	121.2	30.2%
2	Department Store	10.1	10.8	10.1	4.7	4.9	8.5%
3	Entertainment	12.7	15.1	11.4	12.7	19.9	13.1%
4	Food & Beverages	31.8	29.2	18.3	29.7	33.6	5.2%
5	Furniture and Home Fashions	15.6	14.3	14.1	15.7	15.0	19.0%
6	Health & Personal care	37.1	40.9	38.5	30.9	35.3	8.5%
7	Home Electronics and appliances	2.5	2.5	2.5	3.0	4.0	0.8%

No.	Tenant Type	Rental revenue (SAR millions)					
		Year ended					
		31 Dec 2022G	31 Dec 2023G	31 Dec 2024G	31 Mar 2021G	31 Mar 2022G	% of total GLA (31 December 2024G)
8	Hypermarket/Supermarket	6.1	6.8	5.2	3.3	6.0	12.0%
9	Services	1.6	1.4	0.8	2.7	2.9	0.6%
10	Sport & Leisure	11.2	12.6	6.2	10.7	11.1	2.0%
11	Kiosks	29.3	24.1	18.5	15.6	16.9	0.0%
Total		279.3	271.3	215.3	253.5	270.8	100.0%
External Tenants and Internal Tenants							
1	External Tenants	229.5	225.4	182.6	201.1	211.7	78.5%
2	Internal Tenants	49.8	45.9	32.6	52.5	59.1	21.5%
Total		279.3	271.3	215.3	253.5	270.8	100.0%

Source: Company information

3.7.7.1.2 Nakheel Mall (Riyadh)

Located in Riyadh, Nakheel Mall opened in 2014G and is the Company's largest mall based on revenue. For the year ended 31 December 2024G, Nakheel Mall generated a total revenue of SAR 304.3 million, which accounted for 13.0% of the Company's total revenue.

As at 31 December 2024G Nakheel Mall had 136 tenants that collectively occupied 318 retail units. The average occupancy rate for the year ended 31 December 2024G was 96.7%, with an annual footfall of 11.0 million, and for the year ended 31 December 2023G, the average occupancy rate was 99.2%, with an annual footfall of 11.5 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 2020G 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:

Table (3.11): Overview of the Tenant Mix of Nakheel Mall (Riyadh)

No.	Tenant Type	Rental revenue (SAR millions)					
		Year ended					
		31 Dec 2022G	31 Dec 2023G	31 Dec 2024G	31 Mar 2021G	31 Mar 2022G	% of total GLA (31 December 2024G)
1	Apparel, Shoes, Accessories	109.0	119.8	122.1	96.9	108.7	42%
2	Department Store	3.5	3.7	5.0	0.0	0.0	2%
3	Entertainment	12.9	10.8	11.5	6.2	8.2	16%
4	Food & Beverages	31.1	28.4	34.8	25.9	29.6	15%
5	Furniture and Home Fashions	4.0	4.6	4.8	2.1	1.8	2%
6	Health & Personal care	34.1	34.8	39.3	28.3	32.9	8%
7	Home Electronics and appliances	1.4	3.9	3.7	2.5	2.4	3%
8	Hypermarket/Supermarket	0.0	0.0	0.0	0.0	0.0	0%
9	Services	2.0	1.4	1.5	1.6	1.4	3%
10	Sport & Leisure	10.9	11.9	14.6	9.0	10.9	6%
11	Kiosks	25.4	26.0	29.0	9.9	13.2	2%
Total		234.3	245.4	266.4	182.5	209.0	100.0%
External Tenants and Internal Tenants							
1	External Tenants	155.0	165.8	202.1	117.8	138.6	55.0%
2	Internal Tenants	79.3	79.6	64.2	64.7	70.3	45.0%
Total		234.3	245.4	266.4	182.5	209.0	100.0%

Source: Company information

3.7.7.1.3 Mall of Arabia (Jeddah)

The Mall of Arabia opened in 2008G and is the Company's second largest mall based on revenue. For the year ended 31 December 2024G, the Mall of Arabia generated a total revenue of SAR 274.9 million, which accounted for 11.7% of the Company's total revenue.

As at 31 December 2024G the Mall of Arabia had 167 tenants which collectively occupied 346 retail units, making Mall of Arabia one of the largest malls in Jeddah. The average occupancy rate for the year ended 31 December 2024G was 98.4%, with an annual footfall of 5.9 million, and for the year ended 31 December 2023G, the average occupancy rate was 99.4%, with an annual footfall of 10.2 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:

Table (3.12): Overview of the Tenant Mix of Mall of Arabia (Jeddah)

No.	Tenant Type	Rental revenue (SAR millions)					
		Year ended					
		31 Dec 2022G	31 Dec 2023G	31 Dec 2024G	31 Mar 2021G	31 Mar 2022G	% of total GLA (31 December 2024G)
1	Apparel, Shoes, Accessories	92.2	101.5	103.3	89.4	96.3	42%
2	Department Store	7.9	8.6	6.1	5.8	2.2	3%
3	Entertainment	23.6	23.0	25.0	15.9	22.8	10%
4	Food & Beverages	29.1	30.8	28.5	26.2	27.9	12%
5	Furniture and Home Fashions	3.5	4.4	5.3	5.9	3.7	2%
6	Health & Personal care	24.3	26.1	30.7	21.8	24.6	13%
7	Home Electronics and appliances	1.3	1.7	2.2	0.9	1.3	1%
8	Hypermarket/Supermarket	3.0	2.9	3.5	3.0	3.0	1%
9	Services	2.6	3.3	3.2	2.2	2.0	1%
10	Sport & Leisure	14.8	15.6	16.2	11.9	14.2	7%
11	Kiosks	17.7	19.1	20.6	11.0	10.5	8%
Total		220.1	237.0	244.7	194.1	208.6	100.0%
External Tenants and Internal Tenants							
1	External Tenants	153.7	167.6	187.8	139.1	143.1	59.1%
2	Internal Tenants	66.4	69.3	56.8	55.0	65.5	40.9%
Total		220.1	237.0	244.7	194.1	208.6	100.0%

Source: Company information

3.7.7.1.4 Salaam Mall (Jeddah)

Salaam Mall opened in 2012G and is the Company's eighth largest mall based on revenue. For the year ended 31 December 2024G, Salaam Mall generated a total revenue of SAR 121.9 million, which accounted for 5.2% of the Company's total revenue.

As at 31 December 2024G Salaam Mall had 136 tenants which collectively occupied 250 retail units. The average occupancy rate for the year ended 31 December 2024G was 88.9%, with an annual footfall of 6.8 million, and for the year ended 31 December 2023G, the average occupancy rate was 86.8%, with an annual footfall of 7.2 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:

Table (3.13): Overview of the Tenant Mix of Salaam Mall (Jeddah)

No.	Tenant Type	Rental revenue (SAR millions)					
		Year ended					
		31 Dec 2022G	31 Dec 2023G	31 Dec 2024G	31 Mar 2021G	31 Mar 2022G	% of total GLA (31 December 2023G)
1	Apparel, Shoes, Accessories	53.6	45.5	41.3	54.8	51.8	34.2%
2	Department Store	4.8	3.4	2.2	2.9	1.7	4.1%
3	Entertainment	1.1	8.2	7.8	0.6	10.9	16.3%
4	Food & Beverages	10.5	13.5	11.0	12.7	12.3	5.5%
5	Furniture and Home Fashions	6.4	5.9	4.4	8.5	6.5	6.2%
6	Health & Personal care	17.5	16.5	15.0	16.3	17.4	6.0%
7	Home Electronics and appliances	0.4	0.8	0.8	1.0	1.1	0.3%
8	Hypermarket/Supermarket	6.3	6.5	6.5	6.5	6.5	15.1%
9	Services	3.8	3.6	3.4	0.9	1.5	8.5%
10	Sport & Leisure	2.6	2.9	4.1	3.5	3.6	3.7%
11	Kiosks	14.6	11.8	10.0	11.0	11.7	0.2%
Total		121.6	118.5	106.5	118.7	125.1	100.0%
External Tenants and Internal Tenants							
1	External Tenants	103.1	103.2	93.5	102.0	97.6	76.8%
2	Internal Tenants	18.5	15.3	13.0	16.7	27.5	23.2%
Total		121.6	118.5	106.5	118.7	125.1	100.0%

Source: Company information

3.7.7.1.5 Jeddah Park (Jeddah)

Located in Jeddah, Jeddah Park opened in 2021G. Jeddah Park generated total revenue of SAR 28.6 million for the year ended 31 December 2024G or 1.2% of the Company's total revenue.

As at 31 December 2024G Jeddah Park had 185 tenants which collectively occupied 257 retail units. The average occupancy rate for the year ended 31 December 2024G was 78.7%, with an annual footfall of 10.2 million. Moreover, as at 31 December 2023G Jeddah Park had 177 tenants which collectively occupied 252 retail units. The period end occupancy rate for the year ended 31 December 2023G was 73.4%, with an annual footfall of 9.8 million.

The Company entered into a head lease agreement for Jeddah Park on 4 March 2019G (for both the building and the land). Jeddah Park is a new mall located in Jeddah which was not constructed by the Company. In October 2020G, 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.

3.7.7.2 Regional Malls

3.7.7.2.1 Aziz Mall (Jeddah)

Located in Jeddah in the densely populated Al Faysaliyah District, Aziz Mall opened in 2005G. For the year ended 31 December 2024G, Aziz Mall generated a total revenue of SAR 103.4 million, which accounted for 4.4% of the Company's total revenue.

As at 31 December 2024G, the Aziz Mall had 132 tenants that collectively occupied 215 retail units. The average occupancy rate for the year ended 31 December 2024G was 91.4%, with an annual footfall of 6.8 million, and for the year ended 31 December 2023G, the average occupancy rate was 79.4%, with an annual 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.

3.7.7.2.2 Noor Mall (Madinah)

Located in the Sultanah District in Madinah, Noor Mall opened in 2008G. For the year ended 31 December 2024G, Noor Mall generated a total revenue of SAR 124.9 million, which accounted for 5.3% of the Company's total revenue.

As at 31 December 2024G Noor Mall had 142 tenants that collectively occupied 238 retail units. The average occupancy rate for the year ended 31 December 2024G was 97.3%, with an annual footfall of 6.7 million, and for the year ended 31 December 2023G, the average occupancy rate was 91.5%, with an annual footfall of 6.6 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.

3.7.7.2.3 Yasmin Mall (Jeddah)

Situated in the north east region of Jeddah, Yasmin Mall opened in 2016G and as at 31 December 2024G had 148 tenants that collectively occupied 265 retail units. The average occupancy rate for the year ended 31 December 2024G was 96.8%, with an annual footfall of 3.4 million, and for the year ended 31 December 2023G, the average occupancy rate was 96.1%, with an annual footfall of 6.0 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.

3.7.7.2.4 Hamra Mall (Riyadh)

Located along a major transverse highway in Riyadh, Hamra Mall opened in 2016G and as at 31 December 2024G had 111 tenants that collectively occupied 214 retail units. The average occupancy rate for the year ended 31 December 2024G was 98.3%, with an annual footfall of 6.4 million, and for the year ended 31 December 2023G, the average occupancy rate was 97.3%, with an annual footfall of 5.5 million.

Hamra Mall features a variety of leading retail brands, a food court (with casual dining) as well as an entertainment area (featuring Billy Beez). Its key brands include Zara and Centrepont.

3.7.7.2.5 Ahsa Mall (Hofuf)

Ahsa Mall is the only major shopping mall in the eastern district of Hofuf city. Ahsa Mall opened in 2010G and as at 31 December 2024G had 86 tenants that collectively occupied 130 retail units. The average occupancy rate for the year ended 31 December 2024G was 88.7%, with an annual footfall of 3.0 million, and for the year ended 31 December 2023G, the average occupancy rate was 85.0%, with an annual footfall of 3.2 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.

3.7.7.2.6 Salaam Mall (Riyadh)

Located in the south-western district of Riyadh, Salaam Mall opened in 2005G and as at 31 December 2024G had 96 tenants that collectively occupied 155 retail units. The average occupancy rate for the year ended 31 December 2024G was 95.7%, with an annual footfall of 3.3 million, and for the year ended 31 December 2023G, the average occupancy rate was 94.1%, with an annual footfall of 5.0 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 selection, a food court and an entertainment zone for children.

3.7.7.2.7 Jouri Mall (Taif)

Located on the eastern side of Taif, Jouri Mall opened in 2015G and as at 31 December 2024G had 130 tenants that collectively occupied 207 retail units. The average occupancy rate for the year ended 31 December 2024G was 95.8%, with an annual footfall of 5.9 million, and for the year ended 31 December 2023G, the average occupancy rate was 97.2%, with an annual footfall of 5.6 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.

3.7.7.2.8 Makkah Mall

Located in Makkah, Makkah Mall opened in 2011G and as at 31 December 2024G, had 162 tenants that collectively occupied 263 retail units. The average occupancy rate for the year ended 31 December 2024G was 99.1%, with an annual footfall of 5.7 million, and for the year ended 31 December 2023G, the average occupancy rate was 97.8%, with an annual footfall of 5.1 million.

Makkah Mall is one of the largest shopping mall in Makkah. 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.

3.7.7.2.9 The View Mall (Riyadh)

Located in a prime, strategic location in Riyadh, The View opened in November 2021G. As at 31 December 2024G, it had 91 tenants that collectively occupied 172 retail units. The average occupancy rate for the year ended 31 December 2024G was 95.1%, with an annual footfall of 5.8 million. Moreover, the average occupancy rate for the year ended 31 December 2023G was 93.4%, with an annual footfall of 5.5 million.

The View provides a new 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.

3.7.7.2.10 Nakheel Mall (Dammam)

Located in King Fahd Road, Dammam, Nakheel Mall Dammam opened in 2019G and as at 31 December 2024G, had 147 tenants that collectively occupied 289 retail units. The average occupancy rate for the year ended 31 December 2024G was 99.1%, with an annual footfall of 8.5 million, and for the year ended 31 December 2023G, the average occupancy rate was 96.9%, with an annual footfall of 8.8 million.

Nakheel Mall Dammam 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.

3.7.7.2.11 U-Walk (Riyadh)

Located in Prince Turki Al-Awal street in Riyadh, U-Walk mall opened in 2019G and as at 31 December 2024G, had 36 tenants that collectively occupied 79 retail units. The average occupancy rate for the year ended 31 December 2024G was 91.9%, with an annual footfall of 4.9 million, and for the year ended 31 December 2023G, the average occupancy rate was 93.6%, with an annual footfall of 6.3 million.

U-Walk features a broad range of retail offerings, together with a Cineplex, fitness centre and several entertainment and food spaces.

3.7.7.2.12 Nakheel Plaza (Qassim)

Strategically located in the centre of Qassim, Nakheel Plaza was opened in 2004G and as at 31 December 2024G, the mall had 91 tenants that collectively occupied 136 retail units. The average occupancy rate for the year ended 31 December 2024G was 99.0%, with an annual footfall of 3.6 million, and for the year ended 31 December 2023G, the average occupancy rate was 95.7%, with an annual footfall of 2.9 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.

3.7.7.2.13 U Walk Jeddah (Jeddah)

On 15 December 2023G, the Company initiated the soft-opening of U Walk Jeddah. U Walk Jeddah marked its grand opening and became fully operational on 15 February 2024G. 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 2024G, U Walk Jeddah had 60 tenants that collectively occupied 114 retail units. The average occupancy rate for the year ended 31 December 2024G was 68.8%, with an annual footfall of 11.9 million.

3.7.7.3 Community Malls

3.7.7.3.1 Haifa Mall (Jeddah)

Strategically located in Jeddah's famous Palestine Street and Madina Road, Haifa Mall opened in 2011G and as at 31 December 2024G, Haifa Mall had 73 tenants that collectively occupied 108 retail units. The average occupancy rate for the year ended 31 December 2024G was 83.4%, with an annual footfall of 3.8 million, and for the year ended 31 December 2023G, the average occupancy rate was 80.4%, with an annual footfall of 3.5 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).

3.7.7.3.2 Tala Mall (Riyadh)

Strategically situated in the centre of Riyadh, the Company leased and redeveloped Tala Mall in 2014G. As at 31 December 2024G, Tala Mall had 50 tenants that collectively occupied 76 retail units. The average occupancy rate for the year ended 31 December 2024G was 80.5%, with an annual footfall of 6.0 million, and for the year ended 31 December 2023G, the average occupancy rate was 88.5%, with an annual footfall of 3.6 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.

3.7.7.3.3 Jubail Mall (Jubail)

Located near the Jubail famous roundabout Daowwal al Kareeb and Jubail Mosque, Jubail Mall opened in 2015G and as at 31 December 2024G, had 43 tenants that collectively occupied 71 retail units. The average occupancy rate for the year ended 31 December 2024G was 78.2%, with an annual footfall of 1.6 million, and for the year ended 31 December 2023G, the average occupancy rate was 60.7%, with an annual footfall of 1.2 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.

3.7.7.3.4 Sahara Plaza (Riyadh)

Located in the King Fahad neighbourhood in Riyadh, Sahara Plaza was the Company's first mall, having opened in 2002G in Riyadh, which was transferred to the Company in 2005G.

The mall featured a variety of fashion retail outlets, a food court, cafeteria and a children's playground.

As at 31 December 2023G, Sahara Plaza had 2 tenants that collectively occupied 2 retail units. The average occupancy rate for the year ended 31 December 2023G was 100%. In February 2024G, the Company completed the SAR 200 million sale of Sahara Plaza in line with the Company's Non-Core Asset Sale Programme. The sale generated a gain of SAR 22 million for the Company and the SAR 200 million sale proceeds were received by the Company in February 2025G.

3.8 Future Plans and Growth Opportunities

3.8.1 Malls Under Construction

As at the date of this Base Prospectus, 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.

Table (3.14): Malls under construction

	Location	Expected GLA	Expected Opening Date
Jawharat Riyadh	Riyadh	220,000	2026G
Jawharat Jeddah	Jeddah	104,000	2025G
Jubail Marina Mall	Jubail	30,000	To be determined
U Walk Qassim	Qassim	60,000	2026G
Murcia Mall Riyadh	Riyadh	45,000	2027G
Jawharat Al Khobar	Khobar	100,000	2027G

Source: Company information

3.8.1.1 Jubail Marina Mall

Jubail Marina Mall is a mixed-use development that will be held under an operational management agreement. 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.

3.8.1.2 U Walk Qassim

U Walk Qassim is a freehold development that will consist of a mixture of indoor and outdoor retail spaces extending over 60,000 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.

3.8.1.3 Jawharat Riyadh

Jawharat Riyadh 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 370 shops can be situated within the development, which is expected to extend across over 220,000 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, including concierge, valet and personal shopping offerings.

3.8.1.4 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. Over 150 stores can be situated within the development, which is expected to extend across over 45,000 square metres. Murcia Mall will feature restaurants, 3,500 parking spaces and several entertainment spaces, including a cinema.

3.8.1.5 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 104,000 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, including concierge, valet and personal shopping offerings.

3.8.1.6 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 134,000 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.

3.8.2 Land plots for Future 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 559,000 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 31 March 2025G.

Table (3.15): Plots of land for future development

Land and Name	Location	Project Land Area	Expected GLA	Expected opening date	Owned/ Leased	Lease Amount	Lease End Date	Construction costs incurred (31 March 2025G) (excluding land cost) (SAR millions)	Project status (Stage 1 - 5)
U Walk Qassim	Qassim	400,000	60,000	2026G	Freehold	n/a	n/a	164.9	Stage 4 (Construction Phase)
Jawharat Riyadh ⁽¹⁾	Riyadh	524,500	220,000	2026G	Freehold	n/a	n/a	1,728.9	Stage 4 (Construction Phase)
Jawharat Jeddah ⁽²⁾	Jeddah	170,750	104,000	2025G	Freehold	n/a	n/a	1,373.1	Stage 4 (Construction Phase)
Murcia Mall	Riyadh	179,504	45,000	2027G	Leasehold	n/a	26/05/1462H (corresponding 09/06/2049G)	3.8	Stage 3 (Design Development)
Jawharat Al Khobar	Khobar	300,000	100,000	2027G	Leasehold	879,778,125	03/11/1474H (corresponding 30/06/2052G)	n/a	Stage 3 (Design Development)

Source: Company information

⁽¹⁾ The Jawharat Riyadh plot has been acquired by the Riyadh Real Estate Development Fund – Jawharat AlRiyadh, pursuant to a joint venture between the Company and Riyadh Capital.

⁽²⁾ The Jawharat Jeddah plot has been acquired by the Riyadh Real Estate Development Fund – Jawharat Jeddah, pursuant to a joint venture between the Company and Riyadh Capital.

3.9 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".

3.10 Environmental, Social and Governance

3.10.1 ESG Framework

The Company has developed an ESG policy which includes plans 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 emissions. 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 programme (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 2022G, the Company published its inaugural sustainability report detailing the strategy, objectives and progress made by the Company's towards its long-term sustainability ambitions.

3.10.2 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 balers) 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 2023G, 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 2024G, followed by additional locations across the Kingdom throughout 2024G and 2025G.

3.10.3 Social

The Company pursues a number of social initiatives. For example, in 2019G and 2020G the Company cooperated with a variety of institutions to provide training programmes to local youth across its operational footprint, including its Mall Proof of Concept programme, which was delivered to young Saudi entrepreneurs. The programme offers insights into experimental entrepreneurial concepts in shopping centres and dedicates platforms for Saudi start-ups that enable them to present new ideas. 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.

3.10.4 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 2020G, 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.

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 Transaction 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.

3.11 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 Base Prospectus, 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"*.

3.12 Employees

As at 31 March 2025G, the Company had 516 employees, all of whom were permanent employees.

Table (3.16): Employees

Employees	As at 31 Dec 2022G	As at 31 Dec 2023G	As at 31 Dec 2024G	As at 31 Mar 2025G
Permanent employees	706	597	515	516

Source: Company information.

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 31 March 2025G, 73% 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.

3.13 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.

As at the date of this Base Prospectus, 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.

3.14 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.

3.15 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.

3.16 Key Licenses, Permits, Certifications and Approvals

Every entity established in accordance with the regulations of the Kingdom of Saudi Arabia must obtain the necessary licenses and certificates to conduct its operations. Accordingly, the Company has obtained various regulatory and operational licenses and certificates from the competent authorities, as required to carry out its activities in compliance with applicable regulations in the Kingdom. These licenses are issued for a specific period and are renewed periodically at the Company's request. The following table sets out the key licenses and approvals currently held by the Company in relation to its main activities.

Table (3.17): Key Licenses, Permits, Certifications and Approvals

Type of License	Purpose	Licensee / Issuer	License Number	Issue / Renewal Date	Expiry Date	Issuing Authority	Renewal / Updates Frequency
Commercial Register	Registration of the Company in the Commercial Register, authorising it to operate in Saudi Arabia.	Arabian Centres Company	1010209177	15/05/2005G	28/09/2026G	Ministry of Commerce	The certificate can be renewed every 1, 2, or 5 years.
Zakat and Income Certificate	To confirm compliance with annual zakat filing and payment obligations	Arabian Centres Company	3000474854	31/12/2023G	30/04/2025G	Zakat, Tax and Customs Authority (ZATCA)	Issued annually upon submission of zakat declarations and payments. The renewal process is underway.
VAT Registration Certificate	To confirm the Company's registration with the VAT authority in accordance with applicable law	Arabian Centres Company	300047485410003	19/02/2025G	—	Zakat, Tax and Customs Authority (ZATCA)	No expiry for VAT registration certificates.
Certification of Participation in Social Insurance	To evidence compliance with the Social Insurance Law and registration with GOSI	Arabian Centres Company	501229660	28/04/2025G	27/05/2025G	General Organization for Social Insurance (GOSI)	Valid for 30 days; requires monthly updates.
Wages Protection System Compliance Certificate	To confirm compliance with Wage Protection System requirements for employee salary payments	Arabian Centres Company	20825479184444	28/04/2025G	28/05/2025G	Ministry of Human Resources and Social Development (MHRSD)	Valid for 30 days; requires monthly updates.

Type of License	Purpose	Licensee / Issuer	License Number	Issue / Renewal Date	Expiry Date	Issuing Authority	Renewal / Updates Frequency
Saudization Certificate	To confirm adherence to Saudization targets under the Nitaqat Program	Arabian Centres Company	15797033965776	03/03/2025G	06/07/2025G	Ministry of Human Resources and Social Development (MHRSD)	Valid for 3 months; requires quarterly renewal.
Company Entity Evaluation Certificate - Nitaqat	Indicates the company's category under the Nitaqat program, based on its Saudi national employment rate	Arabian Centres Company	15797033965776	03/03/2025G	27/07/2025G	Ministry of Human Resources and Social Development – Labor Office (Electronic Services)	Updated on a weekly basis.

Source: Company information.

4

Management, Corporate Governance and Principal Shareholders

4. Management, Corporate Governance and Principal Shareholders

4.1 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, 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 Base Prospectus:

Table (4.1): Company's Board of Directors as at the date of this Base Prospectus

Name	Age	Position	Responsibility
Fawaz Abdulaziz Fahad Alhokair	61	Chairman of the Board	NonExecutive
Salman Abdulaziz Fahad Alhokair	58	Vice Chairman of the Board	Non-Executive
Mohamad Rafic Mourad	51	Non Executive Director	Non-Executive
Abdulrahman Abdulaziz Al Tuwaijri	70	Independent Non-Executive Director	Non-Executive
Ahmed Demerdash Badrawi	56	NonExecutive Director	NonExecutive
Kamel Badee Alqalam	60	Managing Director	Executive
Johan Henri Brand	64	Independent NonExecutive Director	NonExecutive
Khalid Abdullah Alsweilem	69	Independent NonExecutive Director	Non-Executive
Turki Saud Aldayel	41	Independent NonExecutive Director	Non-Executive

Source: Company information

The following is a brief description of the experience of the Company's directors:

4.1.1 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 Holdings and Marakez Egypt. Since 1991G, 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 1989G and an honorary doctorate degree in economics and accounting from Loughborough University in 2008G.

4.1.2 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 1992G. He received his Bachelor's degree in architectural engineering from King Saud University in 1990G.

4.1.3 Mohamad Rafic Mourad

Mohamad Rafic Mourad is a director of the Company. He served as the managing director until July 2024G and as the interim chief executive officer of the Company until 20 August 2022G. 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 his various regional and global roles. He received a Bachelor of Science with Honours from Lebanese American University, Lebanon in 1994G and an MBA from INSEAD, France in 2001G.

4.1.4 Abdulrahman Abdulaziz Al Tuwajjri

Abdulrahman Abdulaziz Al Tuwajjri is a director of the Company. He currently owns Doctor Abdulrahman Al Tuwajjri 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 Gulf 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 1978G and a Doctorate in economics from Iowa State University in 1985G.

4.1.5 Ahmed Demerdash Badrawi

Ahmed Demerdash Badrawi is a director of the Company. He has more than 20 years of experience in the real estate, investment and legal sectors. He is currently the Chief Executive Officer of Marakez, a leading mixed-use real estate developer in Egypt. He previously served as the Managing Director at SODIC, one of Egypt's largest listed real estate companies, and as co-founder and Managing Director of InfoFort Egypt. He received a Bachelor's degree in law from Queen Mary University of London.

4.1.6 Kamel Badee Alqalam

Kamel Badee Alqalam is the managing director of the Company. He served as 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 1988G and a Master's degree in civil engineering from the University of North Carolina in 1990G.

4.1.7 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 1985G and a Master's in business economics in 1986G.

4.1.8 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.

4.1.9 Turki Saud Aldayel

Turki Saud Aldayel 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.

4.2 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:

4.2.1 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 Turki Saud Aldayel (as independent chairman), Yanal Mwaffaq Sadeq Soudi (external member) and Zaher Mohamad Ali Fattouh (external member).

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 CMA and the Company's Corporate Governance Manual and Policy.

Members of the Audit Committee

For information on Turki Saud Aldayel, see "*Board of Directors—Turki Saud Aldayel*" above.

Yanal Mwaffaq Sadeq Soudi has worked in audit and financial consulting, including prior experience as Senior Auditor and Audit Manager at Arthur Andersen, and Senior Manager at Ernst & Young in Riyadh. He has managed audits for financial institutions and served on the Advisory Partner Council for the Europe, Middle East, Africa, and India regions at Ernst & Young. He received a bachelor's degree in business administration from Oklahoma State University in 1985G and is a Certified Public Accountant.

Zaher Mohamad Ali Fattouh has worked in finance and investment, including prior executive roles at Ezdihar Group, Fawaz Alhokair Group, and in investment banking, as well as at a leading Big Four audit firm. He has significant experience with IPOs and M&A transactions in Saudi Arabia. He received a Bachelor of Science in Banking and Finance from the Lebanese American University in 1997G and is a Certified Public Accountant.

4.2.2 Nomination & Remuneration Committee

The Nomination & 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), Khalid Abdullah Alsweilem and Mohamad Rafic Mourad.

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 & Remuneration Committee

For information on Johan Henri Brand, see "*Board of Directors—Johan Henri Brand*" above.

For information on Khalid Abdullah Alsweilem, see "*Board of Directors—Khalid Abdullah Alsweilem*" above.

For information on Mohamad Rafic Mourad, see "*Board of Directors—Mohamad Rafic Mourad*" above.

4.3 Senior Management

Table (4.2): Senior Managers as at the date of this Base Prospectus

Name	Age	Position
Alison Greer Rehill-Erguven	54	Chief Executive Officer
Jabri Abdul Fattah Hussain Maali	55	Chief Financial Officer
Turki Al Zahrani	48	Chief Corporate Services Officer
Ghassan Abu Mutier	50	Chief Development and Delivery Officer
Naji Fayad	62	Chief Internal Audit Officer
Khalid Al Janahi	38	Chief Leasing Officer
Bino Joseph	47	Chief Digital Officer
Bruno Wehbe	40	Chief Operating Officer
Dennis Michael	43	Chief Business Development Officer
Sami Mohamad Itani	42	Chief Strategy Officer

Source: Company information

4.3.1 Alison Rehill-Erguven

Alison Rehill-Erguven was appointed as Chief Executive Officer of the Company effective from 21 August 2022G. 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 2016G. 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 1994G.

4.3.2 Jabri Abdul Fattah Hussain Maali

Jabri Abdul Fattah Hussain Maali has served as the Company's Chief Financial Officer since June 2024G, having previously served in this role from 2012G to 2020G. He has over 30 years of experience working across various finance roles. He previously served as the Company's senior financial advisor and has held senior finance positions at Nuqul Group, BDO and Planet Group, which operates in the hospitality and tourism sector. He obtained a Bachelor's degree in Economics and Accounting from Jordan University in 1992G.

4.3.3 Turki Al Zahrani

Turki Al Zahrani has served as the Chief Human Resources & Support Services Officer since 2015G, after joining the Company in 2009G as its Director of Human Resources. He obtained his Bachelor's degree in Business Administration from King Abdulaziz University, Saudi Arabia, in 2012G. 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.

4.3.4 Ghassan Abu Mutair

Ghassan Abu Mutair has served as the Company's Chief Development and Delivery Officer since December 2015G. From 2002G to 2015G, 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 1997G.

4.3.5 Naji Fayad

Naji Fayad has served as the Company's Internal Audit Director since August 2017G. He has over 20 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 1996G, and a Certified Internal Auditor (CIA) degree from the Institute of Internal Auditors, the United States of America, in 2003G. He previously served as chairman of the Audit Committee for ARABIA Insurance Company and Audit Manager for Deloitte and Touche in Montreal, Canada.

4.3.6 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 2010G and a Master's degree in Business Administration from University of Incarnate Word in 2011G.

4.3.7 Bino Joseph

Bino Joseph, the Chief Digital Officer of the Group, has over 24 years of experience across various technology positions and his career spans a diverse range of geographies, including India, the UK, the US, Europe, China, Singapore, and the Middle East. He has extensive experience in spearheading large-scale digital transformation programmes for top companies in the retail, real estate, hospitality, and technology industries including in several chief information officer positions and chief technology officer positions at Tesco, Damac Properties and Emaar Properties.

He obtained a Bachelor of Technology degree in Engineering from the University of Kerala and received an MBA from the Indian Institute of Technology, Delhi.

4.3.8 Bruno Wehbe

Bruno Wehbe is the Chief Operating Officer of the Group. He has over 17 years of experience in senior leadership roles across different organisations. In his current role, Bruno leads the development and execution of the Group's flagship assets and manages cross functional teams including Development, Construction, Asset Management and Leasing. Prior to this, Bruno was the Chief Strategy Officer for Cenomi Group and previously held key roles in Portfolio and Asset Management for Cenomi Centers. He previously served as Vice President MENA Real Estate Lead at Booz Allen Hamilton and Principal MENA Real Estate at Strategy&. He obtained a Bachelor's degree in Computer & Communications Engineering from American University of Beirut in 2006G and a Master's degree in Management from the London School of Economics and Political Science in 2007G.

4.3.9 Dennis Michael

Dennis Michael, the Group's Chief Business Development Officer, has over 20 years of experience in developing, executing, and maintaining diversified commercialization and leasing strategies within the media, property development, and asset management industries. Prior to his current role, he established the commercialization business at Diriyah Gate Company Limited, significantly contributing to income and feasibility during the development lifecycle. Before moving to Saudi Arabia, he led a diverse team at Queensland Investment Corporation Global Real Estate and accumulated over a decade of senior leadership experience at News Corp. He obtained a Bachelor's degree in Media & Communications from the University of Western Sydney.

4.3.10 Sami Mohamad Itani

Sami Mohamad Itani, the Group's Chief Strategy Officer, has over 18 years of experience in business transformation, management consulting, strategy, and operations across diverse sectors such as Tech, Real Estate, and Retail. Before his current role, he was the Vice President of Business Operations at Cenomi Group, overseeing business planning, performance management, and operational excellence. Sami's nine-year tenure at Google involved driving the adoption of Google advertising solutions among MENA's leading brands and leading sales strategy across Google's EMEA SMB business. His professional background also includes positions at McKinsey & Company and Saudi Aramco. He obtained a Bachelor's degree in Economics from the University of Texas at Austin and an MBA with distinction from London Business School.

4.4 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 Base Prospectus:

Table (4.3): Shareholding by Directors

Name	Position	Responsi- bility	Number of shares held		Share holding (%)	
			Direct	Indirect	Direct	Indirect
Fawaz Abdulaziz Fahad Alhokair	Chairman	NonExecutive	15,217,501	45,798,467	3.20%	9.64%
Salman Abdulaziz Fahad Alhokair	Vice Chairman	Non-Executive	34,769,583	75,577,694	7.32%	15.91%
Mohamad Rafic Mourad	Director	NonExecutive	N/A	N/A	0.00%	0.00%
Abdulrahman Abdulaziz Al Tuwaijri	Director	NonExecutive	10	N/A	0.0000021%	0.00%
Ahmed Demerdash Badrawi	Director	NonExecutive	22	N/A	0.0000478%	0.00%
Kamel Badee Alqalam	Director	Executive	1,684,731	N/A	0.35%	0.00%
Johan Henri Brand	Director	NonExecutive	N/A	N/A	0.00%	0.00%
Khalid Abdullah Alsweilem	Director	Non-Executive	250	N/A	0.0000526%	0.00%
Turki Saud Aldayel	Director	Non-Executive	40	N/A	0.0000084%	0.00%
Total Shareholding by Directors			51,672,137	121,376,161	10.87%	25.55%

4.5 Compliance Matters

As at the date of this Base Prospectus, certain of the Company's directors are subject to an ongoing confidential enquiry by the CMA in connection with their director positions held in another company. The enquiry does not pertain to their roles or responsibilities at Cenomi Centers. Given the confidential nature of the enquiry, the Company is not privy to its details or scope and is unable to determine the potential implications of such enquiry.

5

Related Party Transactions

5. 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 Party 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.

5.1 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 13 August 2020G which aims to ensure that all tenancy leases between the parties for all of the Company's malls are conducted on a basis which is approved by the Company's management and the Board of Directors. The term of the framework agreement is five years.

Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect shareholders of Fawaz Abdulaziz Alhokair Co.

On 7 May 2023G, 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 2023G, 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 three-month period ended 31 March 2025G, the value of the Company's transactions with Fawaz Abdulaziz Alhokair Co. and its subsidiaries was SAR 58.6 million, and as at 31 March 2025G, SAR 535.4 million was owed by Fawaz Abdulaziz Alhokair Co. and its subsidiaries to the Company. For the year ended 31 December 2024G, the value of transactions with Fawaz Abdulaziz Alhokair Co. and its subsidiaries was SAR 265.5 million, and as at 31 December 2024G, SAR 487.5 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 2018G. The Company is party to a construction framework agreement with Lynx Contracting Company dated 12 August 2020G 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 three-month period ended 31 March 2025G, the value of the Company's transactions with Lynx Contracting Company was SAR 195.9 million. For the year ended 31 December 2024G, the value of transactions with Lynx Contracting Company was SAR 197.4 million. The Company continues to use Lynx Contracting Company for the design and construction of its six malls currently under 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 three-month period ended 31 March 2025G, the value of the Company's transactions with Saudi FAS Holding Company was SAR 0.3 million, and as at 31 March 2025G, SAR 6.8 million was owed by Saudi FAS Holding Company to the Company. For

the year ended 31 December 2024G, the value of transactions with Saudi FAS Holding Company was SAR 2.4 million, and as at 31 December 2024G, SAR 6.4 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 three-month period ended 31 March 2025G, the value of the Company's transactions with Abdul Mohsin Al Hokair and Tourism and Development was SAR 7.5 million, and as at 31 March 2025G, SAR 37.0 million was owed by Abdul Mohsin Al Hokair and Tourism and Development to the Company. For the year ended 31 December 2024G, the value of transactions with Abdul Mohsin Al Hokair and Tourism and Development was SAR 28.3 million, and as at 31 December 2024G, SAR 34.9 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 2017G 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 it was renewed on 1 April 2019G for two more years pursuant to a clause for automatic renewal by mutual consent. The agreement with TNS was further renewed on 1 April 2021G for three additional years.

Salman Abdulaziz Alhokair, as a director of the Company, is the direct sole shareholder of TNS.

For the three-month period ended 31 March 2025G, the value of the Company's transactions with TNS was SAR 8.6 million, and as at 31 March 2025G, SAR 12.4 million was owed by TNS to the Company. For the year ended 31 December 2024G, the value of transactions with TNS was SAR 55.4 million, and as at 31 December 2024G, SAR 9.0 million was owed by TNS to the Company.

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 his close family members.

For the three-month period ended 31 March 2025G, the value of the Company's transactions with Salman & Sons Holding Co and its associates was SAR 5.5 million, and as at 31 March 2025G, SAR 79.2 million was owed by Salman & Sons Holding Co and its associates to the Company. For the year ended 31 December 2024G, the value of transactions was SAR 41.6 million, and as at 31 December 2024G, SAR 72.8 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.

Majd Al Amal Co. Limited and its associates

Majd Al Amal Co. Limited and its associates (including Wealth Company Limited, Almuzn Foods and Sarya Al Majd Co.) 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 three-month period ended 31 March 2025G, the value of the Company's transactions with Majd Al Amal Co. Limited and its associates was SAR 2.0 million, and as at 31 March 2025G, SAR 30.3 million was owed by Majd Al Amal Co. Limited and its associates to the Company. For the year ended 31 December 2024G, the value of transactions was SAR 14.8 million, and as at 31 December 2024G, SAR 28.4 million with Majd Al Amal Co. Limited and its associates was owed by Majd Al Amal Co. Limited and its associates to the Company.

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 three-month period ended 31 March 2025G, the value of the Company's transactions with Ezdihar Holding Co and its subsidiaries was SAR 5.5 million, and as at 31 March 2025G, SAR 111.7 million was owed by Ezdihar Holding Co and its subsidiaries to the Company. For the year ended 31 December 2024G, the value of transactions with Ezdihar Holding Co and its subsidiaries was SAR 26.3 million, and as at 31 December 2024G, SAR 107.5 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 centres in U-Walk. The term of the lease range is approximately 10 years.

Others

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 three-month period ended 31 March 2025G, the value of the Company's transactions with these other related parties was SAR 3.7 million, and as at 31 March 2025G, SAR 20.2 million was owed by such related parties to the Company. For the year ended 31 December 2024G, the value of transactions with these other related parties was SAR 4.5 million, and as at 31 December 2024G, SAR 22.5 million was owed by such related parties to the Company.

5.2 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 16 September 2018G (amended on 7 December 2023G) 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 entitled to vote, being those directors who do not have an interest in the relevant transaction) before being 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 16/09/2018G) 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.

6

Description of Financing Arrangements

6. Description of Financing Arrangements

The following summary of significant indebtedness does not purport to be complete and is subject to, and qualified by, the underlying documents.

Classification of Financing Arrangements

The summary below provides a high-level classification of the Company's financing arrangements by reference to their security and guarantee structure, with more detailed description provided in Sections 6.1 to 6.7 below.

As at 31 March 2025G:

- i. **Secured Islamic Facilities:** Certain of the Company's Islamic financing arrangements are secured obligations. These include the Term Murabaha Facilities and the Islamic Revolving Credit Facilities (each as defined in Section 6.1 below), which are secured by, among other things: (i) first-priority mortgages over certain properties owned by the Company, (ii) pledges over rental proceeds and designated bank accounts, and (iii) assignments of related insurance policies and proceeds. None of these facilities benefit from any personal guarantees. The Existing Senior Facilities (as defined in Section 6.1 below) are secured by security over land and buildings of several of the Company's malls with a book value of SAR 7,800 million as at 31 March 2025G, as disclosed in Note 13 to the Q1 2025G Interim Financial Statements. Please see Section 20.1 "*Financial Statements of the Company as at, and for the three-month period ended 31 March 2025G*" for a link to the 2024G Audited Financial Statements which have been incorporated by reference to this Base Prospectus.
- ii. **Unsecured Sukuk Issuances:** The Sukuk issuances, with a total combined issued amount of U.S.\$1,585 million, described in Sections 6.2 to 6.4 are unsecured and unguaranteed obligations of the relevant issuing vehicles. However, the payment obligations under each series of Sukuk are direct obligations of the Company in its capacity as Obligor under the relevant declaration of trust.
- iii. **Non-Recourse Subsidiary Financings:** Certain Islamic facilities have been entered into by certain subsidiaries of the Company on a fully non-recourse basis to the Company, including a SAR 800 million long-term facility in connection with the Jawharat Jeddah project and two long-term facilities with a total combined amount of SAR 1,350 million in connection with the Jawharat Riyadh project (the "**Non-Recourse Facilities**"). The Non-Recourse Facilities are secured by mortgages over the relevant project sites, together with pledges over project-related accounts, insurances and documentation and other assets held through the relevant closed-ended real estate funds (each a subsidiary of the Company). The Company does not provide any guarantees in respect of these Non-Recourse Facilities, nor is there any recourse to the assets of the Company. Drawdowns under the facilities are based on the progress of each relevant project. Personal guarantees in respect of these financings have only been provided by members of the Al Hokair family. The Non-Recourse Facilities do not impact the Company's consolidated leverage ratios and are ring-fenced at the project level.
- iv. **Personal Guarantees:** The Company has not provided or received any personal guarantees in respect of its financing arrangements. Personal guarantees have only been provided by members of the Al Hokair family in connection with certain non-recourse financings entered into by subsidiaries of the Company, as described above. As at the date of this Base Prospectus, the Company does not have any outstanding loans or credit facilities secured by personal guarantees provided by the Company or its subsidiaries, nor does it have any unsecured loans guaranteed by the Company or its subsidiaries. All secured loans are secured by collateral over real estate assets or project-level security, as described above.
- v. **Mortgages and Security Interests:** As outlined above, a number of the Company's real estate assets are subject to first-ranking mortgages or other forms of collateral security granted in favour of the financiers under the Existing Senior Facilities as further described below. The aggregate book value of the mortgaged properties securing these facilities was SAR 7,800 million as at 31 March 2025G.
- vi. **Contingent Liabilities and Guarantees:** The Company had outstanding bank guarantees of SAR 11.2 million, primarily in favour of utility companies and construction counterparties, issued in the ordinary course of business. Other than as disclosed in Section 6 of this Base Prospectus, the Company is not party to any other contingent liabilities, guarantees, off-balance sheet obligations or lease-purchase arrangements.
- vii. **Approved but not yet issued Debt Instruments:** As at the date of this Base Prospectus, the Company is authorised, pursuant to its Extraordinary General Meeting resolutions dated 24 January 2023G and 23 March

2025G, to issue up to SAR 3,750 million and SAR 4,500 million, respectively, in aggregate principal amount of debt instruments. As at the date of this Base Prospectus, none of these authorised debt instruments have been issued.

- viii. **Other Loans, Debts and Purchase Obligations:** Other than as disclosed in Section 6 of this Base Prospectus, the Company does not have any other borrowing or indebtedness, bank overdrafts, liabilities under acceptances, acceptance credits, or hire purchase commitments (whether guaranteed, unguaranteed, secured or unsecured) outstanding as at the date of this Base Prospectus.

6.1 Existing Senior Facilities and Bank Financings

Arabian Centres Company (trading as Cenomi Centers) (the “**Company**”) entered into a commercial terms agreement dated 13 February 2024G between, among others, the Company as company and The Saudi National Bank as murabaha SAR investment agent, murabaha U.S.\$ investment agent, global agent and 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 term SAR murabaha facility agreement dated 13 February 2024G 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**”);

- a. a term U.S.\$ murabaha facility agreement dated 13 February 2024G 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**”);
- b. a revolving murabaha facility agreement dated 13 February 2024G 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
- c. a revolving murabaha facility agreement dated 13 February 2024G 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 is 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 carveouts).

The Existing Senior Facilities require the Company to observe certain customary affirmative covenants, subject to certain agreed exceptions and materiality carveouts.

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 semi-annually from 31 December 2022G 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.

It is part of the Company's strategy to periodically review its covenant packages with its lenders to ensure the necessary operational flexibility and to maintain alignment of its bank financing documentation with the Group's short, medium, and long-term business and financial objectives. In line with its most recent review of its capital structure in 2025G, the Company is engaging in discussions with the lenders appointed on the Existing Senior Facilities as part of this strategy, as at the date of this Base Prospectus.

The Existing Senior Facilities are secured pursuant to the security agreements set out below. As at the date of this Base Prospectus, 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 first priority pledge over the insurance policies and insurance proceeds relating to the Secured Properties;

- a. a first priority pledge in respect of certain bank accounts (the "Accounts Pledge");
- b. a first priority pledge of rental proceeds in respect of the Secured Properties;
- c. a first priority mortgage in respect of the Secured Properties; and
- d. a first priority pledge over the rental proceeds in respect of the Secured Properties dated 25 March 2020G.

(the "Security Documents")

Other than as disclosed in this Section, there are no additional material mortgages, liens, or burdens affecting the properties of the Company or its subsidiaries as at 31 December 2024G.

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 year ended 31 December 2024G, the Group drew down SAR 521 million from a non-recourse facility, together with SAR 508 million drawn during the year ended 31 December 2023G. Additionally, during the year ended 31 December 2024G, a subsidiary of the Group entered into a long-term non-recourse facility arrangement amounting to SAR 350 million from the National Development Fund. During the year ended 31 December 2022G, 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 year ended 31 December 2023G, a subsidiary of the Company entered into a long-term non-recourse Islamic facility arrangement amounting to SAR 1,000 million with a Saudi bank. 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.

No commissions, discounts, brokerages or other non-cash compensation have been granted by the Group within the three years immediately preceding the application for registration and offer that are the subject of this Base Prospectus in connection with the issue or offer of any securities by the Group or any of the Group's subsidiaries.

6.2 2019G Sukuk

On 26 November 2019G, 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 2024G (the "**2019G Sukuk**"). Periodic distribution amounts under the 2019G Sukuk are payable on the outstanding face amount of the 2019G Sukuk from (and including) 26 November 2019G (but excluding) 26 November 2024G at a rate of 5.375% per annum.

6.3 2021G Sukuk

On 7 April 2021G, 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 2026G (the "**Original 2026G Certificates**").

On 28 July 2021G, Arabian Centres Sukuk II Limited issued additional certificates amounting to U.S.\$225,000,000 due 7 October 2026G, at a premium of 4.75% of the face value of the certificates (the "**Additional 2026G Certificates**"). The Additional 2026G Certificates are secured by the proceeds of rental income of certain malls. The Additional Certificates may be subject to early redemption at the option of the Company as per specified conditions mentioned in the Additional 2026G Certificates.

Periodic distribution amounts under the Original 2026G Certificates and Additional 2026G Certificates are payable on the outstanding face amount of the relevant certificates from (and including) their respective issuance dates to (but excluding) 7 October 2026G at a rate of 5.625% per annum.

6.4 2024G Sukuk

On 6 March 2024G, Arabian Centres Sukuk III Limited (in its capacity as issuer and trustee), the Company (in its capacity as the obligor) and BNY Mellon Corporate Trustee Services Limited (in its capacity as delegate) entered into a declaration of trust under which Arabian Centres Sukuk III Limited issued U.S.\$500,000,000 trust certificates due 6 March 2029G (the "**Original 2029G Certificates**"). The proceeds from the issuance of the Original 2029G Certificates were used by the Company to repay and refinance the 2019G Sukuk.

On 18 March 2024G and 12 December 2024G, Arabian Centres Sukuk III Limited issued additional certificates amounting to U.S.\$100,000,000 and U.S.\$110,000,000, respectively, each due 6 March 2029G, at par with the face value of the Original 2029G Certificates (the "**Additional 2029G Certificates**"). The Additional 2029G Certificates may be subject to early redemption at the option of the Company as per specified conditions mentioned in the Additional 2029G Certificates.

Periodic distribution amounts under the Original 2029G Certificates and Additional 2029G Certificates are payable on the outstanding face amount of the relevant certificates from (and including) their respective issuance dates to (but excluding) 6 March 2029G at a rate of 9.5% per annum.

6.5 Summary of Debt Financing

The below table sets out the status of the Company's debt financing arrangements as at: (i) 31 December 2022G, 31 December 2023G and 31 December 2024G; and (ii) 31 March 2025G.

Table (6.1): Summary of Debt Financings as at (i) 31 December 2022G, 31 December 2023G and 31 December 2024G; and (ii) 31 March 2025G.

	31 Dec 2022G	31 Dec 2023G	31 Dec	31 Mar 2025G	Utilisation as at 31 March 2025G	Guarantee Status
	SAR (millions) 2024G					
(Islamic facility with banks) ⁽¹⁾	3,206.8	3,844.6	6,262.9	6,319.1	Fully utilised	Secured. Not guaranteed
(Sukuk) ⁽²⁾	5,130.1	5,142.1	5,909.4	5,910.4	Fully utilised	Unsecured. Not guaranteed
Loans and Borrowings – Current Liabilities	903.3	3,105.0	34.7	37.0		
Loans and Borrowings – Non-Current Liabilities	7,433.7	5,881.7	12,137.6	12,192.5		

Source: 2024G Audited Financial Statements; 2023G Audited Financial Statements; Q1 2025G Interim Financial Statements

(1) As at 31 March 2025G, the Islamic facilities are fully utilised. These are secured facilities and do not benefit from any personal or corporate guarantees from the Company or its subsidiaries.

(2) Includes the 2019G Sukuk, the 2021G Sukuk (from the period from and after 31 March 2022G), and the 2024G Sukuk. As at 31 March 2025G, the Sukuk fundings are fully utilised. While the Sukuk instruments are unsecured and unguaranteed obligations of the respective issuing vehicles, the Company is the Obligor under the relevant declarations of trust and accordingly has direct, unconditional, and senior unsecured obligations in respect of each issuance.

The Islamic Facilities with Banks include the Non-Recourse Facilities, Term SAR Murabaha Facilities, Term U.S.\$ Murabaha Facility, and Islamic Revolving Credit Facilities entered into by the Company in February 2024G (see Section 6.1 – “Existing Senior Facilities and Bank Financings”). These facilities are fully drawn and are secured by mortgages over certain real estate properties, pledges over rental proceeds and bank accounts, and assignments of insurance proceeds. These facilities do not benefit from personal or corporate guarantees from the Company.

The Non-Recourse Facilities are contractually structured to be fully non-recourse to the Company, with no guarantees provided by the Company and no security over, or recourse to, the Company's assets. As such, they are isolated at the project level and excluded from the Company's consolidated leverage ratio calculations.

The Sukuk Issuances comprise: (i) the 2019G Sukuk, which was fully repaid in March 2024G using proceeds from the 2024G Sukuk; (ii) the 2021G Sukuk (U.S.\$650 million principal amount plus a U.S.\$225 million tap issuance); and (iii) the 2024G Sukuk (U.S.\$500 million principal amount plus U.S.\$210 million in aggregate tap issuances). Each issuance is structured through a special-purpose vehicle that is bankruptcy-remote and does not benefit from any guarantees. However, the Company has irrevocably undertaken to satisfy all payment obligations as Obligor under the relevant declaration of trust for each issuance. These obligations are direct, unconditional, senior unsecured, and binding on the Company.

6.6 Financial Ratios

The below table sets out the Company's Leverage and Gearing financial ratios as at 31 March 2025G, 31 December 2024G and 31 December 2023G:

	As at 31 March 2025G	As at 31 December 2024G	As at 31 December 2023G
Leverage Ratio ⁽¹⁾	6.8x	6.7x	6.0x
Gearing Ratio ⁽²⁾	0.71	0.69	0.56

(1) “Leverage Ratio” means, as of any date of determination, the ratio of the aggregate amount of Consolidated Total Net Debt to Adjusted EBITDA of the Company for the relevant period. For the purposes of calculating the Leverage Ratio: (a) the Adjusted EBITDA, which is attributable to any subsidiaries of the Company which is derived from such subsidiaries' Project Financings and Non-recourse Project Financings, which has not been paid by such relevant Project Financing or Non-recourse Project Financing vehicle to the Company by way of dividend or otherwise, will be excluded; and (b) the Consolidated Total Net Debt shall be calculated to include financial indebtedness in respect of bank financings and debt capital market instruments but shall exclude lease liabilities that do not ordinarily constitute financial indebtedness.

(2) “Gearing Ratio” means, as of any date of determination, the ratio of (a) Consolidated Total Net Debt to (b) Consolidated Tangible Net Worth, and the “Applicable Gearing Ratio” means the Applicable Gearing Ratio with respect to a Series as specified in the Applicable Final Terms. For the purposes of calculating the Gearing Ratio, the Consolidated Total Net Debt shall be calculated to include financial indebtedness in respect of bank financings and debt capital market instruments but shall exclude lease liabilities that do not ordinarily constitute financial indebtedness.

(3) For the avoidance of doubt, for the purposes of the above definitions of ‘Leverage Ratio’ and ‘Gearing Ratio’, ‘Consolidated Total Net Debt’ shall be calculated to exclude any Non-recourse Project Financings. Moreover, for the purpose of the above definition of ‘Leverage Ratio’, ‘Adjusted EBITDA’ is calculated as profit for the period/year plus finance cost, zakat, depreciation of property and equipment, depreciation of right-of-use assets and interest expense on lease liabilities, with further adjustments made for any one-off or non-recurring transactions as assessed by the Company's management.

6.7 Commitments

6.7.1 Commitments as at 31 March 2025G, 31 December 2024G and 31 December 2023G

The table below presents the Company's commitments as at 31 March 2025G, 31 December 2024G and 31 December 2023G:

Table (6.2):

	As at 31 March 2025G	As at 31 December 2024G	As at 31 December 2023G
	SAR (millions)		
Commitments for projects under construction	3,980.2	4,376.8	4,173.3
Outstanding bank guarantees	11.2	11.2	10.0

Source: Source: 2024G Audited Financial Statements; Q1 2025G Interim Financial Statements

Commitments for projects under construction amounted to SAR 3,980.2 million as at 31 March 2025G and SAR 4,376.8 million as at 31 December 2024G. These commitments pertain to expenditure relating to five malls which were in the course of construction as at the relevant periods. These malls included U Walk Qassim, Jawharat Riyadh, Jawharat Jeddah, Jawharat Al Khobar and Murcia Mall. The Company expects these new malls to increase GLA by approximately 559,000 square metres.

Commitments for projects under construction amounted to SAR 4,173.3 million as at 31 December 2023G and pertain to expenditure relating to six malls which were in the course of construction as at 31 December 2023G. These malls included U Walk Jeddah, which was inaugurated in December 2023G, along with U Walk Qassim, Jawharat Riyadh, Jawharat Jeddah, Jawharat Al Khobar and Murcia Mall.

6.7.2 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 2022G respectively. In addition to completing four malls in the three years preceding 31 March 2022G, as at 31 December 2023G the Company had opened one new mall in December 2023G and also has a pipeline of six additional malls currently under construction (one of which – Jubail Marina Mall – will be managed under an operational agreement), and which have 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 2020G, the year ended 31 March 2021G and the year ended 31 March 2022G, respectively, together with commitments of SAR 3,265.1 million, SAR 4,173.3 million, SAR 4,376.8 million and SAR 3,980.2 million as at 31 December 2022G, 31 December 2023G, 31 December 2024G and 31 March 2025G, respectively.

In February 2024G, the Company completed a refinancing, settling its previous SAR 3,327 million senior facilities in full and signed a commercial terms agreement dated 13 February 2024G pursuant to which the Company entered into the Existing Senior Facilities 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 2036G), a U.S.\$ murabaha facility (maturing in February 2036G), a revolving U.S.\$ murabaha facility (maturing in February 2028G with an option to extend such facility by an additional two years) and a revolving SAR murabaha facility (maturing in February 2028G with an option to extend such facility by an additional two years). On 26 November 2019G, the Company issued the 2019G Sukuk in an aggregate principal amount of U.S.\$500 million due in 2024G. In addition, on 7 April 2021G, the Company issued the 2021G Sukuk in an aggregate principal amount of U.S.\$650 million due in 2026G, whilst on 28 July 2021G, the Company issued the additional 2021G Sukuk through a tap issuance of an aggregate principal amount of U.S.\$225 million due in 2026G. On 6 March 2024G, 18 March 2024G and 12 December 2024G, the Company issued the 2024G Sukuk in an aggregate principal amount of U.S.\$710 million due in 2029G. The proceeds from the issuance of the 2024G Sukuk were used by the Company to fully repay and refinance the 2019G Sukuk as well as providing the Company with an additional U.S.\$100 million in liquidity. See "Description of Financing Arrangements".

7

Use of Proceeds

7. Use of Proceeds

The proceeds of the issuance of each Tranche will be used to enter into the Mudaraba and into the Murabaha Transactions, in each case in accordance with the terms of the Conditions and the Sukuk Documents. The amounts so received by the Issuer will be used by it for its general Shari'ah compliant corporate purposes.

8

Experts' Statement

8. Experts' Statement

As at the date of this Base Prospectus, none of the experts identified in the "*Corporate Directory*" section of this Base Prospectus, being the Auditors to the Company, nor any of their relatives, have any shareholding or interest of any kind in the Company or any of its Subsidiaries. The Company also confirms that, none of the Arranger and Dealer or any of the legal advisers, own any shares or have any interest of any kind in the Company or any of its Subsidiaries.

KPMG Professional Services Company has given and not withdrawn its written consent to the inclusion, in this Base Prospectus, of KPMG's name, logo, auditor's report on (i) the audited financial statements of the Company as at and for the years ended 31 March 2021G and 31 March 2022G; (ii) the years ended 31 December 2023G and 31 December 2024G; and (iii) the three-month period ended 31 March 2025G in the form and context in which it is included in this Base Prospectus. KPMG is a professional company that provides assurance, tax and advisory services.

9. Declarations

The Directors declare the following:

1. no commissions, discounts, brokerages or other non-cash compensation have been granted within the three years immediately preceding the application for registration and offer that are the subject of this Base Prospectus in connection with the issue or offer of any securities by the Issuer or any of the Issuer's subsidiaries (if applicable).
2. there has not been any material adverse change in the financial or trading position of the Issuer or its subsidiaries (if applicable) in the three financial years preceding the application for registration and offer of securities that are subject to this Base Prospectus and during the period from the end of the period covered in the external auditors' report up to and including the date of approval of the Base Prospectus.
3. other than what is been mentioned in Section 4.4 ("*Directors' Shareholding*"), Section 4.1 ("*Board of Directors*") and Section 4.3 ("*Senior Management*") of this Base Prospectus, they do not have any shareholding or interest of any kind in the Issuer or any of the Issuer's subsidiaries (if applicable), and nor does any Relative of theirs.

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Legal Information

10. Legal Information

The Directors declare the following:

1. Neither the establishment of the Programme, nor any prospective issuance thereunder, constitutes (or will constitute, as the case may be) any breach of the relevant laws and regulations in Saudi Arabia.
2. Neither the establishment of the Programme, nor any prospective issuance thereunder, constitutes (or will constitute, as the case may be) any breach of any contract/agreement entered into by the Issuer.

11. Expenses

The Issuer estimates in aggregate its costs and expenses associated with the establishment of the Programme to approximately amount to SAR 10 million.

This amount includes, without limitation, the fees and expenses of each of the legal advisors, auditors, credit rating agencies, as well as related listing, legal and accounting fees and expenses.

This amount does not include additional expenses incurred in connection with the issuance of any Tranche, including the fees of the Financial Advisor, the Arranger, the Dealer, Receiving Agents, the Sukukholders' Agent, the Payment Administrator and other agents, which may be specified in the Applicable Final Terms relating to such Tranche.

12. Waivers

The Issuer has not submitted a request to the CMA for waivers of the ROSCO requirements.

Terms and Conditions of the Sukuk

13. Terms and Conditions of the Sukuk

1. Introduction

Arabian Centres Company, a Saudi Arabian joint stock company established under commercial registration number 1010209177 dated 07/04/1426H (corresponding to 15/05/2005G) issued on 08/01/1439H (corresponding to 28/09/2017G), pursuant to ministerial resolution no. 0/322, dated 15/10/1438H (corresponding to 09/07/2017G) (in its capacity as the issuer, the **"Issuer"**) has established a programme (the **"Programme"**) for the issuance of sukuk (the **"Sukuk"**) where the aggregate nominal amount of Sukuk that are outstanding (as defined below) at any time under all Series (as defined below) taken together does not exceed SAR 4,500,000,000 (subject to increase in accordance with the terms of the Programme Agreement (as defined below)). In these terms and conditions (the **"Conditions"**, and any reference herein to a numbered Condition is to the corresponding numbered provision hereof), references to Sukuk shall be references to the sukuk which are the subject of a final terms document (the **"Applicable Final Terms"**) and references to the Applicable Final Terms are to the final terms (or the relevant provisions thereof) of that Tranche (as defined below) as completed by the Issuer at the time of issue of the relevant Tranche.

The Applicable Final Terms supplement these Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of each Global Sak issued in respect of a Tranche under the Programme.

Applications have been submitted by the Issuer to (i) the CMA for the registration and offering of the Sukuk; and (ii) Tadawul for the listing of the Sukuk. Please see *"Documents Available for Inspection"* for a description of the resolutions and approvals by virtue of which the Sukuk will be issued and offered.

Each Sukuk will represent an undivided ownership interest in the Sukuk Assets of the relevant Series and undivided rights in the Payment Obligations (as defined herein) and will at all times rank pari passu among themselves.

Pursuant to a master declaration of agency (the **"Master Declaration of Agency"**) dated 6 October 2025G between the Issuer and Al Rajhi Capital Company (in its capacity as agent on behalf of the Sukukholders, the **"Sukukholders' Agent"**, which expression includes any successor Sukukholders' Agent in relation to the Sukuk), as supplemented by a supplemental declaration of agency between the same parties in relation to the relevant Tranche (each a **"Supplemental Declaration of Agency"** and together with the Master Declaration of Agency, each a **"Declaration of Agency"**), the Sukukholders' Agent will be appointed to act as agent for and on behalf of the Sukukholders in respect of the relevant Tranche.

Each Sukukholder by subscribing to, acquiring and/or holding Sukuk shall be deemed to authorise, ratify and approve the entry by the Sukukholders' Agent into the Sukuk Documents (as defined below) and agrees to the terms of each of the Sukuk Documents including, but not limited to, the appointment of the Sukukholders' Agent as agent of the Sukukholders in the Master Declaration of Agency. The appointment of the Sukukholders' Agent may be revoked or terminated (and the Sukukholders' Agent may resign its appointment) in accordance with the provisions of the Master Declaration of Agency.

Payments relating to the Sukuk will be made pursuant to a payment administration agreement (the **"Payment Administration Agreement"**) dated 6 October 2025G between the Issuer, the Sukukholders' Agent and Al Rajhi Capital Company (in its capacity as payment administrator, the **"Payment Administrator"**).

The Sukuk of each Series (as defined below) shall form a separate series and these Conditions shall apply mutatis mutandis separately and independently to the Sukuk of each Series and, in these Conditions, the expressions **"Sukuk"**, **"Sukukholders"** and related expressions shall be construed accordingly.

Certain provisions of these Conditions are summaries of the Sukuk Documents and are subject to their detailed provisions. The Sukukholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Sukuk Documents applicable to them. Copies of the Sukuk Documents are available for inspection and/or collection (including by means of email distribution) from the Issue Date by Sukukholders during normal business hours at the specified offices of each of the Issuer and the Sukukholders' Agent.

The pricing, profit rate and frequency of payment of periodic distribution amounts applicable to each Series of Sukuk will be announced before the Offer Period. These will subsequently be specified in the Applicable Final Terms, including the determination and publication of the total applicable profit rate, margin, expiry date, and any Issuer Call Option related to the relevant Series for potential investors.

Factors determining the pricing of the profit rate for each Series of Sukuk may include, but are not limited to, the following:

1. The margin, which may be determined based on certain factors, including but not limited to, the Issuer's risk, market conditions, the Issuer's credit rating, the sovereign risk premium of Saudi Arabia, any additional risk premiums related to the Issuer's activity, the Issuer's financial condition and performance, maturity period, redemption premium, any Issuer Call Option, any liquidity premium, and any initial issuance premium for the relevant Series of Sukuk; and
2. Any index rate agreed upon between the Issuer and the Arranger, which may be applied to the total profit rate, such as, but not limited to, the SAR Mid-Swap Rate for Sukuk with fixed periodic distribution provisions, SAIBOR (the Saudi Arabian Interbank Offered Rate) for Sukuk with floating periodic distribution provisions, or the yield on Saudi government sukuk denominated in Saudi Riyals, for the period agreed upon between the Issuer and the Arranger.

The Issuer is committed to providing all information that enables potential investors to make an informed decision, with the importance of referring to the sections "*Important Notice*" on page (i) and "Risk Factors" of this Base Prospectus before making any investment decision in the Sukuk offered under this Base Prospectus.

Please refer to Section 15 ("*Summary of the Transaction Structure*") for a diagram detailing the proposed structure relating to the establishment of the Programme for the issuance of Sukuk by the Issuer, together with information on the related cash flows.

2. Definitions

- 2.1 Unless defined herein or the context otherwise requires, words and expressions used in the Applicable Final Terms shall have the same meanings where used in these Conditions. In addition, the following words and expressions shall have the following meanings:

"**Account Bank**" means Al Rajhi Banking and Investment Corporation;

"**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.

"**Aggregate Nominal Amount**" means, in respect of the Sukuk, a Tranche or a Series, the aggregate nominal amount of such Sukuk, Tranche or Series, as the case may be;

"**Applicable Final Terms**" has the meaning given to it above under Condition 1 (*Introduction*);

"**Associate**" means (a) any Person engaged in a Similar Business of which the Issuer or its Material 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 Issuer or any Material Subsidiary;

"**Authorised Holding**" has the meaning given to it in the Applicable Final Terms;

"**Authorised Signatory**" means the person(s) duly authorised by the Issuer to sign documents and to do other acts and things on behalf the Issuer or any other person or persons duly notified by the Issuer to the Sukukholders' Agent as being an authorised signatory pursuant to clause 7(k) (Authorised Signatories) of the Master Declaration of Agency;

"**Available Amount**" means:

- i. in the period from and including the Issue Date of the first Tranche of such Series to but excluding the first Periodic Distribution Date, an amount that is equal to the first Periodic Distribution Amount due under the Series; and
 - ii. thereafter, during each Periodic Distribution Period, an amount that is equal to the Periodic Distribution Amount falling due on the next Periodic Distribution Date;
- plus
- iii. an amount equal to (a) the Aggregate Nominal Amount of such Series less (b) the aggregate Deferred Sale Price in respect of such Series,

or such other amount or calculation as is specified in the Applicable Final Terms;

"Base Prospectus" means the base prospectus dated 6 October 2025G relating to the Programme, as amended and updated from time to time, including all information and supplements which form part of such base prospectus;

"Board of Directors" means (a) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorised 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 authorised committee thereof; and (c) with respect to any other Person, the board or any duly authorised committee of such Person serving a similar function. Whenever any provision of these Conditions and the Master Declaration of Agency 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 Issuer" under these Conditions and the Master Declaration of Agency may be exercised pursuant by the Board of Directors of a Material Subsidiary or a Parent pursuant to a delegation of powers of the Board of Directors of the Issuer;

"Business Day" means a day on which commercial banks are open for general business in the locations specified in the Applicable Final Terms;

"Business Day Convention" means, where a Business Day Convention is specified in the Applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which a Periodic Distribution Date or Partial Periodic Distribution Date should occur or (y) if any Periodic Distribution Date or Partial Periodic Distribution Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- i. the Following Business Day Convention, such Periodic Distribution Date or Partial Periodic Distribution Date (as applicable) shall be postponed to the next day which is a Business Day; or
- ii. the Modified Following Business Day Convention, such Periodic Distribution Date or Partial Periodic Distribution Date (as applicable) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Periodic Distribution Date or Partial Periodic Distribution Date (as applicable) shall be brought forward to the immediately preceding Business Day; or
- iii. the Preceding Business Day Convention, such Periodic Distribution Date or Partial Periodic Distribution Date (as applicable) shall be brought forward to the immediately preceding Business Day;

"Business Portfolio" means the total Shari'ah compliant assets of the Group comprising, among others, commercial centres, shopping malls, hospitality assets and land, which are within the Group along with the investment of the Mudareb (for the benefit of the Sukukholders' Agent) made pursuant to Condition 6.4 (*Mudaraba Assets and Mudaraba Income sharing*);

"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;

"Capitalised 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 capitalised and reflected as a liability on a balance sheet (excluding the footnotes thereto) prepared in accordance with IFRS; provided that any obligations of the Issuer or its Material Subsidiaries either existing on the Original Issue Date or created prior to any recharacterisation described below (a) that were not included on the consolidated balance sheet of the Issuer as capital or finance lease obligations and (b) that are subsequently recharacterised 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 Master Declaration of Agency (including, without limitation, the calculation of EBITDA) not be treated as capital or finance lease obligations, Capitalised Lease Obligations or Financial Indebtedness;

"Cash Equivalents" means, in respect of the Group, at any time, the aggregate of the following:

1. cash in hand or on deposit with any acceptable bank;
2. certificates of deposit, maturing within one year from the relevant date of calculation, issued by an acceptable bank;

3. any investment in marketable obligations issued or guaranteed by: (i) the government of the United States, any member state of the European Union or the United Kingdom or by an instrumentality or agency of the government of the United States, any member state of the European Union or the United Kingdom having an equivalent credit rating; or (ii) the Kingdom, the Government of the United Arab Emirates or the Government of Dubai or the Government of Abu Dhabi, provided in the case of (ii) such obligations have a maturity of less than one year from the relevant date of calculation;
4. open market commercial paper: (i) for which a recognised trading market exists; (ii) issued in the United States or the United Kingdom; (iii) which matures within one year from the relevant date of calculation; and (iv) which has a credit rating of either "A-1" by S&P (or higher) or "F1" by Fitch (or higher) or a credit rating of "P-1" by Moody's or if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term debt obligations, an equivalent rating;
5. Sterling bills of exchange eligible for re-discount at the Bank of England and accepted by an acceptable bank, in each case, to which any member of the Group is beneficially entitled at that time and which is capable of being applied against Financial Indebtedness;
6. money market funds at least 95% of the assets of which constitute Cash and Cash Equivalents of the kinds described in paragraphs (a) to (e) above; and
7. any other amounts and investments specified as cash and cash equivalents in the most recently published consolidated financial statements of the Group prepared in accordance with the Applicable Accountancy Standards.

For the avoidance of doubt: (i) an **"acceptable bank"** for this purpose is a commercial bank or trust company which has a rating of "BBB-" or higher by S&P or Fitch or "Baa3" or higher by Moody's or a comparable rating from a nationally recognised credit rating agency for its long-term obligations; and (ii) any items identified as Cash Equivalents under this definition will be deemed to be Cash Equivalents for all purposes under these Conditions and the Master Declaration of Agency regardless of the treatment of such items under IFRS;

"Change of Control Clean Up Redemption Date" means the 10th Business Day following the last day of any applicable Change of Control Clean Up Redemption Period or, if Floating Periodic Distribution Provisions are specified in the Applicable Final Terms as being applicable, the Periodic Distribution Date immediately following the end of the Change of Control Clean Up Redemption Period;

"Change of Control Clean Up Redemption Period" has the meaning given to such term in Condition 12.4 (*Redemption at the option of the Sukukholders*);

"Change of Control Event" means the Issuer becoming aware of any person or group of related persons, other than one or more Permitted Holders, being or becoming the beneficial owner, directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer; provided that for the purposes of this definition, (i) no Change of Control Event shall be deemed to occur by reason of the Issuer becoming a Subsidiary of a Successor Parent; and (ii) any Voting Stock of which any Permitted Holder is the beneficial owner shall not be included in any Voting Stock of which any person or group of related persons is the beneficial owner unless that person or group is not an Affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock;

"Change of Control Notice" has the meaning given to it in Condition 12.4 (*Redemption at the option of the Sukukholders*);

"Change of Control Put Option" has the meaning given to it in Condition 12.4 (*Redemption at the option of the Sukukholders*);

"Change of Control Redemption Amount" has the meaning given to it in Condition 12.4 (*Redemption at the option of the Sukukholders*);

"Change of Control Redemption Date" has the meaning given to it in Condition 12.4 (*Redemption at the option of the Sukukholders*);

"Change of Control Redemption Period" has the meaning given to it in Condition 12.4 (*Redemption at the option of the Sukukholders*);

"Closed Period" has the meaning given to it in Condition 4.5 (*Transfer Record Dates and Closed Periods*);

"CMA" means the Capital Market Authority of the Kingdom of Saudi Arabia;

"Collection Account" has the meaning given to it in Condition 6.4 (*Mudaraba Assets and Mudaraba Income sharing*);

"Committees" has the meaning given to it in Condition 20 (*Governing Law and Jurisdiction*);

"Commodities" has the meaning given to it in the Master Murabaha Agreement;

"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;

"Conditions" has the meaning given to it above under Condition 1 (*Introduction*);

"Confirmation of Terms" means, in relation to each Murabaha Transaction, a notice to be delivered by the Seller to the Purchaser confirming:

- i. the terms upon which the Commodities that were the subject of the relevant Purchase Order With Promise To Purchase were purchased by the Seller; and
- ii. the terms which will apply to the Murabaha Contract to be entered into between the Seller and the Purchaser in respect of such Commodities,

such notice to be substantially in the form set out in Schedule 2 (Form of Confirmation of Terms) of the Master Murabaha Agreement or in such other form as the Purchaser and the Seller shall agree;

"Consolidated Net Income" means the total net income of the Group as specified in the most recently published consolidated financial statements of the Group prepared in accordance with the Accounting Principles;

"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 capitalised by any member of the Issuer and its Group (calculated on a consolidated basis) in respect of the relevant period;

"Consolidated Tangible Net Worth" means the total equity of the Group as specified in the most recently published consolidated financial statements of the Group prepared in accordance with the Accounting Principles less the aggregate of any amounts attributable to goodwill or any other intangible assets;

"Consolidated Total Net Debt" means, at any time, the aggregate amount of all obligations of members of the Group for or in respect of Financial Indebtedness at that time but:

1. excluding any such obligations to any other member of the Group;
2. deducting the aggregate amount of Cash and Cash Equivalents held by any member of the Group at that time,

and so that no amount shall be included or excluded more than once;

"Controlling Shareholders" means each of Fawaz Abdulaziz Alhokair, Salman Abdulaziz Alhokair and Abdulmajeed Abdulaziz Alhokair, directly or indirectly.

"Cost Price" means, in relation to each Murabaha Transaction, the aggregate amount payable in Saudi Arabian Riyals to the relevant Supplier by or on behalf of the Seller for the purchase of the Commodities from the relevant Supplier by the Seller as set out in the relevant Purchase Order With Promise To Purchase and which amount shall together with, if applicable, the Cost Price of any other outstanding Murabaha Transaction(s) entered into in respect of the same Tranche, be equal to the relevant Murabaha Capital and any reference in this Agreement to "Cost Price" shall be construed to include references to the Initial Murabaha Cost Price and/or Subsequent Murabaha Cost Price, as the context so requires;

"Credit Facility" means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, arrangements, instruments or indentures (including 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 Financial 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 provided one or more 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 Financial Indebtedness Incurred thereunder or contemplated thereby, (b) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (c) increasing the amount of Financial Indebtedness Incurred thereunder or available to be borrowed thereunder or (d) otherwise altering the terms and conditions thereof;

"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;

"Day Count Fraction" has the meaning given to it in the Applicable Final Terms;

"Declaration of Agency" has the meaning given to it above under Condition 1 (*Introduction*);

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default;

"Deferred Sale Price" means, in relation to each Murabaha Contract, the amount specified as such in the applicable Confirmation of Terms;

"Deferred Sale Price Payment Date" means, in relation to each Murabaha Contract, each date on which a payment of the whole or part, of the Deferred Sale Price is due, as set out in the relevant Confirmation of Terms;

"Designated Non-Cash Consideration" means the fair market value (as determined in good faith by the Board of Directors or an Officer of the Issuer) of non-cash consideration received by the Issuer or one of its Material 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 7.9 (*Disposals Conditions*);

"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 Expiry Date of the Sukuk or (b) the date on which there are no Sukuk that are 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 Event 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 7.8 (*Dividends and Share Redemption Conditions*). For the 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 Financial Indebtedness shall be required to be determined pursuant to these Conditions and the Master Declaration of Agency, 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;

"EBIT" means, in respect of any relevant period, the consolidated operating profit of the Group (or of the relevant Subsidiary, as the case may be) before taxation (excluding the results from discontinued operations):

1. **before deducting** any interest/profit, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any member of the Group (calculated on a consolidated basis) in respect of that relevant period;
2. **not including** any accrued interest/profit owing to any member of the Group;
3. **before taking into account** any Exceptional Items;
4. **after deducting** the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests;

5. **after deducting** cash charges due to Operating Leases;
6. **plus or minus** the Group's share of the profits or losses (after finance costs and tax) of Non-Group Entities **after deducting** the amount of any profit of any Non-Group Entity to the extent that the amount of the profit of the Group included in the financial statements delivered at the commencement of the relevant period pursuant to clause 7(b) (Financial Statements and Other Information) of the Master Declaration of Agency exceeds the amount actually received in cash by members of the Group through distributions by the Non-Group Entity;
7. **before taking into account** any unrealised gains or losses on any derivative instrument (other than any derivative instrument which is accounted for on a hedge accounting basis);
8. **before taking into account** any gain or loss arising from an upward or downward revaluation of any other asset at any time after the date of the financial statements delivered at the commencement of the relevant period pursuant to clause 7(b) (Financial Statements and Other Information) of the Master Declaration of Agency;
9. **excluding** the charge to profit represented by the expensing of stock options,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Group before taxation;

"EBITDA" means, in respect of any relevant period, the consolidated operating profit of the Group (or of the relevant Subsidiary, as the case may be) before taxation (excluding the results from discontinued operations):

1. **before deducting** any interest/profit, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any member of the Group (calculated on a consolidated basis) in respect of that relevant period;
2. **not including** any accrued interest/profit owing to any member of the Group;
3. **after adding back** any amount attributable to the amortisation or depreciation of assets of members of the Group (and taking no account of the reversal of any previous impairment charge made in that relevant period);
4. **before taking into account** any Exceptional Items;
5. **after deducting** the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests;
6. **after deducting** cash charges due to Operating Leases;
7. **plus or minus** the Group's share of the profits or losses (after finance costs and tax) of Non-Group Entities **after deducting** the amount of any profit of any Non-Group Entity to the extent that the amount of the profit of the Group included in the financial statements delivered at the commencement of the relevant period pursuant to clause 7(b) (Financial Statements and Other Information) of the Master Declaration of Agency exceeds the amount actually received in cash by members of the Group through distributions by the Non-Group Entity;
8. **before taking into account** any unrealised gains or losses on any derivative instrument (other than any derivative instrument which is accounted for on a hedge accounting basis);
9. **before taking into account** any gain or loss arising from an upward or downward revaluation of any other asset at any time after the date of the financial statements delivered at the commencement of the relevant period pursuant to clause 7(b) (Financial Statements and Other Information) of the Master Declaration of Agency;
10. **excluding** the charge to profit represented by the expensing of stock options,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Group before taxation;

"Event of Default" has the meaning given to it in Condition 13 (*Events of Default*);

"Event of Default Date" has the meaning given to it in Condition 13 (*Events of Default*);

"Event of Default Notice" has the meaning given to it in Condition 13 (*Events of Default*);

"Exceptional Items" means any exceptional, one off, non-recurring or extraordinary items in relation to:

1. all fees, costs and expenses incurred by the Group in relation to any financing or refinancing;
2. the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring;
3. disposals, revaluations, write downs or impairment of non-current assets or any reversal of any write-down or impairment;
4. disposals of assets associated with discontinued operations; and
5. any other item classified by the Issuer as an exceptional, one-off, non-recurring or extraordinary item in accordance with the Accounting Principles;

"Exercise Notice" has the meaning given to it in Condition 13 (*Events of Default*);

"Expiry Date" means the date specified as such in the Applicable Final Terms;

"Extraordinary Resolution" means:

1. a resolution passed at a meeting of the Sukukholders duly convened and held in accordance with the provisions governing meetings of Sukukholders, by a majority consisting of not less than three-fourths of the Sukukholders present and voting at such meeting, whether on a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-fourths of the votes cast on such poll; or
2. a resolution in writing signed by or on behalf of the holders of not less than three-fourths in Aggregate Nominal Amount of the Sukuk outstanding as of such date, which resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of such holders.

"fair market value" wherever such term is used in these Conditions or the Master Declaration of Agency (except as otherwise specifically provided in these Conditions or the Master Declaration of Agency), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith;

"Finance Lease" means any lease or hire purchase contract, a liability under which would, in accordance with the Accounting Principles, be treated as a balance sheet liability (other than a lease or hire purchase contract which would, in accordance with the Accounting Principles in force prior to 1 January 2019G, have been treated as an operating lease);

"Financial Indebtedness" means any indebtedness for or in respect of:

1. moneys borrowed;
2. any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
3. any amount raised pursuant to any note purchase facility or the issue of bonds, notes, sukuk, debentures, loan stock or any similar instrument;
4. the amount of any liability in respect of any Finance Leases;
5. receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis) or where recourse is limited to customary warranties and indemnities;
6. any amount raised under any other transaction (including any Shari'ah-compliant financing, securitisation and any forward sale or purchase agreement) having the commercial effect of a borrowing;
7. any Treasury Transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close out of that Treasury Transaction, that amount) shall be taken into account);
8. any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of a person that is not a member of the Group and which liability would fall within one of the other paragraphs of this definition; and
9. the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (1) to (8) (inclusive) above but without double counting where Financial Indebtedness is both borrowed and guaranteed (or indemnified against) by different Group companies,

provided that, (1) any Project Financing; and (2) any Non-recourse Project Financing shall not constitute Financial Indebtedness.

"Fixed Charge Coverage Ratio" means, as of any date of determination, the ratio of (a) the aggregate amount of 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 and the **"Applicable Fixed Charge Coverage Ratio"** means the Applicable Fixed Charge Coverage Ratio with respect to a Series as specified in the Applicable Final Terms.

In the event that the Issuer or any of its Material Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases, retires, extinguishes or otherwise discharges any Financial Indebtedness (other than Financial Indebtedness incurred under any revolving credit facility unless such Financial 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 the Issuer), 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 Financial 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 relevant period; provided, however, that the pro forma calculation of Fixed Charges shall not give effect to (i) any Permitted Financial Indebtedness (other than for the purposes of the calculation of the Fixed Charge Coverage Ratio) or (ii) the discharge on the Calculation Date of any Financial Indebtedness to the extent that such discharge results from the proceeds incurred from an Asset Disposition.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

1. acquisitions or investments (each, a **"Purchase"**) that have been made by the Issuer or any of its Material Subsidiaries, including through mergers or consolidations, or by any Person or any of its Material Subsidiaries acquired by the Issuer or any of its Subsidiaries which are Material Subsidiaries, and including all related financing transactions and including increases in ownership of Material Subsidiaries, during the relevant period or subsequently 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 relevant 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, EBIT 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;
2. the EBIT 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;
3. the EBIT: (i) which is attributable to any subsidiaries of the Issuer which is derived from such subsidiaries' Project Financings and Non-recourse Project Financings; and (ii) which has not been paid by such relevant Project Financing or Non-recourse Project Financing vehicle to the Issuer by way of dividend or otherwise, will be excluded;
4. 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 Issuer or any of its Material Subsidiaries following the Calculation Date;
5. if any Financial Indebtedness bears a floating rate of profit and is being given pro forma effect, the profit expense on such Financial 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 Financial 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 Financial Indebtedness);
6. Profit on a Capitalised Lease Obligation shall be deemed to accrue at a profit rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of profit implicit in such Capitalised Lease Obligation in accordance with IFRS; and

7. 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 Issuer or its Material 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 realised 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 the Issuer for any period, the sum, without duplication, of:

1. the Consolidated Profit Expense of the Issuer for such period; plus
2. all dividends, whether paid or accrued and whether or not in cash, on or in respect of all Disqualified Stock of the Issuer or any series of Preferred Stock of any Material Subsidiary, other than dividends on equity interests payable to the Issuer or a Material Subsidiary; plus
3. any profit expense on Financial Indebtedness of another person that is guaranteed by the Issuer or its Material Subsidiaries or secured by a Security Interest on assets of the Issuer or its Material Subsidiaries, but only to the extent such profit expense is actually paid;

determined on a consolidated basis in accordance with IFRS;

"Global Sak" means the registered form global sak representing the Sukuk;

"Gearing Ratio" means, as of any date of determination, the ratio of (a) Consolidated Total Net Debt to (b) Consolidated Tangible Net Worth, and the **"Applicable Gearing Ratio"** means the Applicable Gearing Ratio with respect to a Series as specified in the Applicable Final Terms.

"Group" means the Issuer and its Subsidiaries;

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Financial Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

1. to purchase or pay (or advance or supply funds for the purchase or payment of) such Financial 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
2. entered into primarily for purposes of assuring in any other manner the obligee of such Financial 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 Issuer is, 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 licence of property that would be considered an operating lease under IFRS prior to 1 January 2019G and any guarantee given by the Issuer in the ordinary course of business solely in connection with, and in respect of, the obligations of the Issuer under any such operating lease shall be accounted for in accordance with IFRS as in effect prior to 1 January 2019G.

Moreover, at any date after the Original Issue Date, the Company 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);

"Incur" means issue, create, assume, enter into any Guarantee of, incur or otherwise become liable for and the terms **"Incurred"** and **"Incurrence"** have meanings correlative to the foregoing and any Financial Indebtedness pursuant to any revolving credit or similar facility shall only be **"Incurred"** at the time any funds are borrowed thereunder;

"Intellectual Property" means:

1. any patents, trademarks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered; and
2. the benefit of all applications and rights to use such assets of each member of the Group (which may now or in the future subsist);

"Issue Date" means, in respect of each Tranche, the issue date of the relevant Tranche of such Series specified as such in the Applicable Final Terms;

"Issuer" has the meaning given to it above under Condition 1 (*Introduction*);

"Issuer (Clean-Up) Call Date" means the Business Day specified by the Issuer in the relevant notice given by the Issuer pursuant to the provisions of Condition 12.2 (*Redemption at the option of the Issuer*), **provided that**, if Floating Periodic Distribution Provisions are specified in the Applicable Final Terms as being applicable, such Business Day must be a Periodic Distribution Date;

"Issuer Call Option" means the option described in Condition 12.2 (*Redemption at the option of the Issuer*);

"Issuer Optional Redemption Date" means, in relation to any exercise of the Issuer Call Option, the Date(s) or period specified as such in the Applicable Final Terms and which must be (if Floating Periodic Distribution Provisions are specified in the Applicable Final Terms as being applicable) a Periodic Distribution Date;

"KSA Regulations" means the Rules on the Offer of Securities and Continuing Obligations issued by the board of the CMA pursuant to Resolution number 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) as amended by the board of the CMA pursuant to Resolution number 1-94-2025 dated 09/03/1447H (corresponding to 01/09/2025G);

"Leverage Ratio" means, as of any date of determination, the ratio of the aggregate amount of Consolidated Total Net Debt to EBITDA of such Person for the relevant period.

Provided that, for purposes of calculating the Leverage Ratio, the EBITDA: (i) which is attributable to any subsidiaries of the Issuer which is derived from such subsidiaries' Project Financings and Non-recourse Project Financings; and (ii) which has not been paid by such relevant Project Financing or Non-recourse Project Financing vehicle to the Issuer by way of dividend or otherwise, will be excluded;

"Liability" means any loss, damage, cost, fee, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, zakat, levies, imposts and other charges) and together with any value added tax or similar tax charged or chargeable in respect thereof and together with properly incurred legal fees and expenses;

"Liquidation Date" means the Expiry Date, the Tax Redemption Date, the Issuer Optional Redemption Date (where applicable), any Issuer (Clean-Up) Call Redemption Date (where applicable), the Sukukholder Optional Redemption Date (where applicable), any Change of Control Redemption Date (if applicable), any Change of Control Clean-Up Redemption Date (where applicable) or an Event of Default Date;

"Margin" has the meaning given to it in the Applicable Final Terms;

"Master Mudaraba Agreement" means the master mudaraba agreement dated 6 October 2025G between the Issuer (acting as Mudareb) and the Sukukholders' Agent (acting as Rab Al-Mal and as agent on behalf of the Sukukholders);

"Master Murabaha Agreement" means the master murabaha agreement dated 6 October 2025G between the Issuer (as Purchaser) and the Sukukholders' Agent (as Seller);

"Material Subsidiary" means any Subsidiary:

- i. whose EBITDA (consolidated in the case of a Material Subsidiary which itself has Subsidiaries) or whose Total Assets (consolidated in the case of a Material Subsidiary which itself has Subsidiaries) represent not less than

10% of the consolidated EBITDA of the Issuer, or, as the case may be, the consolidated Total Assets of the Issuer, as the case may be; and/or

- ii. to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon; (a) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary; and (b) the transferee Subsidiary shall immediately become a Material Subsidiary; **provided that** on or after the date on which the relevant audited financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of sub-paragraph (i) above,

provided that if any acquisition or disposal has occurred after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer relate, in applying each of the above tests the reference in the relevant defined terms to the latest audited consolidated financial statements shall be deemed to be a reference to such audited consolidated financial statements as if the relevant acquisition or disposal had been reflected in such audited consolidated financial statements by reference (where applicable) to any relevant Subsidiary's then latest relevant financial statements (consolidated in the case of a Subsidiary which itself has subsidiaries);

"Moody's" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognised Statistical Rating Organisation;

"Mudaraba" has the meaning given to it in Condition 6.1 (*Sukuk Assets*);

"Mudaraba Assets" means, in relation to each Series, (i) the Mudareb's share (for the benefit of the Sukukholders' Agent) in the Business Portfolio; and (ii) the Available Amount, in each case representing the investment of the Mudaraba Capital by the Mudareb;

"Mudaraba Capital" means:

- i. in respect of each Tranche, the amount specified as such in the Applicable Final Terms, being equal to an amount which is not less than 51% of the Aggregate Nominal Amount of such Tranche; and
- ii. in relation to each Series, the aggregate amounts of Mudaraba Capital corresponding to each Tranche of such Series;

"Mudaraba Income" means, in relation to each Series, the income received by the Mudareb in respect of the Mudaraba Assets, less total costs (consisting of direct costs and allocated costs of such activities) relating thereto;

"Mudaraba Profit" has the meaning given to it in Condition 6.4 (*Mudaraba Assets and Mudaraba Income sharing*);

"Mudareb" means the Company in its capacity as Mudareb under the Master Mudaraba Agreement;

"Mudareb Profit" has the meaning given to it in Condition 6.4 (*Mudaraba Assets and Mudaraba Income sharing*);

"Murabaha Capital" means, in respect of each Tranche, the amount specified as such in the Applicable Final Terms, being equal to an amount which is not more than 49% of the Aggregate Nominal Amount of the Sukuk of such Tranche;

"Murabaha Contract" means, in relation to each Murabaha Transaction, a contract created between the Seller and the Purchaser pursuant to clause 4(e) (Murabaha Contract) of the Master Murabaha Agreement by the exchange of a Notice of Offer to Purchase and a Notice of Acceptance of Offer between the Seller and the Purchaser;

"Murabaha Profit" means, in relation to each Murabaha Contract, the amount specified as such in the Applicable Final Terms and set out in the relevant Confirmation of Terms, being an amount equal to the relevant Deferred Sale Price less the relevant Cost Price;

"Murabaha Transaction" means, in respect of each Tranche, a transaction completed by:

- i. the delivery of a duly completed Purchase Order With Promise To Purchase by the Purchaser to the Seller;
- ii. the purchase of the Commodities by the Seller from the relevant Supplier;
- iii. the delivery of a duly completed Confirmation of Terms by the Seller to the Purchaser in respect of the Purchase Order With Promise To Purchase described in paragraph (i) above and its acknowledgment and confirmation by the Purchaser;

- iv. the delivery of a duly completed Notice of Offer to Purchase by the Purchaser to the Seller in respect of the Confirmation of Terms described in paragraph (iii) above and the delivery of the corresponding duly completed Notice of Acceptance of Offer by the Seller to the Purchaser; and
- v. the conclusion of the corresponding Murabaha Contract between the Seller and the Purchaser for the purchase of such Commodities by the Purchaser from the Seller;

"Nationally Recognised Statistical Rating Organisation" means a nationally recognised statistical rating organisation;

"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 Issuer or a Material Subsidiary) in which any of the Issuer and the Material Subsidiaries has an ownership interest;

"Non-recourse Project Financing" means any financing of all or part of the costs of the construction or development of any future greenfield projects, provided that: (a) at the time of the relevant financing, such future project is not accounted for on the balance sheet of the Issuer; (b) any Security Interest given by the Issuer in connection therewith is limited solely to the assets of such future greenfield project; (c) the Persons providing such financing expressly agree to limit their recourse to the asset of such future greenfield project financed and the revenues derived therefrom as the principal source of repayment for the moneys advanced; and (d) there is no other recourse to the Issuer in respect of any default by any Person under the financing;

"Notice of Acceptance of Offer" means, in relation to each Murabaha Contract, a notice to be delivered by the Seller to the Purchaser confirming the Seller's acceptance of the Purchaser's Notice of Offer to Purchase for the relevant Deferred Sale Price, such notice to be substantially in the form set out in Part 2 of Schedule 3 (Form of Notice of Acceptance of Offer) of the Master Murabaha Agreement or in such other form as the Purchaser and the Seller shall agree;

"Notice of Offer to Purchase" means, in relation to each Murabaha Contract, a notice to be delivered by the Purchaser to the Seller offering to purchase the relevant Commodities from the Seller on the terms set out in the relevant Confirmation of Terms, such notice to be substantially in the form set out in Part 1 of Schedule 3 (Form of Notice of Offer to Purchase) of the Master Murabaha Agreement or in such other form as the Purchaser and the Seller shall agree;

"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 Master Declaration of Agency by the Board of Directors of such Person. The obligations of an "Officer of the Issuer" may be exercised by the Officer of any Material Subsidiary who has been delegated such authority by the Board of Directors of the Issuer;

"Officer's Certificate" means, with respect to any Person, a certificate signed by one Officer of such Person;

"On-Sale Agency Agreement" means the on-sale agency agreement dated 6 October 2025G between the Issuer and the on-sale agent named therein;

"Optional Murabaha Settlement Amount" means, in relation to the Sukuk Capital payable in respect of each Tranche on the Sukukholder Optional Redemption Date or Issuer Optional Redemption Date, as the case may be, the Sukuk Capital of the relevant Sukuk of such Tranche being redeemed on such date multiplied by the relevant Deferred Sale Price for each such Tranche and divided by the Aggregate Nominal Amount of the Tranche on the Issue Date thereof;

"Optional Redemption Date" means a Tax Redemption Date, Issuer Optional Redemption Date, Issuer (Clean-Up) Call Redemption Date, Sukukholder Optional Redemption Date, Change of Control Redemption Date or Change of Control Clean-Up Redemption Date;

"Original Issue Date" means the issue date of the first Tranche of the Sukuk;

"Parent" means any Person of which the Issuer at any time is or becomes a Subsidiary after the Original Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent;

"Partial Periodic Distribution Amount" means, in relation to any Partial Periodic Distribution Period, the amount calculated in accordance with the Applicable Final Terms;

"Partial Periodic Distribution Date" means any Liquidation Date which is not also a Periodic Distribution Date, subject to (if Floating Periodic Distribution Provisions are specified in the Applicable Final Terms as being applicable) adjustment in accordance with the Business Day Convention;

"Partial Periodic Distribution Period" means the period from (and including) the Periodic Distribution Date immediately preceding the relevant Partial Periodic Distribution Date (or, if none, the Issue Date of the first Tranche of the relevant Series) to (but excluding) such Partial Periodic Distribution Date;

"Payment Administration Agreement" has the meaning given to it above under Condition 1 (*Introduction*);

"Payment Administrator" has the meaning given to it above under Condition 1 (*Introduction*). The registered address of the Payment Administrator is located at Al Rajhi Capital – Head Office, King Fahd Road, P.O. Box 5561, Riyadh 11432, Kingdom of Saudi Arabia;

"Payment Obligations" means, in respect of any Sukuk of a Series, all obligations of the Issuer to make payments to or for the benefit of the Sukukholders of the Periodic Distribution Amounts, any Partial Periodic Distribution Amount and the Sukuk Capital and each other amount payable to or for the benefit of the Sukukholders under the Sukuk Documents;

"Periodic Distribution Amount" means the amount expected to be paid by the Issuer as further described in Condition 8 (*Fixed Periodic Distribution Provisions*) or Condition 9 (*Floating Periodic Distribution Provisions*) as applicable;

"Periodic Distribution Date" has the meaning given to it in the Applicable Final Terms;

"Periodic Distribution Determination Date" means the date specified as such in the Applicable Final Terms;

"Periodic Distribution Period" means the period from (and including) the Issue Date of the first Tranche of the relevant Series to (but excluding) the first Periodic Distribution Date, and each successive period from (and including) a Periodic Distribution Date to (but excluding) the next succeeding Periodic Distribution Date;

"Permissible Jurisdiction" means any member state of the European Union;

"Permitted Disposal" means any sale, lease, licence, transfer or other disposal which is on arm's-length terms:

1. of trading stock or cash made by any member of the Group in the ordinary course of business of the disposing entity;
2. of any assets to a member of the Group (in a normal course of business or in connection with a solvent liquidation or reorganisation of any member of the Group (other than the Issuer), or otherwise), so long as any payments or assets distributed as a result of such sale, lease, licence, transfer or other disposal are distributed to other members of the Group;
3. of an asset made for the purposes of raising Permitted Financial Indebtedness under a Shariah-compliant financing arrangement;
4. of assets (other than shares, businesses, Real Property/Intellectual Property) in exchange for other assets comparable or superior as to type, value and quality (other than an exchange of a non-cash asset for cash);
5. of obsolete or redundant vehicles, plant and equipment for cash (whether now owned or hereinafter acquired);
6. required to comply with the order of any governmental authority in the Kingdom of Saudi Arabia or pursuant to laws applicable to a member of the Group;
7. of a licence, sub-licence or other disposal of Intellectual Property to the extent such disposal would not constitute a breach of this Agreement;
8. of property no longer used in the conduct or operation of the business of the Group;
9. of Cash Equivalents for cash or in exchange for other Cash Equivalents;
10. arising as a result of any Permitted Security Interest;

"Permitted Financial Indebtedness" means:

1. any Financial Indebtedness of the Issuer or any Subsidiary of the Issuer outstanding on the date on which agreement is reached to issue the relevant Series of Sukuk;
2. any Financial Indebtedness owed by the Issuer or any Subsidiary of the Issuer to the Issuer or any other Subsidiary of the Issuer;
3. any Financial Indebtedness of the Issuer or a Subsidiary of the Issuer Incurred and outstanding on or prior to the date on which such Subsidiary became a Subsidiary or a Material Subsidiary (as the case may be) of the Issuer;
4. any amounts owed to suppliers in respect of goods or services supplied in the ordinary course of business;
5. any amounts owed in respect of transactions entered into (including, without limitation, letters of credit, bid bonds or performance guarantees) to facilitate trade finance in the ordinary course of business;
6. the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (d) and (e) (inclusive); and
7. any payment obligation of the Issuer in respect of its Financial Indebtedness which ranks, or is expressed to rank, subordinate or junior to the payment obligations of the Issuer under the Sukuk and the Sukuk Documents;

"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 Company, acting in such capacity and (d) any group 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% of the total voting power of the Voting Stock of the Issuer 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 Event in respect of which a Change of Control Notice is made in accordance with the requirements of these Conditions and the Declaration of Agency will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"Permitted Security Interest" means:

1. any Security Interest created or outstanding with the approval of an Extraordinary Resolution of the Sukukholders;
2. any Security Interest granted to secure a Non-recourse Project Financing or to secure any indebtedness incurred in connection with a Securitisation;
3. any Security Interest existing on the date on which agreement is reached to issue the relevant Series of Sukuk;
4. any Security Interest securing the Relevant Indebtedness of a Person existing at the time that such Person is merged into, or consolidated with, or acquired by, the Issuer provided that such Security Interest was not created in contemplation of such merger, consolidation or acquisition and does not extend to any other assets or property of the Issuer;
5. any Security Interest existing on any property or assets prior to the acquisition thereof by the Issuer and not created in contemplation of such acquisition;
6. any renewal of or substitution for any Security Interest permitted by any of subparagraphs (a) to (e) (inclusive) of this definition, provided that with respect to any such Security Interest the principal amount secured has not increased and the Security Interest has not been extended to any additional assets (other than the proceeds of such assets); and
7. any Security Interest granted in connection with a refinancing of any secured financing existing on the date on which agreement is reached to issue the relevant Series of Sukuk, provided that with respect to any such Security Interest the principal amount secured has not increased and the Security Interest has not been extended to any additional assets (other than the proceeds of such assets).

"Person" means: (i) 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; and (ii) its successors and assigns;

"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.

"Proceedings" has the meaning given to it in Condition 20.2;

"Profit Coverage Ratio" means, as of any date of determination, the ratio of EBIT to Consolidated Profit Expense, and the "Applicable Profit Coverage Ratio" means the Profit Coverage Ratio with respect to a Series as specified in the Applicable Final Terms.

Provided that, for purposes of calculating the Profit Coverage Ratio, the EBIT: (i) which is attributable to any subsidiaries of the Issuer which is derived from such subsidiaries' Project Financings and Non-recourse Project Financings; and (ii) which has not been paid by such relevant Project Financing or Non-recourse Project Financing vehicle to the Issuer by way of dividend or otherwise, will be excluded;

"Profit Rate" means the rate per annum specified as such in the Applicable Final Terms;

"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;

"Programme" has the meaning given to it above under Condition 1 (*Introduction*);

"Programme Agreement" means the programme agreement dated 6 October 2025G between the Issuer, the Arranger and the Dealer;

"Project Financing" means indebtedness of a Subsidiary incurred in connection with the Projects as to which the Issuer does not provide a Guarantee or security interest or credit support of any kind (including any undertaking, agreement or instrument that would constitute Financial Indebtedness) and with respect to which creditors have no recourse to any assets of the Issuer (other than a security interest over the Capital Stock of the Material Subsidiary), except any Guarantee of the Projects, pursuant to which the Issuer or any Material Subsidiary of the Issuer may become liable to pay any certain amounts related to the Projects;

"Projects" means the ownership, creation, acquisition, construction, development, design, engineering or completion in respect of any portion of any project or any assets;

"Purchase Order With Promise To Purchase" means, in relation to a Murabaha Transaction, a notice to be sent by the Purchaser to the Seller requesting that the Seller purchase the Commodities which will subsequently be purchased by the Purchaser from the Seller, such notice to be substantially in the form set out in Schedule 1 (Form of Purchase Order With Promise To Purchase) of the Master Murabaha Agreement or in such other form as the Purchaser and the Seller shall agree;

"Purchaser" means the Company in its capacity as purchaser under the Master Murabaha Agreement;

"Qualified Person" means:

- i. a natural person who is considered to be resident in the Kingdom of Saudi Arabia in accordance with the Income Tax Law issued by a Royal Decree no. M/1 dated 15/1/1425H and the implementing regulations thereof (the "Income Tax Law"); or
- ii. a legal person who is considered to be resident in the Kingdom of Saudi Arabia in accordance with the Income Tax Law and who is holding a current commercial registration number issued by the Ministry of Commerce. However, the requirement for such legal person to hold a current commercial registration number issued by the Ministry of Commerce would not apply to Saudi Arabian governmental entities and mutual funds established in the Kingdom of Saudi Arabia and managed by a person authorised by the CMA or any other entity established in the Kingdom of Saudi Arabia that is not required by the laws of the Kingdom of Saudi Arabia to hold a commercial registration,

and who, in each case, has a bank account with a local bank in the Kingdom of Saudi Arabia; or

- iii. any other category of person specified as such in the Applicable Final Terms;

"Real Property" means:

1. any freehold, leasehold or immovable property; and
2. any buildings, fixtures, fittings, fixed plant or machinery from time to time situated on or forming part of that freehold, leasehold or immovable property;

"Reference Banks" means each of three (3) banks licenced by the SAMA and engaged in the Riyadh interbank market selected by or on behalf of the Issuer;

"Reference Rate" has the meaning given to it in Condition 9.2 (*Periodic Distribution Amount*);

"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;

"Register" means the registry system administered by the Registrar or any successor entity;

"Registrar" means Securities Depository Center Company (Edaa) (and includes any successor registrar as may be appointed in accordance with the provisions of the Registry Agreement) the registered address of which is located at Tawuniya Towers, Unit Number 15, King Fahd Road – Olaya 6897, Riyadh 12211-3388, Kingdom of Saudi Arabia;

"Registry Agreement" means the registry and trading agreement to be entered into between the Issuer and the Registrar in relation to the Sukuk on or about the Issue Date of the first Tranche;

"Related Person" with respect to any Permitted Holder, means:

1. any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person; or
2. 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
3. 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
4. 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.

"Relevant Fraction" means, in relation to each Series, the fraction calculated in accordance with the following formula:

$$(B - A) / B$$

where:

A = the aggregate of: (a) the Aggregate Nominal Amount of the Sukuk to be redeemed on the applicable Optional Redemption Date and/or cancelled pursuant to Condition 10 (*Purchase and Cancellation of Sukuk*); and (b) the Aggregate Nominal Amount of all other Sukuk that have been purchased and cancelled previously pursuant to Condition 10 (*Purchase and Cancellation of Sukuk*); and (c) the Aggregate Nominal Amount of all other Sukuk redeemed previously pursuant to Condition 12.4 (*Redemption at the option of the Sukukholders*); and

B = the Aggregate Nominal Amount of the Series as at the Issue Date of the most recently issued Tranche;

"Relevant Indebtedness" means any Financial Indebtedness, other than indebtedness incurred in connection with a Non-recourse Project Financing or a Securitisation, which is in the form of, or represented or evidenced by, bonds, certificates, debentures, loan stock, notes or other similar debt securities or Sukuk Obligation which for the time being are, or are intended to be, or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

"Relevant Screen Page" has the meaning given to it in the Applicable Final Terms;

"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 Issuer's business or in that of the Material Subsidiaries or any and all businesses that in the good faith judgment of the Board of Directors or any Officer of the Issuer are reasonably related;

"Required Sukukholders", as of any date, means the Sukukholders holding more than 25% of the Aggregate Nominal Amount of the relevant Series as are outstanding on such date;

"ROSCOs" means the Rules on the Offer of Securities and Continuing Obligations issued by the board of the CMA pursuant to Resolution number 3-123-2017 dated 09/4/1439H (corresponding to 27/12/2017G) based on the Capital Market Law, as amended by resolution number 1-94-2025 dated 09/03/1447H (corresponding to 01/09/2025G), and as further amended from time to time;

"S&P" means S&P Global Ratings or any of its successors or assigns that is a Nationally Recognised Statistical Rating Organisation;

"SAMA" means the Saudi Central Bank;

"SAR" or **"Saudi Arabian Riyals"** means the lawful currency of the Kingdom of Saudi Arabia;

"Screen Rate" means the rate appearing on the Relevant Screen Page;

"Securitisation" means any securitisation of existing or future assets and/or revenues, provided that: (a) any Security Interest given by the Issuer in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation; (b) each Person participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised as the principal source of repayment for the money advanced or payment of any other liability; and (c) there is no other recourse to the Issuer in respect of any default by any Person under the securitisation.

"Security Interest" means any mortgage, charge (fixed or floating), pledge, encumbrance, lien or hypothecation, any taking of title, reservation of title, set-off or trust arrangement for the purpose of taking security, any assignment by way of security or any other security interest securing any obligation of any Person or any other agreement or arrangement having a similar effect including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction. For the avoidance of doubt, an ownership interest granted in an asset as a part of an unsecured Shari'ah-compliant financing arrangement shall not constitute a Security Interest for the purpose of this definition;

"Seller" means the Sukukholders' Agent in its capacity as seller (for and on behalf of the Sukukholders) under the Master Murabaha Agreement;

"Series" means a Tranche together with any additional Tranche or Tranches which: (a) are expressed to be consolidated and form a single series; and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of Periodic Distribution Amount thereon and the date from which Periodic Distribution Amounts start to accrue;

"Settlement Date" means, with respect to the Commodities which are the subject of a Purchase Order With Promise to Purchase in relation to each Murabaha Transaction, the date of payment of the relevant Cost Price by or on behalf of the Seller to the relevant Supplier as specified in the relevant Purchase Order With Promise To Purchase;

"Similar Business" means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates on the Original 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;

"Specified Denominations" has the meaning given to it in the Applicable Final Terms;

"Subordinated Indebtedness" means, with respect to any person, any Financial Indebtedness (whether outstanding on the Original Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Issuer's obligations under the Sukuk 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 Issuer 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:

1. does not mature or require any amortisation, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Expiry Date of the Sukuk (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding

meeting the requirements of this definition) or the making of any such payment prior to the first anniversary of the Expiry Date of the Sukuk is restricted;

2. does not require, prior to the first anniversary of the Expiry Date of the Sukuk, 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 Expiry Date of the Sukuk;
3. 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 Expiry Date of the Sukuk 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 Expiry Date of the Sukuk;
4. does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and
5. is fully subordinated and junior in right of payment to the Issuer's obligations under the Sukuk 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;

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

- i. 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
- ii. whose financial statements are, in accordance with applicable law and applicable accounting principles, consolidated with those of the first Person;

"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% 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.

"Sukuk Account" has the meaning given to it in Condition 6.1 (*Sukuk Assets*);

"Sukuk Assets" has the meaning given to it in Condition 6.1 (*Sukuk Assets*);

"Sukuk Capital" means, in relation to each Sukuk:

- i. the nominal amount of such Sukuk as is outstanding; or
- ii. such other amount specified as such in the Applicable Final Terms;

"Sukuk Documents" means, in respect of each Series of Sukuk: (1) the Master Mudaraba Agreement; (2) the Master Declaration of Agency as supplemented by each relevant Supplemental Declaration of Agency; (3) the Registry Agreement; (4) the Payment Administration Agreement; (5) the Master Murabaha Agreement; (6) the On-Sale Agency Agreement; and (7) the Sukuk (including the Global Sak and the Conditions);

"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'ah, whether or not in return for consideration of any kind;

"Sukukholder Optional Redemption Date" means, in relation to the exercise of the Sukukholders' Put Option, the date specified as such in the Applicable Final Terms;

"Sukukholder Put Option" means the option described in Condition 12 (*Redemption of Sukuk*);

"Sukukholders" means the Person in whose name any of the Sukuk is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof);

"Sukukholders' Agent" has the meaning given to it above under Condition 1 (*Introduction*). The registered address of the Sukukholders' Agent is outlined in the *"Corporate Directory"* section of the Base Prospectus;

"Supplemental Declaration of Agency" has the meaning given to it above under Condition 1 (*Introduction*);

"Supplier" means the vendor(s) of the Commodities which are the subject of the Purchase Order With Promise To Purchase;

"Tadawul" means the Saudi Exchange (Tadawul) the registered address of which is outlined in the *"Corporate Directory"* section of the Base Prospectus.

"Taxes" means all present and future taxes, zakat, 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;

"Tax Event" has the meaning given to it in Condition 12.3 (*Redemption for tax reasons*);

"Tax Redemption Date" has the meaning given to it in Condition 12.3 (*Redemption for tax reasons*);

"Temporary Cash Investments" means any of the following:

1. 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 Issuer or a Material 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 recognised 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 organisation or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognised Statistical Rating Organisation);
2. 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 Issuer or any of its Material Subsidiaries is a party;
 - ii. any institution authorised 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 organised 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 organisation or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognised Statistical Rating Organisation) at the time such investment is made;
3. 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;
4. investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer 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 organisation or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognised Statistical Rating Organisation);
5. 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 organisation or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognised Statistical Rating Organisation);
6. 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 dematerialised equivalent);
7. any money market deposit accounts issued or offered by a commercial bank organised under the laws of a country that is a member of the Organisation 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 organisation or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognised Statistical Rating Organisation) at the time such investment is made;

8. investment funds investing 95% 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
9. investments in money market funds complying with the risk limiting conditions;

"Term" means the term of any Murabaha Transaction, as such period may be reduced on the occurrence of the Liquidation Date in accordance with the terms of the Master Murabaha Agreement;

"Total Assets" means (i) in relation to the Issuer, the consolidated total assets of the Issuer and its Subsidiaries in accordance with IFRS as shown on the most recent balance sheet of the Issuer; or (ii) in relation to any Material Subsidiary, the total assets (consolidated in the case of a Material Subsidiary which itself has Subsidiaries) of such Material Subsidiary calculated by reference to the then latest financial statements (consolidated or, as the case may be, unconsolidated) of such Material Subsidiary.

"Total Murabaha Deferred Sale Price Outstanding" means, at any time in respect of a Series of Sukuk, the aggregate amounts of the applicable Deferred Sale Price(s) that has not yet been paid by the Purchaser to the Seller as the same may from time to time be reduced pursuant to clause 6 (Payment of Deferred Sale Price) of the Master Murabaha Agreement;

"Trading Date" means, in respect of each Series or Tranche, the date on which trading of the Sukuk of such Series or Tranche is expected to commence on Tadawul, as determined by the Issuer in coordination with Tadawul, with the specific trading date to be confirmed by Tadawul.

"Tranche" means the Sukuk that are identical in all respects (including as to the listing and admission to trading);

"Transfer Record Date" has the meaning given to it in Condition 4 (*Register, Title and Transfers*);

"Treasury Transactions" means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price;

"U.S." means the United States of America;

"U.S. dollars" or "U.S.\$" refers to the lawful currency of the United States of America; and

"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.

- 2.2 Without prejudice to its status for any other purpose, a Sukuk shall be considered to be "outstanding" unless it has been redeemed pursuant to Condition 12 (*Redemption of Sukuk*), purchased under Condition 10 (*Purchase and Cancellation of Sukuk*) or redeemed under Condition 13 (*Events of Default*) and in each case has been cancelled in accordance with Condition 10.2 (*Cancellation*); provided however, that, for the purposes of: (i) ascertaining the right to attend and vote at any meeting of Sukukholders; (ii) Condition 15.1 (*Meetings of Sukukholders*) and Schedule 3 of the Master Declaration of Agency (Provisions for Meetings of Sukukholders); (iii) determining the Required Sukukholders for the purposes of Condition 13 (*Events of Default*); (iv) Condition 14 (*Enforcement and Exercise of Rights*) and clause 9.5 (Enforcement and Exercise of Rights) of the Master Declaration of Agency; (v) any discretion, power or authority (whether contained in these Conditions or any Sukuk Document or vested by operation of law) which the Issuer or the Sukukholders' Agent is required, expressly or impliedly, to exercise in or by reference to the interests of the Sukukholders or any of them; and (vi) any determination by the Sukukholders' Agent that any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Sukukholders or any of them, those Sukuk (if any) which are for the time being held by or for the benefit of the Issuer or any of its Subsidiaries shall (unless and until ceasing to be so held) be deemed not to be "outstanding".
- 2.3 All references in these Conditions to an agreement, instrument or other document (including the Sukuk Documents) shall be construed as a reference to that agreement, instrument or other document as the same may be amended, supplemented, replaced or novated.

3. Form and Denomination

The Sukuk are issued in dematerialised registered form in the Specified Denominations. Each Tranche will be represented by a Global Sak which will be deposited with the Sukukholders' Agent. Individual Sukuk representing holdings of the Global Sak will not be issued but Sukukholders will on request be entitled to receive a statement from the Registrar recording their holding of Sukuk. The Global Sak will represent all of the Sukuk of each Tranche that are outstanding and the ownership by the Sukukholders of an undivided ownership interest in the Sukuk Assets and an undivided right in the Payment Obligations.

4. Register, Title and Transfers

4.1 Register

The Registrar will maintain the Register in respect of the Sukukholders in accordance with the provisions of the Registry Agreement.

4.2 Title

Each Sukukholder shall (except as otherwise required by law) be treated as the absolute owner of such Sukuk for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein).

4.3 Transfers

Subject to Condition 4.5 (*Transfer Record Dates and Closed Periods*) and Condition 4.6 (*Regulations concerning transfers and registration*) of this Condition 4, the Sukuk may be transferred in accordance with the regulations and procedures established by the Registrar by delivering to the Registrar such information as such regulations and procedures shall require. The Sukuk may not be transferred unless:

- a. the Aggregate Nominal Amount of the Sukuk to be transferred together with any existing holding of Sukuk by the party acquiring the Sukuk to be transferred is not less than the Authorised Holding; and
- b. where not all the Sukuk held by a Sukukholder are being transferred, the Aggregate Nominal Amount of the balance of Sukuk not transferred is not less than the Authorised Holding.

4.4 Transfer charges

The transfer of Sukuk will be subject to a charge by the Registrar in accordance with its schedule of charges in force for its services and all such charges shall be borne solely by the transferring Sukukholder and the transferee in accordance with the Registrar's practice. For the avoidance of doubt, none of the Issuer, the Sukukholders' Agent or the Payment Administrator shall be liable to pay any such charges imposed by the Registrar.

4.5 Transfer Record Dates and Closed Periods

No Sukukholder may require the transfer of any Sukuk to be effected during the period starting at the opening of business no less than seven (7) Business Days prior to a due date for payment of any Periodic Distribution Amount or Partial Periodic Distribution Amount (as the case may be), or any other principal or distribution in respect of the Sukuk or, if such a day is not a Business Day, on the next following Business Day (a "Transfer Record Date"), and ending on (and including) the applicable due date itself (each such period being a "Closed Period"). However, notwithstanding such registration, all payments shall continue to be paid to such Persons as are registered as Sukukholders of the Sukuk at the opening of business on the relevant Transfer Record Date. The Registrar may after each Issue Date modify these Conditions insofar as they relate to the registration of transfers effected during Closed Periods by notice to the Issuer, the Sukukholders' Agent and the Sukukholders.

4.6 Regulations concerning transfers and registration

All transfers of Sukuk and entries on the Register are subject to the regulations and procedures of the Registrar and the provisions of the Registry Agreement. The regulations may be changed by the Registrar at any time.

5. Status and Set-off

5.1 Status

The Sukuk constitute undivided ownership interests of the Sukukholders in the Sukuk Assets of the relevant Series (including undivided rights in the Payment Obligations) and will at all times rank *pari passu*, without any preference or priority, with all other Sukuk of the relevant Series issued under the Programme. The Sukuk and the Payment Obligations in respect of each Series of Sukuk each constitute direct, unconditional, unsubordinated and (subject to Condition 7.1 (*Negative Pledge*), if applicable) unsecured obligations of the Issuer and (save for certain obligations required to be preferred by provisions of law that are both mandatory and of general application) rank *pari passu* with all other outstanding unsecured, unsubordinated monetary obligations of the Issuer, present and future.

The payment obligations of the Issuer under the Sukuk Documents to which it is a party constitute direct, unconditional, unsubordinated and unsecured monetary obligations of the Issuer and (save for certain obligations required to be preferred by law) rank *pari passu* with all other outstanding unsecured, unsubordinated monetary obligations of the Issuer, present and future.

The obligations of the Issuer under the Sukuk and the Sukuk Documents are not secured by any assets or security and are not guaranteed by any third party.

5.2 Set-off

No Sukukholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Sukuk or the Payment Obligations, and each Sukukholder, by virtue of its subscription, purchase, acquiring, or holding of any Sukuk, shall be deemed to have waived all such rights of set-off to the fullest extent permitted by law.

6. Sukuk

6.1 Sukuk Assets

In respect of each Tranche, on the Issue Date, the proceeds of the subscription of the Sukuk shall be deposited by or on behalf the Sukukholders into a non-interest bearing account held in the name of the Sukukholders' Agent with the Account Bank (for and on behalf of the Sukukholders) and administered by the Payment Administrator on behalf of the Sukukholders' Agent (the "**Sukuk Account**").

On the Issue Date, the Payment Administrator shall, to the order of the Sukukholders' Agent, from the amounts standing to the credit of the Sukuk Account:

- a. provide an amount equal to the Mudaraba Capital to the Mudareb to apply as the capital of the mudaraba (the "**Mudaraba**") constituted by the Master Mudaraba Agreement and, in accordance with the terms of the Master Mudaraba Agreement, the Mudareb shall invest the Mudaraba Capital in the Mudaraba Assets; and
- b. apply the remaining amount standing to the credit of the Sukuk Account equal to the Murabaha Capital in one or more Murabaha Transactions to be entered into by the Seller on behalf of the Sukukholders with the Purchaser pursuant to the Master Murabaha Agreement and Condition 6.6 (*Murabaha Transaction*).

In relation to each Series, the "**Sukuk Assets**" shall comprise: (a) the Mudaraba Assets; (b) the rights of the Seller under the Master Murabaha Agreement and each Murabaha Transaction; (c) the relevant Payment Obligations; (d) the Sukukholders' Agent's rights in, to and under the Sukuk Documents to which it is a party (excluding the representations given by the Issuer to the Sukukholders' Agent under the Master Declaration of Agency); and (f) amounts standing to the credit of the Collection Account and the Sukuk Account from time to time (including the proceeds of the subscription of the Sukuk deposited into the Sukuk Account on the Issue Date of each Tranche of such Series).

None of the Issuer (so long as it performs its obligations under the Sukuk Documents), the Sukukholders' Agent, the Payment Administrator, the Arrangers or the Dealer is responsible for the performance or the profitability of the Sukuk Assets or for the share and amount of the distributions (if any) made to the Sukukholders.

6.2 Murabaha Transactions and purchase of Commodities

Pursuant to the Master Murabaha Agreement, the Seller will make available to the Purchaser a murabaha-based financing facility under which the Seller agrees to enter into Murabaha Transactions whereby it agrees to sell, on a murabaha basis, to the Purchaser, on the applicable Settlement Date, certain Commodities purchased by the Seller from nominated Supplier(s) at a price negotiated between the Purchaser and the Seller. Once the Seller has acquired the Commodities from the Supplier(s), the Seller may sell the Commodities to the Purchaser on deferred payment terms, providing for the Purchaser to pay to the Seller the Deferred Sale Price in accordance with the terms of the Master Murabaha Agreement and these Conditions.

6.3 Mudaraba Investment

On the Issue Date of each Tranche, the Mudareb shall invest the Mudaraba Capital of such Tranche as follows:

- a. the Mudareb shall ensure that an amount of such Mudaraba Capital which (together with, if applicable, the Mudaraba Capital of each other Tranche of the relevant Series) is equal to the Available Amount in respect of the relevant Series will (for so long as the Sukuk are outstanding) be invested in the Mudaraba as immediately available funds (in the form of cash and cash equivalents), which are available to the Mudareb in accordance with the terms of the Master Mudaraba Agreement; and
- b. the remainder of the Mudaraba Capital will be invested by the Mudareb in the Business Portfolio.

The Mudareb shall be entitled, in its sole and absolute discretion, to: (A) use all or any part of the Mudaraba Assets as it sees fit, subject to the terms of the Master Mudaraba Agreement (and in particular, in relation to the Available Amount, subject to Condition 7 (*Issuer's Covenants*) and terms of the Master Mudaraba Agreement); and (B) commingle its own assets and funds with the Mudaraba Assets.

The Sukukholders' Agent and the Issuer shall each have an undivided ownership share of the Business Portfolio and all assets acquired from or through the Business Portfolio on the basis of the sharing of profit and the bearing of losses pro rata to their respective shares.

The Mudareb shall from time to time have the right to act as Mudareb in respect of each Series and to invest further for its own account (whether from its own funds or funds from other sources) and/or for other investors or sukukholders who agree to invest with it in the Business Portfolio. The respective entitlements of the Sukukholders' Agent and the Issuer (for its own account and/or for the account of such other investors or sukukholders who agree to so invest with it) to the Business Portfolio shall be pro rata to their respective shares from time to time in the aggregate investment in the Business Portfolio.

Any debt, leverage or other financial obligation incurred by the Issuer in any capacity before or after the constitution of the Mudaraba ("**indebtedness**") and any repayment thereof or payment in connection therewith (including, for the avoidance of doubt, any debt service amounts):

- i. shall be the sole responsibility of the Issuer and solely for its own account; and
- ii. shall count towards the share of the Issuer (for its own account) in the Business Portfolio.

In the event of any such indebtedness being created after the Issue Date of the first Tranche of each Series, the Sukukholders' Agent's entitlement and the Issuer's entitlement (for its own account and/or for the account of such other investors or sukukholders who agree to invest with it) to the Mudaraba Assets will be adjusted accordingly.

The Mudareb is required pursuant to the terms of the Master Mudaraba Agreement to ensure at all times that an amount equal to the applicable Available Amount for the relevant Periodic Distribution Period is maintained as immediately available funds (in the form of cash and cash equivalents) for the Mudaraba and that such amount is not utilised by the Mudareb for any purpose unless such purpose is as contemplated pursuant to the terms of the Master Mudaraba Agreement.

The Mudareb has acknowledged and agreed in the Master Mudaraba Agreement that any utilisation of the Available Amount or any part thereof in violation of the terms of the Master Mudaraba Agreement will constitute a material breach thereof requiring compensation by the Mudareb in full for the Available Amount or (as the case may be) the utilised portion thereof and, as a consequence of such utilisation, an amount equal to the Available Amount or (as the case may be) the utilised portion thereof will, upon the occurrence of an Event of Default Date, become immediately due and payable by the Mudareb to the Sukukholders' Agent and will immediately be paid by the Mudareb to the Sukuk Account as Mudaraba Capital for application in accordance with Condition 6.8 (*Application of proceeds*).

6.4 Mudaraba Assets and Mudaraba Income sharing

The Sukukholders' Agent's and the Issuer's respective shares in the Business Portfolio shall be specified in the Applicable Final Terms on the Issue Date of the first Tranche of each Series.

For the purposes of calculating the Mudaraba Income, at or prior to 10:00 a.m. one (1) Business Day prior to each relevant Periodic Distribution Date or any Partial Periodic Distribution Date, as the case may be, the Mudareb shall calculate the Mudaraba Income received during the corresponding Periodic Distribution Period or Partial Periodic Distribution Period, as the case may be, on the basis of:

- a. a constructive liquidation of the Mudaraba Assets one (1) Business Day prior to the relevant Periodic Distribution Date or Partial Periodic Distribution Date; and
- b. the Mudareb's management accounts for the relevant period.

The proportional profit shares of the Sukukholders' Agent (being the "**Mudaraba Profit**") and the Mudareb (being the "**Mudareb Profit**") in any Mudaraba Income calculated as described above shall be calculated using the ratios specified in the Applicable Final Terms.

The Mudaraba Profit (if any) shall be credited to a book-entry ledger account to be maintained by the Mudareb in its books for and on behalf of the Sukukholders' Agent (the "**Collection Account**").

At or prior to 10:00 a.m. (Riyadh time) one (1) Business Day prior to each Periodic Distribution Date and any Partial Periodic Distribution Date, the Mudareb shall transfer the amounts standing to the credit of the Collection Account to the Sukuk Account in the amount necessary to fund each amount due to be paid from the Sukuk Account under Condition 6.8 (*Application of proceeds*). For the avoidance of doubt, all Periodic Distribution Amounts or Partial Periodic Distribution Amounts payable by the Issuer under the Sukuk will be solely funded by the Mudaraba Assets and the returns therefrom.

Any surplus Mudaraba Profit remaining in the Collection Account after the application of the amounts referred to above in this Condition 6.4 shall be reinvested by the Mudareb (for the benefit of the Sukukholders' Agent) in the Business Portfolio, subject at all times to compliance with Condition 7 (*Issuer's Covenants*) and clause 5.5 (Additional Incentive Fee) of the Master Mudaraba Agreement (where applicable).

6.5 Liquidation and Partial Liquidation of the Mudaraba Assets

In relation to each Series, the Mudareb shall liquidate the Mudaraba Assets at or prior to 10:00 a.m. one (1) Business Day prior to the applicable Liquidation Date. The proceeds of such liquidation being the Available Amount (if applicable) and the then current value of the Sukukholders' Agent's share of the Mudaraba Assets (other than the Available Amount, if applicable) shall be, subject to the following paragraph of this Condition 6.5, used by the Mudareb to pay to the Sukukholders' Agent any amounts due but unpaid on such Liquidation Date by payment of such amounts into the Sukuk Account at or prior to 10:00 a.m. (Riyadh time) one (1) Business Day prior to the Liquidation Date (but only to the extent that, at such time on the Liquidation Date, amounts are required by the Sukukholders' Agent to be credited to the Sukuk Account in order for the Sukukholders' Agent to be able to pay all amounts due but unpaid to the Sukukholders under the Sukuk and the Sukuk Documents in full on the Liquidation Date). Any surplus proceeds of such liquidation, after payment of the amounts (if any) described above in this Condition 6.5 (including, for the avoidance of doubt, any amounts accruing pursuant to Condition 8.3 (*Cessation of accrual*) or Condition 9.4 (*Cessation of accrual*) (as applicable)), may be retained by the Mudareb as an incentive fee for its own account.

If: (i) Sukukholders elect to redeem some, but not all, of the Sukuk in accordance with Condition 12.4 (*Redemption at the option of the Sukukholders*); or (ii) the Issuer or any of its Subsidiaries purchase some, but not all, of the Sukuk in the open market in accordance with Condition 10 (*Purchase and Cancellation of Sukuk*) and such Sukuk are cancelled, the Mudareb shall partially liquidate the Mudaraba Assets at or prior to 10:00 a.m. one (1) Business Day prior to the relevant Optional Redemption Date or on the date on which the relevant Sukuk are cancelled in accordance with Condition 10 (*Purchase and Cancellation of Sukuk*), as the case may be. The Mudaraba Assets (including the Available Amount) shall be reduced to an amount that is equal to: (i) the value of the Mudaraba Assets on the Business Day immediately prior to the relevant partial liquidation of the Mudaraba Assets or the date on which the Sukuk are cancelled in accordance with Condition 10 (*Purchase and Cancellation of Sukuk*), as the case may be; multiplied by (ii) the Relevant Fraction. In the event of a partial liquidation of the Mudaraba Assets as a result of Sukukholders electing to redeem some, but not all, of the Sukuk in accordance with Condition 12.4 (*Redemption at the option of the Sukukholders*) only, the Mudareb shall credit the proceeds of the partial liquidation of the Mudaraba Assets to the Collection Account and such proceeds shall be used to satisfy the Issuer's obligations to the Sukukholders.

6.6 Murabaha Transaction

On the Issue Date of each Tranche of such Series, the Seller, on behalf of the Issuer and the Sukukholders Agent, and the Purchaser shall enter into a Murabaha Transaction on the terms set out in the Master Murabaha Agreement.

The terms of the Murabaha Transaction shall specify, inter alia:

- a. that the Cost Price shall be equal to the Murabaha Capital;
- b. that, subject to paragraphs (e) and (f) below, the Term shall be specified in accordance with the Applicable Final Terms;
- c. that, subject to paragraphs (e) and (f) below, the Deferred Sale Price Payment Date shall be the Expiry Date, and all or the relevant portion of the Deferred Sale Price falling due on such date shall be due and payable;
- d. the Murabaha Profit;
- e. that on each Optional Redemption Date, all or a portion of the Deferred Sale Price equal to the applicable Optional Murabaha Settlement Amount shall become immediately due and payable; and
- f. that on the applicable Liquidation Date (other than an Optional Redemption Date), the Total Murabaha Deferred Sale Price Outstanding shall become immediately due and payable.

When a payment of an Optional Murabaha Settlement Amount is made in accordance with paragraph (e) above, such payment will be applied towards payment of the Deferred Sale Price.

6.7 Murabaha Profit

All Murabaha Profit shall be paid by the Purchaser to the Sukuk Account in the amount necessary to fund each amount due to be paid from the Sukuk Account under Condition 6.8 (*Application of proceeds*).

6.8 Application of proceeds

At or prior to 11:00 a.m. (Riyadh time) on each Periodic Distribution Date and/or Liquidation Date, the Payment Administrator shall, apply the monies standing to the credit of the Sukuk Account in the following order of priority:

- a. first, (to the extent not previously paid) to the Sukukholders' Agent in respect of all amounts owing to it under the Sukuk Documents;
- b. second, to the Sukukholders in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts and any Partial Periodic Distribution amount due and unpaid;
- c. third, only on the Liquidation Date, to the Sukukholders (or relevant Sukukholders, as applicable) in or towards payment *pari passu* and rateably of the Sukuk Capital in respect of the Sukuk to be redeemed on such Liquidation Date; and
- d. fourth, only on the Liquidation Date and provided that all amounts required to be paid on the Sukuk have been discharged in full, in payment of any residual amount to the Issuer.

7. Issuer's Covenants

7.1 Negative Pledge

The Issuer covenants and undertakes that, for so long as any Sukuk are outstanding, it shall not, and shall procure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness of itself, other than a Permitted Security Interest, without: (a) at the same time or prior thereto securing the Sukuk equally and rateably therewith; or (b) providing such other security for the Sukuk as: (i) the Sukukholders' Agent shall in its absolute discretion deem not materially less beneficial to the interests of the Sukukholders; or (ii) as may be approved by an Extraordinary Resolution of the Sukukholders.

7.2 Mudaraba Available Amount

The Issuer covenants and undertakes that, for so long as any Sukuk are outstanding, it shall ensure at all times that an amount equal to the applicable Available Amount for the relevant period is maintained as immediately available funds (in the form of cash and cash equivalents) for the Mudaraba and that such amount is not utilised by the Mudarab for any purpose unless such purpose is: (a) as contemplated pursuant to clause 6.1 (Liquidation) of the Master Mudaraba Agreement; or (b) expressly and specifically instructed otherwise in writing by the Sukukholders' Agent (acting on the basis of an Extraordinary Resolution);

7.3 Use of Proceeds

The Issuer covenants and undertakes that, for so long as any Sukuk are outstanding, it will not (except with the prior written consent of the Sukukholders' Agent) use the proceeds of the issue of the Sukuk for any purpose other than as stated in the Sukuk Documents;

7.4 Sukuk Documents

The Issuer covenants and undertakes that, for so long as any Sukuk are outstanding, it will not (except with the prior written consent of the Sukukholders' Agent or except as provided in Condition 1.5 (*Meetings of Sukukholders; Modification*)) amend or agree to any amendment of any Sukuk Document to which it is a party (other than in accordance with the terms thereof).

7.5 Financial Condition - Gearing Ratio

This Condition 7.5 will only apply to the extent that Condition 7.5 is specified as being "Applicable" in the Applicable Final Terms. The Issuer covenants and undertakes that, for so long as any Sukuk are outstanding, the Issuer shall ensure that the Gearing Ratio for the Issuer shall not at any time exceed the Applicable Gearing Ratio specified in the Applicable Final Terms.

7.6 Financial testing

The financial covenants set out in Condition 7.5 (*Financial Condition - Gearing Ratio*) above shall be calculated in accordance with the Accounting Principles and tested by reference to each of the financial statements delivered pursuant to clause 7(b) (Financial Statements and Other Information) of the Master Declaration of Agency.

7.7 Indebtedness Conditions

This Condition 7.7 will only apply to the extent that Condition 7.7 is specified as being "Applicable" in the Applicable Final Terms.

a. Financial Indebtedness

- i. Except as permitted under paragraph (ii) below, the Issuer covenants and undertakes that, for so long as any Sukuk are outstanding, it shall not (and shall ensure that no Subsidiary will) incur or allow to remain outstanding any Financial Indebtedness; **provided, however**, that the Issuer (and any Subsidiary) may incur or allow to remain outstanding Financial Indebtedness if on the date of such Incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds thereof),
 - a. to the extent that Fixed Charge Coverage Ratio is specified as being "Applicable" in the Applicable Final Terms, the Fixed Charge Coverage Ratio for the Issuer calculated on a consolidated basis would have been not less than the Applicable Fixed Charge Coverage Ratio specified in the Applicable Final Terms; and
 - b. to the extent that Profit Coverage Ratio is specified as being "Applicable" in the Applicable Final Terms, the Profit Coverage Ratio for the Issuer would have been not less than the Applicable Profit Coverage Ratio specified in the Applicable Final Terms,
- ii. Paragraph (i) above does not apply to Financial Indebtedness which is Permitted Financial Indebtedness.

7.8 Dividends and Share Redemption Conditions

- a. The Issuer covenants and undertakes that, for so long as any Sukuk are outstanding, it shall not (and shall ensure that no Material Subsidiary will, directly or indirectly):
 - i. declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital) to or to the order of any shareholder of the Issuer;
 - ii. repay or distribute any dividend or share premium reserve to or to the order of any shareholder of the Issuer;
 - iii. pay any management, advisory or other fee to or to the order of any of the shareholders of the Issuer; or
 - iv. redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so,

provided that, for avoidance of doubt, the restrictions in this Condition 7.8 shall not affect any such payment by a Subsidiary of the Issuer to the Issuer for the Issuer's own benefit; and

and provided further that the Issuer (and any Material Subsidiary) may undertake any of the actions listed in paragraphs (i) to (iv) above:

- a. with respect to any such payments up to the total aggregate amount representing not more than 50% of the Group's Consolidated Net Income, at all times;
 - b. with respect to any such payments in excess of 50% of the Group's Consolidated Net Income, only if on the date of such respective declaration, payment, repayment or redemption, as the case may be, after giving pro forma effect thereto (including pro forma application of the proceeds thereof):
 1. the Profit Coverage Ratio for the Issuer would have been not less than the Profit Coverage Ratio specified in the Applicable Final Terms; and
 2. the Leverage Ratio would not exceed the Leverage Ratio specified in the Applicable Final Terms,
- and
- c. SAR 316.0 million.

7.9 Disposals Conditions

- a. This Condition 7.9 will only apply to the extent that Condition 7.9 is specified as being applicable in the Applicable Final Terms. Except as permitted under paragraph (b) or (c) below, the Issuer shall not (and shall ensure that that no Material Subsidiary will) enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset (each such transaction, an "**Asset Disposition**").
- b. Paragraph (a) above does not apply to any sale, lease, transfer or other disposal where such sale, lease, transfer or other disposal is a Permitted Disposal or is otherwise required under the Sukuk Documents;
- c. Paragraph (a) above does not apply to any sale, lease, transfer or other disposal where:
 - i. the Issuer (or any member of the Group) 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 Issuer (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 Issuer (or any member of the Group) 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 Issuer's (or such other member's of the Group) 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 Issuer nor any member of the Group remains obligated in respect of such liabilities or (2) Financial Indebtedness of a member of the Group, if the Issuer and each other member of the Group is released from any guarantee of such Financial Indebtedness as a result of such Asset Disposition;
 - D. Replacement Assets;
 - E. any Capital Stock or assets that constitute (x) all or substantially all of the assets of, or any Capital Stock of, another Similar Business; or (y) other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;
 - F. consideration consisting of Financial Indebtedness of the Issuer or any member of the Group received from Persons who are not the Issuer (or any member of the Group), but only to the extent that such Financial Indebtedness: (1) has been extinguished by the Issuer or the applicable member of the Group; and (2) is not Subordinated Indebtedness of the Issuer or such member of the Group;

- G. any Designated Non-Cash Consideration received by the Issuer or any member of the Group, having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this Condition 7.9 that is at any one time outstanding, not to exceed the greater of: (1) SAR amount specified in the Applicable Final Terms; and (2) a percentage value of 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) specified in the Applicable Final Terms; or
- H. a combination of the consideration specified in Conditions 7.9(c)(ii)(A) through 7.9(c)(ii)(G).

7.10 Applicability of Issuer's Covenants on a Series-by-Series Basis

With respect to each Series of Sukuk, the Applicable Final Terms shall specify whether each of the financial covenant restrictions contained in Condition 7.5 (*Financial Condition – Gearing Ratio*); Condition 7.7 (*Indebtedness Conditions*), Condition 7.8 (*Dividends and Share Redemption Conditions*), Condition 7.9 (*Disposals Conditions*) are to be applicable in relation to the relevant Series of Sukuk and, if applicable, the value of each applicable financial covenant ratio specified therein.

In each case where the relevant financial covenant restrictions listed above will not be applicable to the relevant Series of Sukuk, such financial covenant restrictions and any related default provisions will not be of any effect with regard to the Issuer with respect to the relevant Series of Sukuk.

8. Fixed Periodic Distribution Provisions

8.1 Application

This Condition 8 (*Fixed Periodic Distribution Provisions*) is applicable to the Sukuk only if the Fixed Periodic Distribution Provisions are specified in the Applicable Final Terms as being applicable.

8.2 Periodic Distribution Amount

Subject to Condition 6.8 (*Application of proceeds*) and Condition 11 (*Payments*), the Issuer shall distribute to the Sukukholders pro rata a profit distribution in relation to the Sukuk on each Periodic Distribution Date equal to the applicable Periodic Distribution Amount.

In these Conditions:

"Periodic Distribution Amount" means for each Periodic Distribution Period, an amount calculated by multiplying the Profit Rate (expressed as a percentage per annum) by the Aggregate Nominal Amount of the Sukuk of the relevant Series as are outstanding on the Transfer Record Date immediately preceding the last day of such Periodic Distribution Period and multiplying such sum by the Day Count Fraction specified in the Applicable Final Terms.

8.3 Cessation of accrual

No further amounts shall be payable on any Sukuk from and including its due date for redemption unless, upon due presentation, payment in respect of the Sukuk is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event such amounts payable on the Sukuk shall continue to be due and payable and Periodic Distribution Amounts and Partial Periodic Distribution Amounts will continue to accrue in respect of the Sukuk in the manner provided in this Condition 8 until all amounts due in respect of the Sukuk have been paid in full.

8.4 Calculation of distribution in respect of Partial Periodic Distribution Amounts

When a distribution is required to be calculated in respect of a period less than a full Periodic Distribution Period, it shall be calculated on the basis specified in the Applicable Final Terms.

8.5 Notifications

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition shall (in the absence of manifest error) be binding on the Issuer, the Sukukholders' Agent, the Payment Administrator and the Sukukholders and no liability to any such Person will attach to the Sukukholders' Agent or the Payment Administrator in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

9. Floating Periodic Distribution Provisions

9.1 Application

This Condition 9 (*Floating Periodic Distribution Provisions*) is applicable to the Sukuk only if the Floating Periodic Distribution Provisions are specified in the Applicable Final Terms as being applicable.

9.2 Periodic Distribution Amount

Subject to Condition 6.8 (*Application of proceeds*) and Condition 11 (*Payments*), the Issuer shall distribute to the Sukukholders pro rata a profit distribution in relation to the Sukuk on each Periodic Distribution Date equal to the applicable Periodic Distribution Amount. If any Periodic Distribution Date is not a Business Day, it shall be adjusted in accordance with the relevant Business Day Convention.

The Reference Rate (the "**Reference Rate**") for each Periodic Distribution Period shall be determined by or on behalf of the Payment Administrator on the following basis:

- a. the Payment Administrator will determine the offered rate for deposits in Saudi Arabian Riyals ("**SAIBOR**") for a period equal to the relevant Periodic Distribution Period which appears on the Relevant Screen Page (or such other page as may replace that page on that service, or such other service as may be nominated by the Payment Administrator as the information vendor for the purpose of displaying comparable rates) as of approximately 12:00 p.m. (Riyadh time) on the Periodic Distribution Determination Date; or
- b. if such rate does not appear on that page, the Payment Administrator will:
 - i. determine the average rate at which deposits in Saudi Arabian Riyals are offered by the Reference Banks in the Saudi interbank market at approximately 11:00 a.m. (Riyadh time) on the Periodic Distribution Determination Date to prime banks in the Saudi interbank market for a period equal to the relevant Periodic Distribution Period and in an amount that is representative for a single transaction in that market at that time; and
 - ii. determine the arithmetic mean (rounded, if necessary, to the nearest ten thousandth of a percentage point, 0.00005 being rounded upwards) for such quotations where two or more quotations are available,

and the Reference Rate shall be the rate or (as the case may be) the arithmetic mean so determined; and

- c. notwithstanding the provisions of paragraphs (i) and (ii) above, upon the occurrence of a SAIBOR Event, the Payment Administrator shall notify the Issuer accordingly and the Issuer shall consult with the Reference Banks as to whether there is a successor or replacement rate or alternative rate to SAIBOR in customary market usage (including whether any spread, which may be positive, negative or zero (or formula or methodology for calculating such spread) is to be applied to such successor, replacement or alternative rate, as formally recommended or provided for or in customary market usage, in relation to the replacement of SAIBOR with such successor, replacement or alternative rate), in which case such successor, replacement or alternative rate, after the application of any such spread (if applicable), shall be the Reference Rate for the determination of the Periodic Distribution Amount pursuant to this Condition 9.2 and the Issuer shall notify the Payment Administrator promptly in writing of such successor, replacement or alternative rate and any requirement to apply any such spread (if applicable), and the Payment Administrator shall determine the Reference Rate applicable to the Sukuk on each Periodic Distribution Determination Date following it being so notified,

provided however, that if the Payment Administrator is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the provisions of paragraphs (i) and (ii) above in relation to any Periodic Distribution Period, the Reference Rate applicable to the Sukuk during such Periodic Distribution Period will be the Reference Rate or (as the case may be) arithmetic mean last so determined in relation to the Sukuk in respect of the most recent preceding Periodic Distribution Period.

In these Conditions:

"**SAIBOR Event**" means the occurrence of any of the following events:

- i. SAIBOR ceases to (a) be published for a period of at least 5 Business Days; or (b) exist or be administered; or
- ii. the supervisor or the administrator of SAIBOR announces that SAIBOR will cease to be published or has been or is to be discontinued, prohibited from use or has ceased or will cease to be representative, or that its use is or will be subject to restrictions or adverse consequences, and such cessation, discontinuation, prohibition, restrictions or adverse consequences has or have already occurred or will occur on or before the next Periodic Distribution Determination Date,

in each case, such that the Payment Administrator is or will be no longer able to determine SAIBOR in accordance with Condition 9.2(b) for the purposes of the determination of the Reference Rate on such Periodic Distribution Determination Date.

"Periodic Distribution Amount" means, for each Periodic Distribution Period, an amount calculated by multiplying the Aggregate Nominal Amount of the Sukuk of the relevant Series as are outstanding on the Transfer Record Date immediately preceding the last day of such Periodic Distribution Period by the sum of the Reference Rate for such Periodic Distribution Period and the Margin and multiplying such sum by the relevant Day Count Fraction specified in the Applicable Final Terms.

9.3 Publication

The Payment Administrator shall cause the Screen Rate and the Periodic Distribution Amount determined by it, together with the relevant Periodic Distribution Date, to be notified to the Issuer and the Sukukholders' Agent as soon as practicable after such determination but in any event not later than one (1) Business Day prior to the first day of the relevant Periodic Distribution Period. Notice thereof shall also promptly be provided by the Payment Administrator to the Registrar. The Payment Administrator shall recalculate any Periodic Distribution Amount (on the basis of the foregoing provisions) in the event of an extension or shortening of the relevant Periodic Distribution Period.

9.4 Cessation of accrual

No further amounts shall be payable on any Sukuk from and including its due date for liquidation unless, upon due presentation, payment in respect of the Sukuk is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event such amounts payable on the Sukuk shall continue to be due and payable and Periodic Distribution Amounts and Partial Periodic Distribution Amounts will continue to accrue in respect of the Sukuk in the manner provided in this Condition 9 until all amounts due in respect of the Sukuk have been paid in full.

9.5 Calculation of distribution in respect of Partial Periodic Distribution Amounts

When a distribution is required to be calculated in respect of a period less than a full Periodic Distribution Period, it shall be calculated on the basis as specified in the Applicable Final Terms.

9.6 Notifications

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Sukukholders' Agent or Payment Administrator (as appropriate) shall (in the absence of manifest error) be binding on the Issuer, the Sukukholders' Agent, the Payment Administrator and the Sukukholders and (in the absence of gross negligence, wilful misconduct or fraud on the part of the Sukukholders' Agent or the Payment Administrator, as applicable) no liability to any such Person will attach to the Sukukholders' Agent or the Payment Administrator in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

10. Purchase and Cancellation of Sukuk

10.1 Purchase

The Issuer and its Subsidiaries may at any time purchase Sukuk in the open market or otherwise and at any price in the open market or otherwise. Such Sukuk may be held, reissued, resold or, at the option of the Issuer, surrendered to the Payment Administrator for cancellation.

10.2 Cancellation

All Sukuk which are redeemed in accordance with Condition 12 (*Redemption of Sukuk*) will forthwith be cancelled and the Sukuk Capital shall be reduced pro rata by the Aggregate Nominal Amount of such cancelled Sukuk. All Sukuk so cancelled and any Sukuk purchased and cancelled pursuant to Condition 10 (*Purchase and Cancellation of Sukuk*) cannot be reissued or resold.

11. Payments

11.1 General

Payments under the Sukuk shall be made by wire transfer to a Saudi Arabian Riyal account maintained by the payee with a bank in the Kingdom of Saudi Arabia as notified in writing to the Registrar and the Payment Administrator not later than fifteen (15) days before the date of the relevant payment.

11.2 Payments subject to applicable laws

All payments in respect of the Sukuk are subject in all cases to: (i) any applicable fiscal or other laws and regulations in the place of payment (except as provided in Condition 16 (*Taxation*), no distributions or expenses shall be charged to the Sukukholders in respect of such payments); and any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of this Condition 11) any law implementing an intergovernmental approach thereto.

11.3 Payments on Business Days

Payment instructions shall be initiated for value on the due date, or, if the due date is not a Business Day, for value on the first following Business Day (subject to any applicable Business Day Convention). A Sukukholder shall not be entitled to any distribution or other payment in respect of any delay in payment resulting from the due date for a payment not being a Business Day.

11.4 Transfer Record Date

Each payment in respect of the Sukuk shall be made to the Person shown as the Sukukholder in the Register at the opening of business in the place of the Registrar’s specified office on the Transfer Record Date.

12. Redemption of Sukuk

12.1 Scheduled redemption

Unless previously redeemed, or purchased and cancelled in full, the Sukuk shall be redeemed on the Expiry Date and each Sukukholder shall receive the Sukuk Capital in respect of each of the Sukuk held by it, together with any accrued but unpaid Periodic Distribution Amounts payable thereon, on the Expiry Date.

12.2 Redemption at the option of the Issuer

- a. If Issuer Call Option is specified in the Applicable Final Terms as being applicable, upon the Issuer giving not less than thirty (30) days’ nor more than sixty (60) days’ notice to the Sukukholders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable), the Issuer shall redeem in whole, but not in part, the Sukuk on any Issuer Optional Redemption Date and each Sukukholder shall receive the Sukuk Capital in respect of each of the Sukuk held by it, together with any accrued but unpaid Periodic Distribution Amounts and/or Partial Periodic Distribution Amounts payable thereon, on such Issuer Optional Redemption Date (the “Issuer Call Option”).
- b. If 75% or more in Aggregate Nominal Amount of a relevant Series of Sukuk as are then outstanding have been redeemed pursuant to this Condition 12 or purchased and cancelled in accordance with Condition 10 (*Purchase and Cancellation of Sukuk*), the Issuer may, on giving not less than 15 nor more than 30 days’ notice to the Sukukholders’ Agent and the Sukukholders in accordance with Condition 18 (*Notices*), redeem or, at the Issuer’s option, purchase (or procure the purchase of) all (but not some only) of the remaining outstanding Sukuk of that Series and each remaining Sukukholder of that Series of Sukuk shall receive the Sukuk Capital in respect of such Sukuk held by it, together with all accrued but unpaid Periodic Distribution Amounts and Partial Periodic Distribution Amounts payable thereon on the relevant Issuer (Clean-Up) Call Redemption Date (the “Issuer (Clean-Up) Call”).

12.3 Redemption for tax reasons

The Sukuk may be redeemed at the option of the Issuer, in whole, but not in part, (i) (if Fixed Periodic Distribution Provisions are specified in the Applicable Final Terms as being applicable) at any time or (ii) (if Floating Periodic Distribution Provisions are specified in the Applicable Final Terms as being applicable) on any Periodic Distribution Date (each such date, the “**Tax Redemption Date**”), on giving not less than thirty (30) days’ notice nor more than sixty (60) days’ notice (a “**Tax Redemption Notice**”) to the Sukukholders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable) and each Sukukholder shall receive the Sukuk Capital in respect of each of the Sukuk held by it, together with any accrued but unpaid Periodic Distribution Amounts and/or Partial Periodic Distribution Amounts payable thereon, on such Tax Redemption Date, if:

- a. on the occasion of the next payment due under the Sukuk the Issuer has or will become obliged to pay additional amounts as provided for, or referred to, in Condition 16 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Saudi Arabia or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the relevant Series of Sukuk; and
- b. such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

(the occurrence of an event described in (i) and (ii) above being a “**Tax Event**”) provided however, that no Tax Redemption Notice shall be given earlier than sixty (60) days prior to the Periodic Distribution Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if payment of such additional amounts in respect of the Sukuk and/or Sukuk Documents (as applicable) were then due.

Prior to the publication of any Tax Redemption Notice pursuant to this Condition 12.3 (*Redemption for tax reasons*), the Issuer shall obtain and make available to the Sukukholders for inspection at its registered office during business hours and, upon written request, electronic copies of: (i) a certificate signed by two (2) Authorised Signatories of the Issuer stating that the Issuer is entitled to effect such redemption and stating that the conditions to the redemption of the Sukuk set out in this Condition 12.3 (*Redemption for tax reasons*) have been met; and (ii) an opinion of an independent tax adviser of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any Tax Redemption Notice, the Issuer shall be bound to redeem the Sukuk in accordance with this Condition 12.3 (*Redemption for tax reasons*).

12.4 Redemption at the option of the Sukukholders

- a. If a Sukukholders’ Put Option is specified in the Applicable Final Terms as being applicable, upon the holder of any Sukuk giving to the Issuer in accordance with Condition 18 (*Notices*) not less than the minimum period nor more than the maximum period of notice specified in the Applicable Final Terms, the Issuer will, upon the expiry of such notice (unless prior to the giving of such notice the Issuer has given notice of redemption under Condition 12.2 (*Redemption at the option of the Issuer*) or Condition 12.3 (*Redemption for tax reasons*)), redeem (or procure the purchase of) such Sukuk on the relevant Sukukholder Optional Redemption Date and each Sukukholder shall receive the Sukuk Capital in respect of each such Sukuk held by it, together with any accrued but unpaid Periodic Distribution Amounts and/or Partial Periodic Distribution Amounts payable thereon, on the relevant Sukukholder Optional Redemption Date (the “**Sukukholders’ Put Option**”). Sukuk may be redeemed under this paragraph (a) in any multiple of their Specified Denomination.
- b. If the Change of Control Put Option is specified in the Applicable Final Terms as being applicable and, prior to the giving of the relevant Change of Control Notice (as defined below) the Issuer has not given notice of redemption under Condition 12.2 (*Redemption at the option of the Issuer*) or 12.3 (*Redemption at the option of the Sukukholders*), the Issuer will within ten (10) days following a Change of Control Event make an offer (to remain open for not less than thirty (30) nor more than sixty (60) days (the “**Change of Control Redemption Period**”)) to each Sukukholder to redeem on the 10th Business Day following the last day of the Change of Control Redemption Period (the “**Change of Control Redemption Date**”) all of the Sukuk held by such Sukukholder in the relevant Series that are outstanding (or such part thereof as the Sukukholder may elect) and each Sukukholder shall receive the Sukuk Capital in respect of such Sukuk held by it, together with all accrued but unpaid Periodic Distribution Amounts and Partial Periodic Distribution Amounts payable thereon on the relevant Change of Control Redemption Date (the “**Change of Control Put Option**”). The terms of each such offer will set out the procedures and timelines to be followed by Sukukholders in order to accept the Issuer’s offer to purchase any or all Sukuk during the Change of Control Redemption Period. Sukuk may be redeemed under this paragraph (b) in any multiple of their Specified Denomination.

- c. If:
- i. the holders of 75% or more in Aggregate Nominal Amount of a relevant Series of Sukuk as are then outstanding deliver Put Notices within the Change of Control Redemption Period in accordance with Condition 12.4(b); or
 - ii. 75% or more in Aggregate Nominal Amount of a relevant Series of Sukuk as are then outstanding have been redeemed or, as the case may be, purchased, pursuant to Condition 12.4(b) (*Redemption at the option of the Sukukholders*),

the Issuer may, on giving not less than 15 days nor more than 30 days' notice to the Sukukholders' Agent and the Sukukholders in accordance with Condition 18 (*Notices*) (such notice to be given within 30 days of the Sukukholder Optional Redemption Date (such period, the **"Change of Control Clean Up Redemption Period"**)), redeem or, at the Issuer's option, purchase (or procure the purchase of) all (but not some only) of the remaining outstanding Sukuk of that Series and each remaining Sukukholder of that Series of Sukuk shall receive the Sukuk Capital in respect of such Sukuk held by it, together with all accrued but unpaid Periodic Distribution Amounts and Partial Periodic Distribution Amounts payable thereon, on the relevant Change of Control Clean Up Redemption Date.

- a. Promptly upon the Issuer becoming aware that a Change of Control Event has occurred, the Issuer shall promptly give notice (a **"Change of Control Notice"**) to the Sukukholders' Agent and the Sukukholders in accordance with Condition 18 (*Notices*) to that effect.
- b. The Sukukholders' Agent is under no obligation to ascertain whether a Change of Control Event or any event which could lead to the occurrence of, or could constitute, a Change of Control Event has occurred and, until it shall have actual knowledge or notice pursuant to the Master Declaration of Agency to the contrary, the Sukukholders' Agent may assume that no Change of Control Event or other such event has occurred.
- c. To exercise any option pursuant to paragraph (a) or paragraph (b) above, the Sukukholder must deposit such Sukuk (in accordance with the regulations and procedures established by the Registrar and by delivering to the Registrar and the Payment Administrator such information as are required by the Registrar and the Payment Administrator) with the Payment Administrator, together with a duly completed option exercise notice (each such notice, a **"Put Notice"**) in the form obtainable from the Payment Administrator and/or the Registrar (as applicable) within the relevant period. No Sukuk so deposited and option so exercised may be withdrawn (except as provided in the Master Declaration of Agency) without the prior consent of the Issuer.

12.5 No other redemption

Except as set out in Condition 10 (*Purchase and Cancellation of Sukuk*), this Condition 12 (*Redemption of Sukuk*) and Condition 13 (*Events of Default*), the Issuer shall not be permitted to redeem or cancel the Sukuk prior to the Expiry Date.

12.6 Incentive fee

Following redemption of the Sukuk in full (and without prejudice to Condition 6.8 (*Application of proceeds*)) any amounts standing to the credit of the Sukuk Account and the Collection Account shall be paid to the Issuer for its own account as an incentive fee.

13. Events of Default

The occurrence of any of the following events and circumstances shall constitute an Event of Default:

default is made in the payment by the Issuer of the Sukuk Capital, Periodic Distribution Amount or Partial Periodic Distribution Amount (as the case may be) on the due date for payment thereof and such default continues for a period of seven (7) Business Days in the case of the Sukuk Capital or fourteen (14) Business Days in the case of a Periodic Distribution Amount or Partial Periodic Distribution Amount (as the case may be);

- a. the Issuer fails to perform or observe any of its other obligations under or in respect of these Conditions or the Sukuk Documents to which it is a party (other than in respect of clause 4.1(f) of the Master Mudaraba Agreement) and: except: (i) in any case where, in the opinion of the Sukukholders' Agent, the failure is incapable of remedy; or (ii) in the event of a breach of the undertakings in Condition 7.3, in each case, where no continuation or notice as is hereinafter mentioned will be required such default remains unremedied for 30 days after the Issuer becoming aware of the default or written notice thereof, addressed to the Issuer by any Sukukholder and/or the Sukukholders' Agent has been delivered to the Issuer;

- b. if any Financial Indebtedness of the Issuer or any Subsidiary is not paid when due nor within any originally applicable grace period or any such Financial Indebtedness 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 Event of Default under this Condition 13 unless the aggregate amount of all such Financial Indebtedness shall be more than SAR 120,000,000 (or its equivalent in any other currency or currencies)
- c. any Security Interest given by the Issuer or any Subsidiary for any Financial Indebtedness securing an amount more than SAR 120,000,000 (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 Financial Indebtedness 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;
- d. any order is made by any competent court or an effective resolution is passed for the winding up or dissolution of the Issuer, save for (i) the purposes of an amalgamation, reorganisation or restructuring while solvent; or (ii) otherwise on terms previously approved by an Extraordinary Resolution;
- e. the Issuer or any Material Subsidiary ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of, or pursuant to, (i) an amalgamation, reorganisation or restructuring while solvent; or (ii) otherwise on terms previously approved by an Extraordinary Resolution, or the Issuer or any Material Subsidiary stops or threatens to stop payment of, or is unable to, or admits its inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent;
- f. (i) proceedings are initiated against the Issuer or any Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any Material Subsidiary or, as the case may be, in relation to material part of the undertaking, assets or revenue of the Issuer or any Material Subsidiary (otherwise than for the purposes of, or pursuant to, (A) an amalgamation, reorganisation or restructuring while solvent; or (B) otherwise on terms previously approved by an Extraordinary Resolution); or (ii) an encumbrancer takes possession of any material part of the undertaking, assets or revenue of the Issuer or any Material Subsidiary, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against any material part of the undertaking, assets or revenue of the Issuer or any Material Subsidiary; and (iii) in any case (other than the appointment of an administrator) is not discharged or stayed within 90 days;
- g. the Issuer or any Material Subsidiary initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) including, without limitation, any arrangement under the Bankruptcy Law issued pursuant to Royal Decree No. M/50 dated 28/05/1439H (corresponding to 13/02/2018G), as amended by Royal Decree No. M/89 dated 9/7/1441H (corresponding to 04/03/2020G)) (otherwise than for the purposes of, or pursuant to an amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution);
- h. one or more judgment(s), order(s) or arbitral award(s) for the payment of an amount in excess of SAR 120,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate is rendered against the Issuer or any Material Subsidiary and continue(s) unsatisfied and unstayed for a period of 90 days after the date(s) thereof or if later, the date therein specified for payment, unless such judgment(s), order(s) or arbitral award(s) are being appealed in good faith;
- i. any event occurs which under the laws, regulations or rules of the Kingdom of Saudi Arabia has an analogous effect to any of the events referred to in paragraphs (d), (f) and (g) above; or
- j. if at any time: (i) any regulation, decree, consent, approval, licence or other authority necessary to enable the Issuer to perform its obligations under or in respect of the Sukuk and/or the Sukuk Documents to which it is a party or for the validity or enforceability thereof expires (and is not renewed within 45 days of its expiry) or is withheld, revoked or terminated or otherwise ceases to remain in full force and effect or is modified in a manner which adversely affects any rights or claims of any of the Sukukholders; or (ii) it is or becomes unlawful for the Issuer to perform or comply with any or all of its obligations under or in respect of the Sukuk and/or the Sukuk Documents to which it is a party or any of the obligations of the Issuer thereunder are not or cease to be legal, valid, binding or enforceable for reasons other than set out in sub-paragraph (i) above; or (iii) the Issuer repudiates or causes to be done any act or thing evidencing an intention to repudiate or denies any of its obligations under the Sukuk and/or the Sukuk Documents to which it is a party.

- k. If an Event of Default occurs and is continuing, the Sukukholders' Agent (subject to it being indemnified and/or secured and/or prefunded by the Issuer to its satisfaction) shall as soon as is reasonably practicable after it receives notice thereof (such notice being provided by the Issuer, any Sukukholder, or another relevant party, as the case may be) give notice of the occurrence of such Event of Default to the Sukukholders requiring them to indicate whether they wish to exercise their rights to redeem the Sukuk pursuant to this Condition 13 (*Events of Default*) provided, however, in the case of the occurrence of an Event of Default comprising an event described in Condition 13(b) above, such notice may only be given if the Sukukholders' Agent has certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Sukukholders. Any Sukukholder may then deliver a notice (an "Event of Default Notice") to the Sukukholders' Agent.

If the Sukukholders' Agent receives an Event of Default Notice, the Sukukholders' Agent shall promptly give notice to the Issuer and the Payment Administrator that such an Event of Default Notice has been received, specifying the Event of Default referred to therein (provided that this notice shall only be issued by the Sukukholders' Agent in respect of the first Event of Default Notice received by it for each Event of Default). If the Sukukholders' Agent receives Event of Default Notices from at least the Required Sukukholders (as defined in Condition 2 (*Definitions*)), the Sukukholders' Agent shall promptly deliver to the Issuer and the Payment Administrator an exercise notice (the "Exercise Notice") so notifying the Issuer and the Payment Administrator (with a copy to the Sukukholders) that the Sukuk are to be redeemed at an amount equal to the Sukuk Capital, together with any accrued but unpaid Periodic Distribution Amounts and/or Partial Periodic Distribution Amounts payable thereon, on the date specified in such notice (the "Event of Default Date").

Upon the delivery of the Exercise Notice pursuant to this Condition 13 (*Events of Default*), the Sukukholders' Agent may, at any time, and is irrevocably authorised on behalf of the Sukukholders to: (i) enforce such rights as it may have under the Sukuk Documents following an Event of Default; (ii) demand, claim, enforce and prove payment of the Sukuk Capital, together with payment of any accrued but unpaid Periodic Distribution Amounts or Partial Periodic Distribution Amounts (as the case may be), calculated as of the date of redemption of the Sukuk, from the Issuer; and (iii) file claims and proofs, give receipts and take all such proceedings and do all such things as the Sukukholders' Agent sees fit to recover the Sukuk Capital and the Periodic Distribution Amount and/or Partial Periodic Distribution Amount (as the case may be) from the Issuer. Upon payment in full of such amounts, the Sukuk will be redeemed and shall cease to represent the Sukuk Assets and no further amounts shall be payable in respect thereof and the Issuer shall have no further obligations in respect thereof.

14. Enforcement and Exercise of Rights

Following the occurrence of an Event of Default, the Sukukholders' Agent may, at any time, at its sole and absolute discretion and without notice, in accordance with the Sukuk Documents, take such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Sukuk and the Sukuk Documents, but it shall not be bound in any circumstances to take any such action unless directed or requested to do so:

- i. pursuant to Condition 13 (*Events of Default*);
- ii. by an Extraordinary Resolution; or
- iii. in writing by the Required Sukukholders,

and, in each case, then only if it shall be indemnified and/or secured and/or prefunded by the Issuer to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing, provided however, that, in each case, the Issuer shall not be obliged to pay any amount to the Sukukholders earlier than it is required to under these Conditions or the Sukuk Documents, by virtue of the initiation of any such proceedings.

- a. The foregoing paragraphs in this Condition 14 (*Enforcement and Exercise of Rights*) are subject to this paragraph. After enforcing or realising the Sukuk Assets and distributing the net proceeds of the Sukuk Assets in accordance with Condition 6.8 (*Application of proceeds*), the obligations of the Issuer in respect of the Sukuk shall be satisfied and no holder of the Sukuk may take any further steps against the Issuer to recover any further sums in respect of the Sukuk and the right to receive any such sums unpaid shall be extinguished. In particular, no holder of the Sukuk shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Issuer.
- b. No Sukukholder shall be entitled to proceed directly against the Issuer unless: the Sukukholders' Agent, having become bound so to proceed, (i) fails to initiate such proceedings within sixty (60) days of becoming so bound, or (ii) is unable for any reason to do so, and such failure or inability is continuing. Under no circumstances shall the Sukukholders' Agent or any Sukukholders have any right to cause the sale or other disposition of any of the Sukuk Assets except pursuant to the Conditions and the sole right of the Sukukholders' Agent and Sukukholders against the Issuer shall be to enforce the obligations of the Issuer to pay the relevant Periodic Distribution Amounts, Partial Periodic Distribution Amounts and the Sukuk Capital (as applicable), if due and payable, and the obligations of the Issuer to pay the amounts due and payable by it under the Sukuk Documents.

15. Meetings of Sukukholders; Modification

15.1 Meetings of Sukukholders

The Master Declaration of Agency contains provisions for convening meetings (including by way of teleconference call and/or using a video enabled platform) of Sukukholders to consider any matter affecting their interests, including the sanctioning by an Extraordinary Resolution of a modification of the Sukuk, these Conditions or any relevant provision of the Master Declaration of Agency or any other Sukuk Document. Such a meeting may be convened by the Issuer or the Sukukholders' Agent and shall be convened by the Sukukholders' Agent upon the request in writing of Sukukholders holding not less than one-tenth of the Aggregate Nominal Amount of the Sukuk of the relevant Series as are outstanding as of such date and subject to the Sukukholders' Agent having been indemnified and/or secured and/or prefunded by the Issuer to its satisfaction. The quorum at any meeting convened to vote on an Extraordinary Resolution (other than an Extraordinary Resolution which relates to a Basic Terms Modification) will be one or more Voters (as such term is defined in the Master Declaration of Agency) holding or representing at least half of the Aggregate Nominal Amount of such of the Sukuk of the relevant Series as are outstanding as of such date or, at any adjourned meeting, one or more Voters being or representing at least one quarter of the Aggregate Nominal Amount of such of the Sukuk of the relevant Series as are outstanding as of such date, except that at any meeting the business of which includes the modification of certain provisions of the Sukuk, the Master Declaration of Agency and each relevant Supplemental Declaration of Agency (defined in the Master Declaration of Agency as a "**Basic Terms Modification**" and which includes, inter alia, modifying the provisions for payment of any Periodic Distribution Amount, Partial Periodic Distribution Amount, the Sukuk Capital in respect of the Sukuk, reducing or cancelling any Periodic Distribution Amount, Partial Periodic Distribution Amount or the Sukuk Capital payable in respect of the Sukuk or altering the currency of payment of any Periodic Distribution Amount, Partial Periodic Distribution Amount or the Sukuk Capital in respect of the Sukuk), the quorum shall be one or more Voters holding or representing not less than two-thirds in Aggregate Nominal Amount of the Sukuk of the relevant Series as are outstanding as of such date, or at any adjourned such meeting one or more Voters holding or representing not less than one-third in Aggregate Nominal Amount of the Sukuk of the relevant Series as are outstanding as of such date.

An Extraordinary Resolution passed at any meeting of the Sukukholders shall be binding on all the Sukukholders, whether or not they are present at the meeting and whether or not they voted on such Extraordinary Resolution. The expression "Extraordinary Resolution" is defined in the Master Declaration of Agency to mean either: (i) a resolution passed at a meeting of Sukukholders duly convened and held by a majority consisting of not less than three-fourths of the votes cast; or (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in Aggregate Nominal Amount of the Sukuk in the Series as are outstanding as of such date.

15.2 Modification

The Master Declaration of Agency provides that the Sukukholders' Agent (acting on behalf of the Sukukholders) may agree, without the consent or sanction of the Sukukholders, to any modification (subject to certain exceptions as provided in the Master Declaration of Agency) of, or to any waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Master Declaration of Agency, any relevant Supplemental Declaration of Agency or any other Sukuk Document, or may determine that an Event of Default, shall not be treated as such which in any such case, in the opinion of the Sukukholders' Agent, is not materially prejudicial to the interests of the Sukukholders or to any modification of any of these Conditions or any of the provisions of the Master Declaration of Agency or any relevant Supplemental Declaration of Agency or any other Sukuk Document which is (in the opinion of the Sukukholders' Agent) of a formal, minor or technical nature or which is made to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver, authorisation or determination shall be binding on the Sukukholders and, unless the Sukukholders' Agent agrees otherwise, any such modification shall be notified to the Sukukholders as soon as practicable thereafter in accordance with Condition 18 (*Notices*).

In connection with the exercise by it of any of its powers, authorities or discretions (including, but without limitation, any modification, waiver or authorisation), the Sukukholders' Agent shall have regard to the interests of the Sukukholders as a class and, in particular, but without limitation, need not have regard to the consequences of such exercise for individual Sukukholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Sukukholders' Agent shall not be entitled to require, nor shall any Sukukholder be entitled to claim, from the Issuer, the Sukukholders' Agent or any other Person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Sukukholders.

16. Taxation

All payments in respect of the Sukuk will be made free and clear of withholding taxes of the Kingdom of Saudi Arabia unless such withholding is required by law. In that event, the Issuer will pay or cause to be paid to the Sukukholders (other than Sukukholders who are not, at the time of the relevant payments, Qualified Persons) such additional amounts so that the net amount received by the Sukukholders after the withholding shall equal the respective amounts which would have been receivable in respect of the Sukuk in the absence of such withholding.

Sukukholders should note that the Issuer shall not pay any additional amounts in respect of any withholding required by law to any person who holds Sukuk who is not a Qualified Person.

The Sukukholders shall be responsible for any other capital gains tax or income tax assessed on them as a result of their holding of Sukuk.

Notwithstanding anything to the contrary in these Conditions, the Issuer, the Payment Administrator and any other person shall be permitted to deduct and/or withhold, and shall not be required to pay any additional amounts with respect to, any deduction or withholding imposed on or with respect to any Sukuk pursuant to FATCA, any treaty, law, regulation or other official guidance implementing FATCA, or any agreement (or related guidance) between the Issuer, the Payment Administrator or any other person and the United States, any other jurisdiction, or any authority of any of the foregoing implementing FATCA.

17. Indemnification and Liability of the Sukukholders' Agent

The Master Declaration of Agency contains provisions for the indemnification of the Sukukholders' Agent in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded by the Issuer to its satisfaction, in particular, in connection with the exercise of any of its rights in respect of the Sukuk Assets. The Sukukholders' Agent shall in no circumstances take any action unless directed to do so in accordance with Condition 14 (*Enforcement and Exercise of Rights*), and then only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

Nothing in the Master Declaration of Agency shall, in any case in which the Sukukholders' Agent has failed to show the degree of care and diligence required of it as sukukholders' agent, having regard to the provisions of the Master Declaration of Agency conferring on it any rights, powers, authorities or discretions, exempt the Sukukholders' Agent from or indemnify it against any Liability which by virtue of any rule of law would otherwise attach to it in respect of any gross negligence, wilful default or actual fraud which it may be guilty in relation to its duties under the Master Declaration of Agency.

The Sukukholders' Agent makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Issuer under the Sukuk Documents and shall not under any circumstances have any liability or be obliged to account to the Sukukholders in respect of any payment which should have been made by or on behalf of the Issuer, but is not so made, and shall not in any circumstances have any liability arising from the Sukuk Assets.

Without prejudice to the provisions of any Sukuk Document relating to insurance, the Sukukholders' Agent shall not be under any obligation to insure any of the Sukuk Assets or any deeds or documents of title or other evidence in respect of the Sukuk Assets or to require any other person to maintain any such insurance or monitor the adequacy of any such insurance and shall not be responsible for any Liability which may be suffered by any person as a result of the lack of or inadequacy of any such insurance.

The Sukukholders' Agent shall not in any event be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits, goodwill, reputation, business opportunity or anticipated saving), whether or not foreseeable, even if the Sukukholders' Agent has been advised of the likelihood of such loss or damage and regardless of whether the claim for loss or damage is made in negligence, for breach of contract or otherwise.

18. Notices

All notices to the Sukukholders will be sent to them by registered mail or e-mail to their respective addresses on the Register. Any such notice shall be deemed to have been given, in the case of notice delivered by registered mail, on the fifth day after the date of mailing, and, in the case of notice delivered by e-mail, on the day after the relevant notice has been sent.

The Issuer shall also ensure that all notices are duly given in a manner which complies with any mandatory rules and regulations of Tadawul, including the publication of notices on the website of Tadawul, if required by those rules or

regulations. So long as the Sukuk are registered with the Securities Depository Center Company ("Edaa"), in substitution for sending notices by registered mail or e-mail, where possible, notices to Sukukholders may be given by delivery of the relevant notice to Edaa for communication to the Sukukholders in accordance with Edaa's procedures for the delivery of notices. Any such notice shall be deemed to have been validly given to the Sukukholders on the second day after the day on which the said notice was given to Edaa.

Notices to be given by any Sukukholder shall be in writing and delivered to the registered postal or e-mail address of the relevant addressee.

19. Further Issues

In respect of any Series, the Issuer shall be at liberty from time to time without the consent of the Sukukholders to create and issue additional Sukuk having the same terms and conditions as the Sukuk of such Series as are outstanding 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 Sukuk of such Series as are outstanding. Any additional Sukuk which are to form a single Series with the Sukuk as are outstanding previously constituted by the Master Declaration of Agency as supplemented by each relevant Supplemental Declaration of Agency shall be constituted by a declaration supplemental to the Master Declaration of Agency as supplemented by each relevant Supplemental Declaration of Agency. References in these Conditions to the Sukuk include (unless the context requires otherwise) any other Sukuk issued pursuant to this Condition and forming a single Series with the Sukuk.

20. Governing Law and Jurisdiction

20.1 Governing law

The Sukuk Documents and the Sukuk are governed by, and are to be construed in accordance with, the laws and regulations of the Kingdom of Saudi Arabia.

20.2 Jurisdiction

- a. Subject to paragraph (b) below, the Committee for the Resolution of Securities Disputes and the Appeal Committee for the Resolution of Securities Disputes (the "**Committees**") shall have exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Sukuk or the Sukuk Documents and, for such purposes, the Issuer, the Sukukholders' Agent, and the Sukukholders irrevocably submit to the exclusive jurisdiction of the Committees. No suit, action or proceedings which may arise out of or in connection with the Sukuk or the Sukuk Documents may be filed or brought outside the Kingdom of Saudi Arabia and no court or any judicial authority outside the Kingdom of Saudi Arabia shall have jurisdiction to hear any such claim.
- b. Condition 20.2 is for the benefit of the Sukukholders' Agent and the Sukukholders only. As a result, the Sukukholders' Agent and any Sukukholder may take any suit, action or proceeding (together with any suit, action or proceedings taken pursuant to Condition 20 (*Governing Law and Jurisdiction*), "**Proceedings**") arising out of or in connection with the Sukuk Documents and the Sukuk, against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

20.3 Waiver of immunity

In relation to any judicial proceedings in any jurisdiction with respect to these Conditions, the Issuer waives generally all immunity it or its assets or revenues may otherwise have in such jurisdiction, including immunity in respect of:

- a. the giving of any relief by way of injunction or order for specific performance or for the recovery of assets or revenues; and
- b. the issue of any process against its assets or revenues for the enforcement of a judgment or, in an action in rem, for the arrest, detention or sale of any of its assets and revenues.

20.4 Waiver of Usurious Interest

If any suit, action or proceedings are brought by or on behalf of the Sukukholders' Agent or any Sukukholder under these Conditions, the Sukukholders' Agent and each Sukukholder agrees that it will:

- a. not claim any judgment interest under, or in connection with, such suit, action or proceedings; and
- b. to the fullest extent permitted by law, waive all and any entitlement it may have to judgment interest awarded in its favour by any court or other judicial authority as a result of such suit, action or proceedings.

For the avoidance of doubt, nothing in this Condition 20.4 (*Waiver of Usurious Interest*) shall be construed as a waiver of rights in respect of any Mudaraba Profit or liquidation proceeds payable under the Master Mudaraba Agreement, any Deferred Sale Price (or any part thereof) payable under the Master Murabaha Agreement, any Periodic Distribution Amount, Partial Periodic Distribution Amount or the Sukuk Capital payable under the Conditions or profit of any kind howsoever described payable by Arabian Centres Company (acting in any capacity) pursuant to the Sukuk Documents and/or the Conditions, howsoever such amounts may be described or re-characterised by any court or other judicial authority.

21. Shari'ah Compliance

Arabian Centres Company agrees that it has accepted the Shari'ah compliant nature of the Sukuk 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 Sukuk Documents to which it is a party (or any provision thereof) are ultra vires or not compliant with the principles of Shari'ah;
- b. it shall not take any steps or bring any proceedings in any forum to challenge the Shari'ah compliance of the Sukuk Documents to which it is a party; and
- c. none of its obligations under the Sukuk 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 Sukuk Documents to which it is a party are not compliant with the principles of Shari'ah.

14. Form of Applicable Final Terms

Set out below is the form of Applicable Final Terms which will be completed for each Series issued under the Programme.

[Date]

Arabian Centres Company

Issue of [Aggregate Nominal Amount of the Series] [Title of Sukuk]

under the

SAR [•]

Sukuk Issuance Programme

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 6 October 2025G [and the Supplement to the Base Prospectus dated [•] 20[•] which [together] constitute a base prospectus]. This document constitutes the Applicable Final Terms of the Sukuk described herein and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Sukuk is only available on the basis of a combination of these Applicable Final Terms and the Base Prospectus. The Base Prospectus is available for viewing during normal business hours at the registered offices of the Issuer at [•], Kingdom of Saudi Arabia and copies may be obtained from those offices.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Applicable Final Terms.]

1. Issuer:	Arabian Centres Company
2. Sukukholders' Agent:	Al Rajhi Capital Company
3. Series Number:	[•]
(a) Tranche Number:	[•]
(b) Date on which the Sukuk will be consolidated and form a single Series:	[The Sukuk will be consolidated and form a single Series with [identify earlier Tranche(s)] on [insert date/the Issue Date]] / [Not Applicable]
4. Specified Currency:	Saudi Arabian Riyals (SAR)
5. Aggregate Nominal Amount on the Issue Date:	
(a) Series:	SAR [•]
(b) Tranche:	SAR [•]
6. Issue Price:	100% of the Aggregate Nominal Amount of the [Series/Tranche] [plus SAR [•] in respect of [•] days of accrued Periodic Distribution Amounts from (and including) the issue date of the first Tranche of the Sukuk to (but excluding) the Issue Date]
7. Specified Denominations:	SAR [•]
8. Issue Date:	[•]
9. Expiry Date:	[Specify date]
10. Periodic Distribution Basis:	[[•]% Fixed Periodic Distribution Amount] [SAIBOR +/- [•]% Floating Periodic Distribution Amount]
11. Offer Period:	[•]
12. Status:	Unsubordinated
13. Business Day	[A day on which commercial banks are open for general business in the Kingdom of Saudi Arabia / specify other]

PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS	
14. Fixed Periodic Distribution Provisions:	[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
1. Profit Rate:	[•]% per annum
2. Day Count Fraction:	[30/360] [Actual/360] [Actual 365/Fixed]
3. Periodic Distribution Date(s):	[•] in each year up to and including the Expiry Date, subject to Condition 8.3 (<i>Cessation of accrual</i>)
15. Floating Periodic Distribution Provisions:	[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
1. Margin	[•]% per annum
2. Day Count Fraction:	[30/360] [Actual/360] [Actual 365/Fixed]
3. Periodic Distribution Date(s):	[•] in each year up to and including the Expiry Date, subject to Condition 9.4 (<i>Cessation of accrual</i>) [subject to adjustment in accordance with the Business Day Convention]
4. Manner in which the rate is/are to be determined:	Screen Rate Determination
5. Screen Rate Determination:	
(i) Periodic Distribution Determination Date:	[Second Business Day before the first day of the relevant Periodic Distribution Period/specify other]
(ii) Relevant Screen Page:	[Reuters Screen SUAA/specify other]
6. Business Day Convention:	[Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / specify other]
PROVISIONS RELATING TO REDEMPTION	
16. Sukuk Capital:	The Aggregate Nominal Amount of the Series
17. Issuer Call Option:	[Applicable/Not Applicable]
(a) Issuer Optional Redemption Date(s):	[•]
(b) Sukuk Capital:	[As per Condition 2/[•]]
18. Sukukholders' Put Option	[Applicable/Not Applicable]
(a) Sukukholder Optional Redemption Date(s):	[•]
(b) Sukuk Capital:	[As per Condition 2/[•]]
(c) Minimum notice period:	[15 days/specify other]
(d) Maximum notice period:	[30 days/specify other]
19. Change of Control Put Option:	[Applicable/Not Applicable]
(a) Sukuk Capital:	[As per Condition 2/[•]]
20. Partial Periodic Distribution Date:	Any Liquidation Date which is not also a Periodic Distribution Date [subject to adjustment in accordance with the Business Day Convention (delete Business Day Convention adjustment language where Fixed Periodic Distribution Provisions are applicable)]
21. Partial Periodic Distribution Amount:	In relation to any Partial Periodic Distribution Date, an amount calculated as follows: Where the Fixed Periodic Distribution Provisions are applicable (delete if not applicable): $\frac{(P \times R \times D)}{N}$ where P = the Aggregate Nominal Amount of the Series as are outstanding on the Transfer Record Date immediately preceding the Partial Periodic Distribution Date; R = the Profit Rate; D = the number of days from (and including) the immediately preceding Periodic Distribution Date to (but excluding) the Partial Periodic Distribution Date; and

	N=the number of days from (and including) the immediately preceding Periodic Distribution Date to (but excluding) the next scheduled Periodic Distribution Date calculated on the basis of the relevant Day Count Fraction. Where the Floating Periodic Distribution Provisions are applicable (delete if not applicable): $\frac{(P \times (S+M) \times D)}{N}$ where P=the Aggregate Nominal Amount of the Series as are outstanding on the Transfer Record Date immediately preceding the Partial Periodic Distribution Date; S=the Reference Rate for the Periodic Distribution Period in which the Partial Periodic Distribution Date falls; M=the Margin; D=the number of days between the immediately preceding Periodic Distribution Date and Partial Periodic Distribution Date; and N=the number of days between the immediately preceding Periodic Distribution Date and the next scheduled Periodic Distribution Date calculated on the basis of the relevant Day Count Fraction.
PROVISIONS IN RESPECT OF THE SUKUK ASSETS	
22. Shari'ah Structure:	Mudaraba-Murabaha
23. Mudaraba Capital:	
(a) Tranche:	SAR [] being []% of the Aggregate Nominal Amount of the Tranche
(b) Series:	SAR [] being []% of the Aggregate Nominal Amount of the Series
24. Shares in the Business Portfolio:	Arabian Centres Company: []% Mudareb for the Sukukholders' Agent: []%
25. Profit share ratio in any Mudaraba Income:	Mudareb:[]% of any Mudaraba Income (the "Mudareb Profit") Sukukholders:[]% of any Mudaraba Income (the "Mudaraba Profit")
26. Available Amount:	[Not Applicable/As per Condition 2/[]] [Specify alternative amount calculation if the definition in Condition 2 is not to be followed]
27. Murabaha Capital:	
(a) Tranche:	SAR [] being []% of the Aggregate Nominal Amount of the Tranche
(b) Series:	SAR [] being []% of the Aggregate Nominal Amount of the Series
28. Provisions relating to the Murabaha Transaction:	[Applicable/Not Applicable] (Only applicable where the Fixed Periodic Distribution Provisions are specified as being applicable) Term: [] (period from (and including) the Issue Date to (but excluding) the Expiry Date) Cost Price: [] (equal to the Murabaha Capital) Deferred Sale Price Payment Date(s): [Expiry Date] Deferred Sale Price: []
29. Provisions relating to the Initial Murabaha Transaction:	[Applicable/Not Applicable]
30. Provisions relating to each Subsequent Murabaha Transaction:	[Applicable/Not Applicable]
31. Details of Sukuk Account:	Arabian Centres Company Sukuk Account No: [] with [] for Series No.: []
OTHER FINAL TERMS	
32. Financial Covenants:	(In each case, if "Not Applicable" is specified then delete the remaining optionality in each sub-paragraph)
(a) Condition 7.5 (Financial <i>Financial Condition – Gearing Ratio</i>):	

Gearing Ratio:	[Applicable / Not Applicable]
Applicable Gearing Ratio:	[Value: [X]:1]
(b) Condition 7.7 (<i>Indebtedness Conditions</i>):	[Applicable / Not Applicable]
Fixed Charge Coverage Ratio:	[Applicable / Not Applicable]
Applicable Fixed Charge Coverage Ratio:	[Value: [X]:1]
Profit Coverage Ratio:	[Applicable / Not Applicable]
Applicable Profit Coverage Ratio:	[Value: [X]:1]
(c) Condition 7.8 (<i>Dividends and Share Redemption Conditions</i>):	
Profit Coverage Ratio:	[Applicable / Not Applicable]
Applicable Profit Coverage Ratio:	[Value: [X]:1]
Leverage Ratio:	[Value: [X]:1]
(d) Condition 7.9 (<i>Disposals Conditions</i>):	[Applicable / Not Applicable]
	Condition 7.9(c)(G)(1): SAR [amount]; and Condition 7.9(c)(G)(1): [percentage]% of EBITDA.
33. Allocation Method:	The allocation method of each Series of Sukuk will be specified in the Investor Application Form for such Series of Sukuk. The acceptance of any application from a prospective investor, and the allocation of any Sukuk, will be at the sole discretion of the Issuer in consultation with the Dealer(s) in respect of the relevant Series of Sukuk. The allocation for the relevant Series will be determined no later than 15 days following the end of the applicable Offer Period.
34. Subscription Method:	Targeted participants wishing to purchase the Sukuk of the relevant Series will be required to submit a duly completed investor application form (an "Investor Application Form") to, in the case of Institutional Clients or Qualified Clients, the relevant Dealer(s), or to, in the case of Retail Clients, the Receiving Agents, in each case before the end of the Offer Period and shall make payment for the Sukuk of such Series as per the instructions contained in the Investor Application Form. Investor Application Forms will be available from, in the case of Institutional Clients and Qualified Clients, the relevant Dealer(s) or from, in the case of Retail Clients, the Receiving Agents, in each case in respect of such Series. Applications to purchase Sukuk for less than the Specified Denomination will not be accepted.
35. Listing and Admission to Trading:	Application has been made to the CMA for the registration and offer of the Sukuk and to Tadawul for the Sukuk to be listed on Tadawul. [Provide details of any other market where the Sukuk are to be listed and traded. If a public or private offer has been or is being made simultaneously on the markets of two or more countries at the same time, and if a tranche has been or is being reserved for certain of these markets, details of any such offer or tranche must be provided here.]
36. Estimate of total expenses related to the offer:	The offer expenses are estimated at approximately SAR [●], including, without limitation, the fees and expenses of each of the Financial Advisor, the Arranger, the Dealer, [Receiving Agents,] the Sukukholders' Agent, the Payment Administrator and other agents, legal advisors and auditors as well as related listing, legal and accounting fees and expenses and the combined management and selling commissions, costs and other expenses of the Arranger and the Dealer. These expenses will be fully borne by the Issuer.
37. Other final terms:	[Not Applicable/give details] (When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus)
DISTRIBUTION	
38. Dealer[s]:	[Al Rajhi Capital Company], [●] and [●] / specify others]
39. Receiving Agent[s]:	[Not Applicable/give details]
40. Authorised Holding:	[●]
41. Qualified Persons:	[As per Condition 2]/[Specify other]
42. Additional selling restrictions:	[Not Applicable/give name and contact details]
43. Minimum Number of Sukuk to be subscribed for:	[●] Sak

44. Maximum Number of Sukuk to be subscribed for:	5 Sak
45. Minimum Value of Sukuk to be subscribed for:	SAR [1,000]/ 5
46. Maximum Value of Sukuk to be subscribed for:	SAR [4,500,000,000]/ 5

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Applicable Final Terms. To the best of the knowledge and belief of the Issuer (having taken reasonable care to ensure that such is the case) the information contained in these Applicable Final Terms is in accordance with the facts and there are no other facts, the omission of which would make any statement herein misleading.

APPOINTMENT OF THE MUDAREB

By executing these Applicable Final Terms, the Issuer (in its capacity as Mudareb) acknowledges and agrees that the Sukukholders' Agent in its capacity as Rab Al-Mal has contributed the Mudaraba Capital for investment in accordance with clause 3.2 (Investment in the Mudaraba Assets) of the Master Mudaraba Agreement and accordingly a Mudaraba has been constituted in respect of the Sukuk that are the subject of these Applicable Final Terms, in accordance with the terms of the Master Mudaraba Agreement as supplemented by these Applicable Final Terms.

Signed on behalf of Arabian Centres Company

By:

Duly authorised

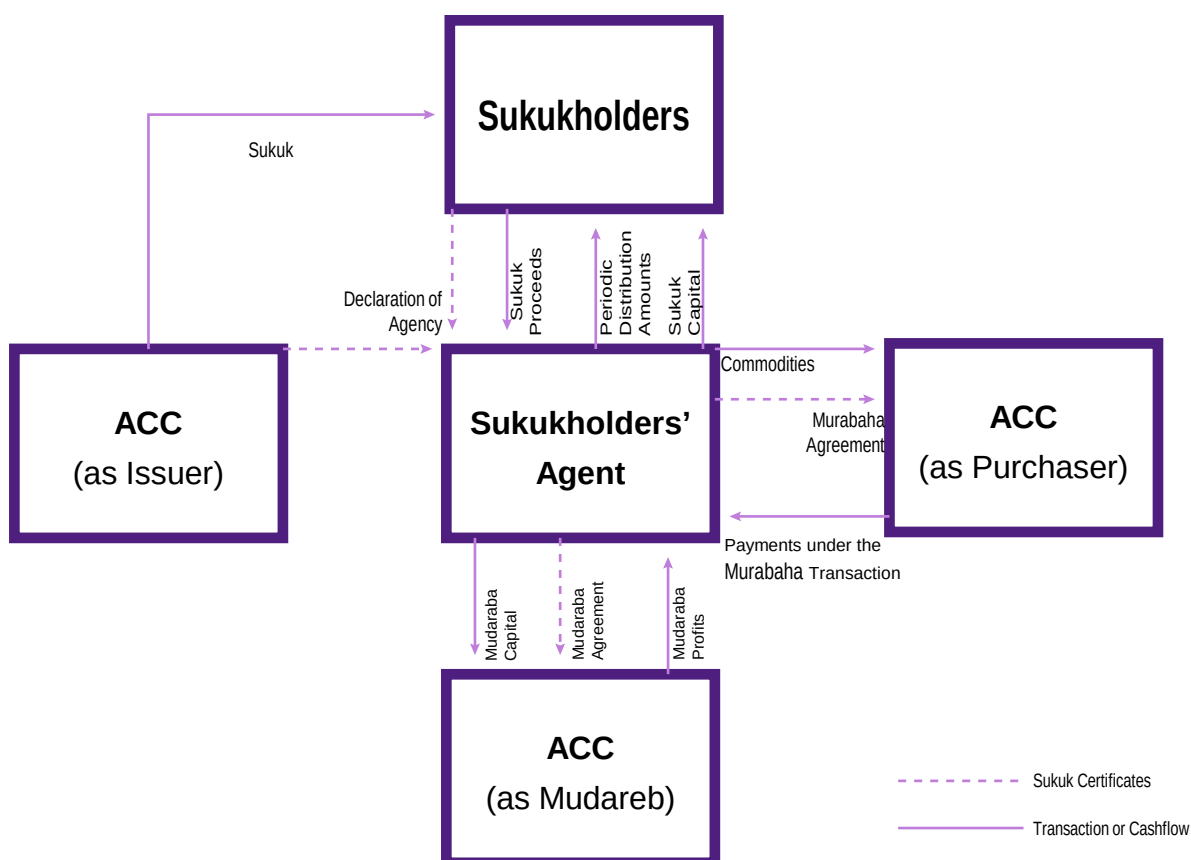
15

Summary of the Transaction Structure

15. Summary of the Transaction Structure

15.1 Structure Diagram

The below diagram sets out the proposed structure in connection with the establishment of the Programme for the issuance of Sukuk by the Issuer ("ACC").



15.2 Key Features

The Sukuk will be issued using a mudaraba and murabaha structure, whereby the proceeds of each Tranche are invested on behalf of the Sukukholders as follows:

- The mudaraba component: at least 51 per cent. of the Mudaraba Capital will be invested by the Issuer (as Mudareb) in the Shari'a compliant business of Issuer for the benefit of the Sukukholders' Agent (as Rab Al-Mal) for and on behalf of the Sukukholders; and
- The murabaha component: not more than 49 per cent. of the proceeds will be used to enter into a single Murabaha Transaction, whereby the Sukukholders' Agent acquires commodities and sells such commodities on a deferred price basis to the Issuer. The deferred price of each Murabaha Transaction will be less than 100 per cent. of the aggregate nominal value of the relevant Series of the Sukuk.

The Sukuk may be either a fixed rate Sukuk or a floating rate Sukuk (with such return to be funded solely from the Mudaraba, as further described below) and the principal shall be paid in a single instalment on the relevant scheduled maturity date or any other earlier redemption date, funded solely from the remaining Mudaraba Assets and the deferred sale price of the Murabaha Transaction.

15.3 Mudaraba Investment

15.3.1 Investment in the Business Portfolio

On the issue date of each Tranche, the Mudaraba Capital will be invested by the Mudareb in the Business Portfolio (being the total Shari'ah compliant assets of the Group comprising, among others, commercial centres, shopping malls, hospitality assets and land, which are within the Group along with the investment of the Mudareb (for the benefit of the Sukukholders' Agent) made pursuant to Condition 6.4 (*Mudaraba Assets and Mudaraba Income sharing*) for the benefit of the Rab Al-Mal), provided however that an amount equal to the Available Amount (as defined below) shall not be invested in the Business Portfolio but will instead be maintained at all times in a Shari'ah compliant manner by the Mudareb as immediately available funds in cash or cash equivalent for the Mudaraba and such Available Amount shall be considered part of the Mudaraba Assets.

15.3.2 Available Amount

On each Periodic Distribution Date, if the Periodic Distribution Amount due on the next Periodic Distribution Date is greater than the Available Amount then held by the Mudareb, the Mudareb will liquidate such portion of the Mudaraba which relates to the investment in the Business Portfolio as is necessary to maintain the required Available Amount for the immediately following Periodic Distribution Period.

The Mudareb may not utilise the Available Amount for any purpose (including without limitation funding the payment by the Issuer of a Periodic Distribution Amount or Partial Periodic Distribution Amount), other than upon liquidation of the Mudaraba and/or as expressly permitted in writing by the Sukukholders' Agent.

The Mudareb has agreed that any utilisation of the Available Amount or any part thereof (other than utilisation which is permitted as described above) will constitute a material breach of the Mudaraba Agreement. Whilst this breach will not constitute or lead to an event of default, it will require compensation by the Mudareb in full for an amount equal to the Available Amount or (as the case may be) the utilised portion thereof and such compensation will be paid by the Mudareb to the Issuer at the time of redemption of the Sukuk.

15.3.3 Mudaraba profit

For each Series, the Mudaraba Income will be applied as follows:

- i. the Mudaraba Income will be apportioned between the Mudareb and the Rab Al-Mal in a pre-determined profit sharing ratio; and
- ii. the Rab Al-Mal's share of the Mudaraba Income may be used to pay the periodic distribution amounts required to be paid to the Sukukholders under the Sukuk. Any amounts in excess of such Periodic Distribution Amounts will be reinvested in the Mudaraba. Following the payment of the Sukuk value in full, the remaining amounts will be paid to the Mudareb as an incentive in addition to its profit share.

The Mudareb shall be entitled, at its sole and absolute discretion, to make payments of profit on account of expected earnings, if any, provided that the aggregate of all such on account payments may not exceed an amount equal to the Mudaraba Capital less the applicable Available Amount (if any).

15.3.4 The Mudaraba

The Mudaraba's performance, profits and losses will be determined based on the Issuer's financial performance as reflected in the Issuer's audited financial statements. On every Periodic Distribution Date there will be a constructive liquidation of the Mudaraba and, if available, earned profits may be distributed. The Mudaraba will then be construed to be renewed for the following period.

The Mudareb shall ensure that the value of the tangible Mudaraba Assets in respect of each Series is not less than 33 per cent. of the value of the Sukuk Assets. There will not be any fixed fees for the Mudareb. Instead, the Mudareb will take a certain percentage of the Mudaraba Income, if such is available. There will be no commitment or guarantees for the Mudaraba Capital and Mudaraba Income given by either of the Mudareb, the Issuer or the Sukukholders' Agent, except in the cases of negligence and/or breach of the provisions of the Sukuk Documents.

15.4 Murabaha Transaction

On the issue date of each Tranche, not more than 49 per cent. of the proceeds will be used by the Sukukholders' Agent as the Murabaha Cost Price to enter into a single Murabaha Transaction. The term of the Murabaha Transaction will be equal to the tenor of the Series and the deferred price will be less than 100 per cent of the aggregate nominal value of the Series. The deferred price will be payable in a single instalment on the scheduled maturity date or other earlier redemption date of the Series.

15.5 Redemption of the Sukuk

- i. Redemption of a Series in full shall be funded through the proceeds of the Murabaha Transaction and the liquidation of the Mudaraba and shall occur: (i) on the scheduled maturity date of the Series; (ii) on the occurrence of an Event of Default; (iii) in the event that the Issuer chooses to redeem early following the occurrence an adverse tax event or, if applicable to the relevant Series, pursuant to any call option of the Issuer; or (iv) in the event that the Sukukholders choose to redeem early following the occurrence of a change of control event or, if applicable to the relevant Series, pursuant to any put option of the Sukukholders.
- ii. Upon redemption of a Series in full as described in paragraph (i) above:
 - a. the deferred price under the Murabaha Transaction that is outstanding shall become immediately due and payable; and
 - b. the Mudaraba will be liquidated and the liquidation proceeds of the Mudaraba, including the Available Amount (if applicable), will be used to satisfy any accrued but unpaid amounts due to the Sukukholders under the Series, with the balance (if any) being granted to the Mudareb as an incentive fee.

15.6 Documentation

The Issuer has entered into the following principal agreements in connection with the Programme:

- i. Master Mudaraba Agreement (as Issuer and as Mudareb);
- ii. Master Murabaha Agreement (as Issuer and as Purchaser);
- iii. On-Sale Agency Agreement (as Issuer);
- iv. Master Declaration of Agency (as Issuer);
- v. Payment Administration Agreement (as Issuer);
- vi. Programme Agreement (as Issuer); and
- vii. Registry Agreement (as Issuer) with the Saudi Stock Exchange (Tadawul).

Upon issuance of each Series, the Issuer will enter into a number of series-specific documents, including, among other, the Supplemental Declaration of Agency and the Sukuk (including the Global Sak).

15.7 Summary of Master Declaration of Agency

Pursuant to the Master Declaration of Agency, each Sukukholder by completing an investor application form or by subscribing to, acquiring or holding Sukuk shall be deemed:

- a. to have appointed the Sukukholders' Agent as its agent in relation to the relevant Series of Sukuk on the terms set out in the Master Declaration of Agency, the relevant Supplemental Declaration of Agency and the Conditions; and
- b. to have ratified and accepted the entry by the Sukukholders' Agent into the Sukuk Documents to which it is a party; and
- c. to have given an irrevocable and unconditional instruction requiring the Sukukholders' Agent to, on the relevant Liquidation Date, upon satisfaction of the relevant Payment Obligations, transfer and assign all (or part) of the remaining portion of the Sukuk Assets to the Issuer (for its own account).

"Payment Obligations" means, in respect of any Sukuk of a Series, all obligations of the Issuer to make payments to or for the benefit of the Sukukholders of the Periodic Distribution Amounts, any Partial Periodic Distribution Amount and the Sukuk Capital and each other amount payable to the Sukukholders the Sukuk Documents.

Pursuant to the Master Declaration of Agency, the Issuer covenants and undertakes with the Sukukholders' Agent that, so long as any Sukuk remains outstanding, to the order of the Sukukholders' Agent, it shall, in respect of each Series, satisfy the Payment Obligations, as and when each such payment shall be required to be made in accordance with the Applicable Final Terms and the Conditions, and shall make such payments in the manner specified in the Applicable Final Terms, the Conditions and the Payment Administration Agreement.

The Issuer further covenants with the Sukukholders' Agent that, so long as any Sukuk remains outstanding, it shall comply with and perform and observe all the provisions of the Master Declaration of Agency, each relevant Supplemental Declaration of Agency, the Applicable Final Terms and the Conditions, which are expressed to be binding on it.

The Master Declaration of Agency specifies, inter alia, that in relation to each Series of Sukuk:

- a. if an Event of Default has occurred and is continuing, the Sukukholders' Agent may, by notice in writing to the Issuer and the Payment Administrator, require the Payment Administrator to act thereafter as its agent in accordance with the Payment Administration Agreement;
- b. the Sukukholders' Agent may, without any consent or sanction of the Sukukholders and without prejudice to its rights in respect of any subsequent breach, condition, event or act, from time to time and at any time, but only if and in so far as in its opinion the interests of the Sukukholders are not materially prejudiced thereby, determine whether or not a breach in the performance or observance by the Issuer of any obligation under the provisions of the Master Declaration of Agency, the relevant Supplemental Declaration of Agency, the other Sukuk Documents or of any provision of the Conditions is capable of remedy, authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any breach or prospective breach of any of the covenants or provisions contained in the Master Declaration of Agency, the relevant Supplemental Declaration of Agency, any other Sukuk Document, the Applicable Final Terms or the Conditions or determine that any Event of Default shall not be treated as such for the purposes of the Master Declaration of Agency, the relevant Supplemental Declaration of Agency, the Applicable Final Terms and the Conditions;
- c. the Sukukholders' Agent may from time to time and at any time without the consent or sanction of the Sukukholders concur with the Issuer in making any modification to the Master Declaration of Agency, the relevant Supplemental Declaration of Agency, the Applicable Final Terms, the Conditions, or any other Sukuk Documents, which in the opinion of the Sukukholders' Agent, it may be proper to make provided the Sukukholders' Agent is of the opinion that:
 - i. such modification is not materially prejudicial to the interests of the Sukukholders; or
 - ii. such modification is of a formal, minor or technical nature or made to correct a manifest error or to comply with mandatory provisions of law;
- d. if and to the extent that the Issuer exercises its rights under Condition 19 (*Further Issues*) to issue additional Sukuk in respect of a Series, on the date upon which any such additional Sukuk are created and issued, each of the Issuer and the Sukukholders' Agent will execute a declaration of commingling of assets for and on behalf of the holders of the existing Sukuk and the holders of such additional Sukuk so issued, agreeing and declaring that the relevant Mudaraba Assets (in respect of the issuance of the additional Sukuk) and the Mudaraba Assets as in existence immediately prior to the creation and issue of the additional Sukuk and the rights of the Seller under the Master Murabaha Agreement and each Murabaha Transaction are commingled and shall collectively comprise part of the Sukuk Assets for the benefit of the holders of the existing Sukuk and the holders of such additional Sukuk pro rata according to the aggregate nominal amount of Sukuk held by each Sukukholder, in accordance with the Master Declaration of Agency; and
- e. following the occurrence of an Event of Default, the Sukukholders' Agent may at any time, at its sole and absolute discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Sukuk and the Sukuk Documents, but it shall not be bound in any circumstances to take any such action unless directed or requested to do so:
 - i. pursuant to Condition 13 (*Events of Default*);
 - ii. by an Extraordinary Resolution; or
 - iii. in writing by the Required Sukukholders,

and in each case then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing, provided however, that, in each case, the Issuer (as applicable) shall not be obliged to pay any amount to the Sukukholders at a time earlier than it would otherwise have to do so in accordance with the Conditions and the Sukuk Documents.

The Master Declaration of Agency is governed by the laws of the Kingdom.

16. Subscription and Sale

16.1 Programme Agreement

The Dealer have, in a programme agreement dated 6 October 2025G (the "**Programme Agreement**"), agreed with the Issuer a basis upon which they or any of them may from time to time agree to procure persons to purchase Sukuk issued under the Programme. Any such agreement will extend to those matters stated under "*Terms and Conditions of the Sukuk*". The Issuer may pay each relevant Dealer a commission as agreed between the Issuer and the Dealer in respect of Sukuk placed by it.

The Issuer has agreed to indemnify the Dealer against certain liabilities in connection with the offer and sale of the Sukuk. The Programme Agreement entitles the Dealer to terminate any agreement that they make to place Sukuk in certain circumstances prior to payment for such Sukuk being made to the Issuer.

16.2 Application by potential investors

The offer period for each Tranche will be notified to prospective investors (in respect of each Tranche, the "**Offer Period**"). The Issue Date for each Tranche will be a date notified by the Issuer and the relevant Dealer(s) to the prospective investors after the end of the relevant Offer Period and shall be specified in the Applicable Final Terms. During the Offer Period, the relevant Dealer(s) may solicit expressions of interest from prospective investors for acquiring the Sukuk of the relevant Series, during which time the Issuer and the relevant Dealer(s) shall consult and agree on (where the Applicable Final Terms specify that Fixed Periodic Distribution Provisions are to apply) the Profit Rate or (where the Applicable Final Terms specify that Floating Periodic Distribution Provisions are to apply) the Margin, as the case may be.

Persons wishing to purchase the Sukuk of the relevant Series will be required to submit a duly completed form (an "**Investor Application Form**") to, in the case of Institutional Clients or Qualified Clients, the relevant Dealer(s), or to, in the case of Retail Clients, the receiving agents ("**Receiving Agents**"), in each case before the end of the Offer Period and shall make payment for the Sukuk of such Series as per the instructions contained in the Investor Application Form. Investor Application Forms will be available from, in the case of Institutional Clients and Qualified Clients, the relevant Dealer(s), or from, in the case of Retail Clients, the Receiving Agents, in each case in respect of such Series. For the avoidance of doubt, Retail Clients shall only liaise with the Receiving Agents in respect of their purchase of the Sukuk of the relevant Series. Applications to purchase Sukuk for less than the Specified Denomination will not be accepted.

Persons wishing to purchase the Sukuk will be required to declare that they have read and understood the Base Prospectus (including "*Risk Factors*" and the Conditions) and the terms and conditions of the Investor Application Form and accept in full and agree to the basis on which the offer of Sukuk is made. They will also be required to declare that all the information provided in the Investor Application Form is true and correct.

Allocation of the Sukuk of each Tranche will be at the discretion of the Issuer and the relevant Dealer(s) and will be made following the end of the Offer Period. Once the allocation of Sukuk of such Tranche has been completed, the Issuer will cause the Profit Rate and/or the Margin, as the case may be, and the Aggregate Nominal Amount, together with the anticipated aggregate net proceeds, of the Sukuk of such Tranche, to be communicated to investors.

All prospective investors must carefully read the Conditions prior to completing an application for the purchase of the Sukuk since the execution of the Investor Application Form constitutes acceptance of, and agreement to, the Conditions.

16.3 Allocation Method of each Series of Sukuk

The relevant subscription periods, deadlines for the submission of the Investor Application Forms and the payment of subscription monies, the basis of the allocation and the final allocation process of each Series of Sukuk (the "**Offering Process**") will be at the sole discretion of the Issuer and the Dealer(s). Without prejudice to the aforementioned, the Issuer along with the Dealer(s) will endeavour to ensure that the Offering Process maintains the (i) subscription period to commence and remain open for a period of up to 30 days; (ii) the allocation of the Sukuk of the relevant Series to be determined within a period of 15 days from the closing date of the subscription period; and (iii) the refund of excess subscription monies, if any, or subscription monies, as the case may be, to be made no later than 15 days from the date the allocation has been determined by the Issuer and the Dealer(s). In any case, the details of the Offering Process will be specified in the announcement made by the Issuer on Tadawul's website in respect of each Series of Sukuk and in the Investor Application Form of the relevant Series of Sukuk. The registration of the Sukuk of each Series will be made upon satisfaction by the Issuer of all relevant regulatory requirements and as specified in the Registry Agreement.

16.4 Subscription Declarations

By completing and submitting the Investor Application Form, each prospective investor:

- a. agrees to subscribe to the number of Sukuk specified in the Investor Application Form; content
- b. warrants that they have read and carefully examined this Base Prospectus and understood its;
- c. accepts the Issuer's Bylaws and all offering instructions and terms mentioned in this Base Prospectus and the Investor Application Form, and subscribes for the Sukuk accordingly;
- d. declares that neither they nor any of their family members included in the Investor Application Form have previously subscribed for any Sukuk and that the Issuer has the right to reject any or all duplicate applications;
- e. accepts the number of Sukuk allocated thereto (to the maximum of the amount subscribed for) under the Investor Application Form;
- f. undertakes not to cancel or amend the Investor Application Form after submitting it to the Receiving Agent; and
- g. undertakes to reserve their right to raise any claims from the Issuer for any damage resulting directly from the inclusion in this Base Prospectus of material information that is incorrect or insufficient, or as a result of the fact that this Base Prospectus did not include material information that could have affected the decision of the subscriber to subscribe in the event that it was added in the Base Prospectus.

16.5 The Kingdom of Saudi Arabia

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will only offer the Sukuk in the Kingdom in accordance with any laws or regulations applicable in the Kingdom governing the issue, offering and sale of securities.

16.6 General

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will (to the best of its knowledge and belief) comply in all material respects with all applicable securities laws, regulations and directives in force in any jurisdiction in which it purchases, offers, sells or delivers any Sukuk or possesses or distributes this Base Prospectus.

Offers and sales of the Sukuk in the secondary market may only take place in compliance with any applicable restrictions and requirements in the relevant jurisdiction and in all cases, the Sukuk shall not be offered or sold to retail clients outside of the Kingdom.

None of the Issuer, the Dealer or the Sukukholders' Agent represents that Sukuk 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. Persons into whose possession this Base Prospectus or any Sukuk may come must inform themselves about, and observe, any applicable restrictions on the distribution of this Base Prospectus and the offering and sale of Sukuk.

16.7 Information about Tadawul

In 1990G, full electronic trading of equities in the Kingdom was introduced. Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. In its meeting held on Monday, 29/02/1428H (corresponding to 19/03/2007G), the Council of Ministers approved the formation of Tadawul. This was in accordance with Article 20 of the Capital Market Law establishing Tadawul as a joint stock company. Tadawul is headquartered in Riyadh, Kingdom of Saudi Arabia. Tadawul is the official source of all market information. Tadawul is the sole entity authorised in the Kingdom of Saudi Arabia to act as a securities exchange. It mainly carries out listing and trading in securities. Tadawul is an affiliate member of the International Organization of Securities Commissions and the World Federation of Exchanges.

Trading occurs on the Tadawul system through a fully integrated trading system covering the entire trading process, from execution of the trade transaction through settlement thereof. Trading occurs on each Business Day between 10:00 am and 3:00 pm, Sunday to Thursday, during which time orders are executed. Outside those times, orders can be entered, amended or cancelled from 9:30 am to 10:00 am. These hours may change during the month of Ramadan, and are announced on Tadawul's official website. Transactions take place through the automated matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders placed at a price limit). If several orders are generated at the same price, they are executed according to the

time of entry. Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website, which provides instant market media and news-based data, and other stock exchange-centred websites.

The Securities Depository Center Company (Edaa), a Saudi closed joint stock company wholly owned by the Saudi Exchange (Tadawul), was established in 2016G. Edaa's principal activities are to deposit, register, transfer, settle and clear securities, in addition to authenticating ownership restrictions on deposited securities. Edaa also deposits and manages securities issuers' records, and organises issuers' general assemblies including remote voting services (e-Voting), reporting, notifications, and other related services.

Listed companies are required to disclose all material developments and information important to investors via Tadawul. As the operator of the Market, Tadawul is responsible for surveillance and monitoring to ensure fair trading and an orderly market.

16.8 Clearing, Settlement and Trading

The Sukuk will be admitted to the trading, clearing and settlement system of the Registrar.

16.9 Transfers and Payments

The Registrar will maintain the Register in respect of the Sukuk in accordance with the provisions of the Registry Agreement. Investors must either maintain an account directly with the Registrar or through a custodian or other intermediary in order to hold Sukuk. All the transfers shall be effected as per Condition 4 (*Register, Title and Transfers*).

In addition, pursuant to Condition 11 (*Payments*) all payments under the Sukuk will be made to Saudi Riyal denominated accounts in the Kingdom as notified from time to time to the Registrar and the Payment Administrator. Accordingly, investors will need to make appropriate arrangements to receive payments under the Sukuk in such an account. Investors are required to consult with their own advisers as to the requirements of setting up the accounts referred to above and must take any necessary action in respect of opening such account themselves. None of the Issuer, the Arranger, the Dealer or the Financial Advisor shall have any responsibility for ensuring that investors comply with the correct process, regulations and requirements in relation to opening such accounts in order to hold Sukuk and receive payments and none of them accept any liability for any loss arising directly or indirectly as a consequence of any action or inaction in respect of setting up such accounts.

16.10 Arranger, Dealer and Financial Advisor transacting with the Issuer

The Arranger, the Dealer, the Financial Advisor and each of their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business for which they may receive fees.

In particular, in the ordinary course of its business activities, the Arranger, the Dealer, the Financial Advisor and each of their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and its affiliates (including the Sukuk). The Arranger, the Dealer, the Financial Advisor and each of their respective affiliates that have a financing relationship with the Issuer and its affiliates routinely hedge their credit exposure to the Issuer and its affiliates consistent with their customary risk management policies. Typically, the Arranger, the Dealer, the Financial Advisor and each of their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Sukuk. Any such short positions could adversely affect future trading prices of the Sukuk. The Arranger, the Dealer, the Financial Advisor and each of their respective 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, long and/or short positions in such securities and instruments.

In connection with any offering of Sukuk, the Arranger, the Dealer, the Financial Advisor and each of their respective affiliates may act as an investor for its own account and may take up Sukuk in the offering and in that capacity may retain, purchase or sell for its own account such Sukuk and any securities of the Issuer or related investments and may offer to sell such securities or other investments otherwise than in connection with an offering. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

16.11 Treatment of Sukuk for Zakat Purposes

Pursuant to Ministerial Resolution No. 1007 dated 19/8/1445H (corresponding to 29/02/2024G) (the “**New Zakat Regulations**”) and the current practice of the ZATCA, investments in sukuk are eligible for deduction from the Zakat base by the investors provided that: (i) such sukuk are not held for trading purposes and are actually held until maturity by the investor; (ii) the issuer of the sukuk treats such sukuk as capital / equity for Zakat purposes, regardless of the classification of such instruments in the financial statements, when calculating the Zakat base; and (iii) the issuer does not change the treatment of sukuk, mentioned in the point above, under their Zakat return during the period in which the sukuk are due.

In accordance with Article 55 of the New Zakat Regulations as summarised above, the Issuer (Tax Identification Number: 3000474854) will treat the Sukuk as capital / equity for Zakat purposes throughout the period in which the Sukuk are outstanding, regardless of their classification in the Issuer’s financial statements. The investors are advised to consult their Zakat/tax advisers on the specific implications of these rules.

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Taxation and Zakat

17. Taxation and Zakat

The statements herein regarding taxation/Zakat are based on the laws in force in the Kingdom as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis.

The following summary does not purport to be a comprehensive description of all the tax/Zakat considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Sukuk issued under the Programme and does not purport to deal with the tax/Zakat consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective investors in the Sukuk issued under the Programme are advised to consult their own tax/Zakat advisers concerning the overall tax/Zakat consequences of their ownership of the Sukuk issued under the Programme.

Income Tax

Income tax is applicable on resident capital companies in respect of the shares owned directly or indirectly by non-Saudi/non-GCC persons (defined below), and the shares directly or indirectly owned by persons working in the production of oil and hydrocarbon excluding shares owned directly or indirectly by persons working in the production of oil and hydrocarbon in resident capital companies listed in the Tadawul and the shares owned directly or indirectly by these companies in the capital companies, whether natural or corporate persons, resident or non-resident.

Persons Subject to Taxation (defined below) are subject to a tax of 20% on their taxable income. Corporate income tax in Saudi Arabia is taxed on gross income, as reduced by allowable costs and other adjustments.

Income from oil and hydrocarbon production activities are subject to tax at a rate ranging from 50% to 85%. Persons engaged in natural gas investment activities are subject to tax at a rate of 20%.

Companies resident in Saudi Arabia and wholly owned by Saudi/GCC nationals (through a GCC-based chain of ownership not including any non-GCC entity in the ownership structure) are subject to Zakat, instead of income tax, on their net assessable funds, being the higher of Zakat-adjusted income and the Zakat base.

Companies owned jointly by Saudi/GCC and non-Saudi/non-GCC nationals are proportionately subject to tax and Zakat. In determining the tax/Zakat profile of an entity, the ZATCA normally apply a "look-through" approach to determine whether the up-stream shareholding structure at any point exists outside of the GCC.

Zakat

Zakat is a religious obligation imposed on Muslims under Shari'ah rules. In the past, Zakat has been imposed based on various Fatwas issued by the religious scholars based on Shari'ah principles and also based on the various circulars issued by the ZATCA from time to time. In 2017G, Zakat implementing regulations of Saudi Arabia were issued by the Ministry of Finance under Ministerial Resolution No. 2082 dated 01/06/1438H (corresponding to 28/02/2017G) (the "**Zakat Regulations**"). The Zakat Regulations were effective from the date of their issuance and superseded all prior directives, resolutions, instructions and circulars issued by the ZATCA. Subsequently, in 2019G, the Ministry of Finance issued Zakat implementing regulations under Ministerial Resolution No. 2216 dated 07/07/1440H (corresponding to 14/03/2019G) (as amended by the Ministerial Resolution No. 58705 dated 21/09/1444H (corresponding to 12/04/2023G) (the "**2019 Zakat Regulations**"). The 2019 Zakat Regulations came into effect (and replaced the existing Zakat Regulations issued in 2017G) for financial years starting from 1 January 2019G. According to the 2019 Zakat Regulations, Zakat is assessed on Saudi/GCC nationals or entities owned by Saudi/GCC nationals carrying out business activities in the Kingdom. Moreover, Ministerial Decision No. 2218 dated 07/07/1440H (corresponding to 14/03/2019G) 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.

On 22 March 2024G, ZATCA announced the issuance of new Zakat implementing regulations under Ministerial Resolution No. 1007 dated 19/8/1445H (corresponding to 29/02/2024G) (the "**New Zakat Regulations**"). The New Zakat Regulations replaced the previous Zakat Regulations, with the exception of Ministerial Resolution No. 2218 dated 7/7/1440H (corresponding to 14/03/2019G), Ministerial Resolution No. 57732 dated 03/11/1443H (corresponding to 02/06/2022G) and Ministerial Resolution No. 15417 dated 02/03/1444H (corresponding to 28/09/2022G). The New Zakat Regulations came into effect (and replaced the 2019 Zakat Regulations) for financial years starting from 1 January 2024G, with the

option for the relevant Zakat payer to apply the New Zakat Regulation for financial periods prior to 1 January 2024G under certain conditions and following a formal request to ZATCA within a specified period of time from the date of issuance of the New Zakat Regulations.

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" is computed at the rate of 2.5778% for Zakat payers who follow the Gregorian year as their accounting period. However, if Zakat is computed on "net adjusted profits", then the rate remains at 2.5%.

Pursuant to the New Zakat Regulations and the current practice of the ZATCA, investments in sukuk are eligible for deduction from the Zakat base by the investors provided that: (i) such sukuk are not held for trading purposes and are actually held until maturity by the investor; (ii) the issuer of the sukuk treats such sukuk as capital / equity for Zakat purposes, regardless of the classification of such instruments in the financial statements, when calculating the Zakat base; and (iii) the issuer does not change the treatment of sukuk, mentioned in the point above, under their Zakat return during the period in which the sukuk are due.

In accordance with Article 55 of the New Zakat Regulations as summarised above, the Issuer (Tax Identification Number: 3000474854) will treat the Sukuk as capital/equity for Zakat purposes throughout the period in which the Sukuk are outstanding. Each investor must examine their own particular circumstances as to how the New Zakat Regulations may apply to their investment and each investor is advised to consult their Zakat/tax advisers on the specific implications of these rules.

Withholding Tax

Saudi Arabian resident persons and Permanent Establishments of non-resident entities 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% to 20% depending on the nature of the underlying payment. Loan fees (akin to interest) paid to non-residents attract a 5% withholding tax.

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. The 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 withholding tax based on the Domestic tax regulations and then submit a refund request to the ZATCA based on the exemptions and benefits available based on provisions of the relevant Double Tax Avoidance Treaties; or (ii) the automatic application of Double Tax Avoidance Treaties which provides for the possibility of the payor to not subject the relevant payment to withholding tax in the first place. Both mechanisms require the beneficiary/recipient to provide certain documents and forms to the ZATCA (such as, among others, Form Q7/B issued by the ZATCA, (i.e. a tax residency certificate)).

Value Added Tax (VAT)

Persons that undertake economic activities in the Kingdom are required to register for VAT and charge tax on their transactions either at the standard rate of 15% or at a zero rate of 0%.

Certain tax and Zakat implications for Sukukholders

GCC Sukukholders who are Resident in Saudi Arabia

Sukukholders who are GCC persons and resident in Saudi Arabia are not subject to Saudi Arabian tax, whether by withholding or direct assessment, in respect of any payment or gain realised in respect of the Sukuk.

However, such Sukukholders could be subject to Zakat if the ownership of the Sukuk is attributable to their business activities. This summary does not consider the extent to which such Sukukholders would be liable to Zakat as a consequence of acquiring, holding or disposing of its Sukuk. Under the New Zakat Regulations and the current practice of ZATCA, investments in non-governmental debt securities, such as investments in sukuk, notes, currencies, deposits or forward transactions are not deductible from the Zakat base for the purposes of determining the Zakat base unless the following conditions are met:

- the issuer of such sukuk and other non-governmental debt securities elects to treat them as capital and does not change this treatment until their maturity; and
- the investor holds such non-governmental debt securities for non-trading purposes.

A natural person with a permanent residence in Saudi Arabia

A natural person who is resident in Saudi Arabia will not be subject to Zakat and tax, whether by withholding or direct assessment, in respect of payments in the nature of profits or gains realised in respect of the Sukuk, provided the ownership of the Sukuk is not attributable to any activities conducted by the natural person.

A legal entity established under the law of a GCC country other than Saudi Arabia, with a Permanent Establishment in Saudi Arabia.

A legal entity of a GCC country having a Permanent Establishment in Saudi Arabia (i.e. a branch of a GCC legal entity) will be subject to Saudi Arabian corporate tax on the income of the Permanent Establishment, including any income from the Sukuk, which is attributable to a Permanent Establishment. All payments in the nature of profit (except capital gains arising from a disposal of securities traded on the Tadawul) in respect of the Sukuk will be part of such Sukukholder's gross income, if the payment is attributable to the Permanent Establishment. The gross income, less deduction of allowable costs and certain other adjustments, will be subject to income tax at the current rate of 20%.

Furthermore, any transfer of the profit to the head office of the Permanent Establishment will be considered to be a distribution of profit and will be subject to a further 5% withholding tax.

Non-GCC Sukukholders who are Resident in Saudi Arabia

Sukukholders who are non-GCC persons (excluding natural persons) resident in Saudi Arabia, defined in Article 3 of the Income Tax Regulation (defined below), will be subject to corporate tax.

All payments in the nature of profit (except capital gains arising from a disposal of securities traded on the Tadawul) in respect of the Sukuk will be part of the Sukukholder's gross income. The gross income, less deduction of allowable costs and certain other adjustments, will be subject to corporate tax at the current rate of 20%.

Sukukholders who are Non-resident in Saudi Arabia

Sukukholders, either natural persons or legal entities, who are not resident in Saudi Arabia (whether such Sukukholders are Saudi Arabian nationals or non-Saudi Arabian nationals, including Sukukholders resident in the GCC) should be subject to Saudi Arabian withholding tax on any payments received by them from the Issuer, in respect of the Sukuk, on the basis that such payments are received from, prima facie, a Saudi resident entity which is incorporated in Saudi Arabia.

Sukukholders who are non-residents with a Permanent Establishment in Saudi Arabia (as defined in Article 4 of the Income Tax Regulation) will be subject to Saudi Arabian income tax on a Permanent Establishment's income, including income from the Sukuk which is attributable to a Permanent Establishment. Furthermore, pursuant to Article 63 (6) of the Implementing Regulations of the Income Tax Regulation, a Permanent Establishment will be subject to a withholding tax at the rate of 5% on remittance of profits to its head office.

General

Natural persons who are Sukukholders 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.

Sukukholders will not be deemed to be resident, domiciled or carrying on business in Saudi Arabia solely by reason of holding any Sukuk.

For the purposes of this summary:

"GCC person" means (a) a citizen of any of the member countries of the Cooperation Council of the Arab States of the Gulf (namely, Saudi Arabia, the United Arab Emirates, the Kingdom of Bahrain, the Sultanate of Oman, the State of Qatar and the State of Kuwait) and (b) any legal entity owned by GCC citizens and established under the laws of a GCC country with no non-GCC entity in the chain of ownership between GCC citizens and the legal entity;

"Income Tax Regulation" means the Income Tax Regulation issued under Royal Decree No. M/1 dated 15/01/1425H (corresponding to 06/03/2004G) as amended by the amendment issued under Royal Decree No. M/153 dated 05/11/1441H (corresponding to 26/06/2020G);

"Persons Subject to Taxation" as defined in Article 2 of the Income Tax Regulation, are:

1. a resident capital company with respect to the shares owned directly or indirectly by non-Saudi partners, as well as the shares owned directly or indirectly by persons working in the production of oil and hydro carbonates. Excluding shares owned directly or indirectly by persons working in the production of oil and hydro carbonates in resident capital companies listed in the Saudi capital markets and the shares owned directly or indirectly by these companies in capital companies;
2. a resident non-Saudi natural person who carries on business activities in the Kingdom;
3. a non-resident who carries on business activities in the Kingdom through a Permanent Establishment;
4. a non-resident with other income subject to tax from sources within the Kingdom;
5. a person engaged in the field of natural gas investment; and
6. a person engaged in the production of oil and hydrocarbon materials; and

"Permanent Establishment" means a permanent enterprise of a non-resident in Saudi Arabia which represents a permanent place for the non-resident's activity where it conducts the activity either fully or partly; this also includes the activities conducted by the non-resident through a dependent agent (dependent agent having the meaning specified in the Income Tax Regulation). A non-resident carrying out an activity in Saudi Arabia through a licenced branch (as defined in Article 4 (b) 4 of the Income Tax Regulation) is considered to have a Permanent Establishment in Saudi Arabia;

A person is **"resident"** in Saudi Arabia (as defined in Article 3 of the Income Tax Regulations) as follows:

1. A natural person is considered a resident in Saudi Arabia for a taxable year if he meets either of the two following conditions:
 - i. he has a permanent place of abode in Saudi Arabia and is physically residing in Saudi Arabia for a period, in aggregate, of not less than 30 days during the taxable year; or
 - ii. he is physically residing in Saudi Arabia for a period of not less than 183 days in the taxable year.

For the purposes of this paragraph, residence in Saudi Arabia for part of a day is considered residence for the whole day, except in the case of a person in transit between two points outside Saudi Arabia.
2. A company is considered resident in Saudi Arabia during the taxable year if it meets either of the following conditions:
 - i. it is formed in accordance with the Companies Regulations; or
 - ii. its central management is located in Saudi Arabia.

"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:

1. Dividends by companies engaged in natural gas investment, oil and hydrocarbons are not subject to withholding tax.
2. Partial or full liquidation of a company is deemed to be dividends for payments in excess of paid-in capital.
3. Subjection of a distributing company to income tax shall not preclude imposition of withholding tax on its dividends.

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Authorisation

18. Authorisation

- 18.1 The establishment of the Programme, the creation and issue of the Sukuk and the Issuer's entry into the Sukuk Documents has been authorised pursuant to: (i) the resolution of the Extraordinary General Meeting of the Issuer dated 02/07/1444H (corresponding to 24/01/2023G); and (ii) the resolution of the Issuer's board of directors dated 04/07/1444H (corresponding to 26/01/2023G).
- 18.2 The registration and offer of the Sukuk was approved by the CMA on 24/03/1447H (corresponding to 16/09/2025G).
- 18.3 The Issuer was granted a conditional approval by Tadawul in respect of listing of the Sukuk on Tadawul on 29/11/1446H (corresponding to 27/05/2025G).
- 18.4 The Issuer has obtained all necessary regulatory consents, approvals and authorisations in connection with the establishment of the Programme and any issuance of Sukuk thereunder, and entry into of the Sukuk Documents to which it is a party.

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Documents Available for Inspection

19. Documents Available for Inspection

19.1 Documents available for inspection

For so long as any of the Sukuk are outstanding, copies of the following documents are available for inspection and/or collection (including by means of email distribution) at the registered offices of the Company (being Nakheel District, P.O. Box 341904, Riyadh 11333, Kingdom of Saudi Arabia), between the hours of 9 a.m. and 5 p.m. on each weekday other than a Friday, Saturday or a public holiday:

the resolution of the general assembly of the Issuer approving the establishment of the Programme and the issuance of the Sukuk;

- the resolution of the Issuer's board of directors approving the establishment of the Programme and the issuance of the Sukuk;
- a copy of the CMA's announcement approving the registration and offering of the Sukuk;
- a copy of Tadawul's approval of the listing of the Sukuk;
- the Company's Bylaws;
- the Company's articles of association and amendments thereto;
- the Company's commercial registration certificate issued by the MOC and other constitutional documents;
- the (i) statutory audited consolidated financial statements for the financial years ended 31 March 2021G and 2022G, prepared in accordance with IFRS-KSA; (ii) the consolidated financial statements for the years ended 31 December 2024G and 31 December 2023G, prepared in accordance with IFRS-KSA; and (iii) the interim consolidated financial statements for the three-month period ended 31 March 2025G;
 - the Registry Agreement;
 - the Master Mudaraba Agreement;
 - the Master Declaration of Agency;
 - the Payment Administration Agreement;
 - the Master Murabaha Agreement;
 - the On-Sale Agency Agreement;
 - Letters of consent from each of:
- The Arranger and Dealer (Al Rajhi Capital Company) for the inclusion of its name and logo in this Base Prospectus.
- KPMG, for the inclusion in this Base Prospectus, of its name and logo as auditor of the Company for the statutory audited consolidated financial statements for the financial years ended 31 March 2021G, 2022G, the audited consolidated financial statements for the years ended 31 December 2023G, 2024G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2025G.
- White & Case LLP, for the inclusion of its name and logo in this Base Prospectus.
- vWhite & Case for Advocacy and Legal Consultations for the inclusion of its name and logo in this Base Prospectus.
- Allen Overy Shearman Sterling LLP, for the inclusion of its name and logo in this Base Prospectus.
- Zeyad Sameer Khoshaim Company (Professional Limited Liability Company), for the inclusion of its name and logo in this Base Prospectus.
- Contracts and agreements disclosed in Section 5 ("*Related Party Transactions*") in which a Director or Senior Executive or any of their relatives is interested in relation to the business of the Company.
- The Shari'ah pronouncement of the Shari'a Committee of Al Rajhi Capital Company.

19.2 Guarantees

The Company confirms that it has not provided any guarantees, pledges or other similar commitments in connection with the Sukuk.

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Incorporation by Reference

20. Incorporation by Reference

This Base Prospectus should be read and construed in conjunction with the following documents which shall be incorporated in, and form part of, this Base Prospectus:

20.1 Financial Statements of the Company as at, and for the three-month period ended 31 March 2025G

The reviewed condensed consolidated interim financial statements of the Company as at and for the three-month period ended 31 March 2025G, which also include comparative financial information of the Company for the three-month period ended 31 March 2024G (together with the review report thereon (an electronic copy of which is available at:

https://www.saudiexchange.sa/Resources/fsPdf/1381_0_2025-05-19_09-29-33_En.pdf

ARABIAN CENTRES COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim financial statements
(Unaudited)
For the three-month period ended 31 March 2025
together with the
Independent Auditor's Review Report

Arabian Centres Company (A Saudi Joint Stock Company)

Condensed consolidated interim financial statements

For the three-month period ended 31 March 2025

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Arabian Centres Company (A Saudi Joint Stock Company)

Condensed consolidated interim financial statements

For the three-month period ended 31 March 2025

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KPMG Professional Services Company

Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

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 condensed consolidated statement of financial position of Arabian Centres Company ("the Company") and its subsidiaries ("the Group") as at 31 March 2025, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information").

Management is responsible for the preparation and presentation of the condensed consolidated interim financial information 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 the condensed consolidated interim financial information 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is 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



Fahad Mubarak Aldossari
License No: 469

Al Riyadh, 20 Dhul Qa'dah 1446H
Corresponding to: 18 May 2025



KPMG Professional Services Company, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR110,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية، شركة مساهمة مهنية مغلقة مسجلة في المملكة العربية السعودية، رأس مالها (١١٠.٠٠٠.٠٠٠) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة الجائزة خاصة محدودة بالعضوان.

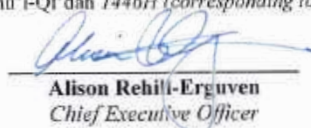
Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated statement of financial position

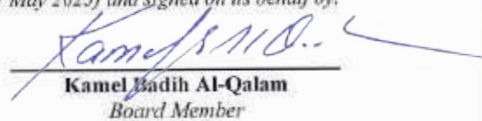
As at 31 March 2025

	Notes	31 March 2025 Unaudited	31 December 2024 Audited
Assets			
Investment properties	8	28,288,947,672	28,019,429,550
Property and equipment		48,513,434	49,006,026
Accrued revenue – non-current portion		143,796,118	137,318,657
Amounts due from related parties– non-current portion	11	194,156,477	234,967,548
Investment in equity accounted investee	9A	93,966,187	87,717,039
Investment at FVTPL	9B	200,058,266	58,266
Other non-current assets		12,136,344	12,545,436
Non-current assets		28,981,574,498	28,541,042,522
Development properties		353,774,251	353,774,251
Accrued revenue		68,714,646	68,659,329
Accounts receivable and others		508,593,903	482,886,879
Amounts due from related parties	11	497,551,105	408,420,267
Prepayments and other assets		305,543,994	430,971,432
Investment at FVTPL	9B	255,949,188	255,949,188
Cash and cash equivalents	10	244,757,328	670,342,011
		2,234,884,415	2,671,003,357
Assets held for sale	8A	383,541,489	240,500,000
Current assets		2,618,425,904	2,911,503,357
Total assets		31,600,000,402	31,452,545,879
Equity			
Share capital		4,750,000,000	4,750,000,000
Share premium		411,725,703	411,725,703
Statutory reserve		873,992,101	873,992,101
Other reserves		10,742,235	10,320,410
Retained earnings		8,777,832,814	8,739,245,345
Equity attributable to the shareholders of the Company		14,824,292,853	14,785,283,559
Non-controlling interest		48,510,922	42,753,264
Total equity		14,872,803,775	14,828,036,823
Liabilities			
Loans and borrowings	13	12,192,492,582	12,137,599,887
Lease liabilities		2,750,899,389	2,790,696,853
Employee benefits		37,878,685	34,641,302
Other non-current liabilities		11,851,196	22,464,724
Non-current liabilities		14,993,121,852	14,985,402,766
Loans and borrowings – current portion	13	37,023,151	34,709,205
Lease liabilities – current portion		367,909,188	339,625,574
Accounts payable and other liabilities		841,595,532	670,921,001
Amount due to related parties	11B	154,443,754	234,743,486
Unearned revenue		255,890,260	282,746,367
Zakat liabilities		77,212,890	76,360,657
Current liabilities		1,734,074,775	1,639,106,290
Total liabilities		16,727,196,627	16,624,509,056
Total equity and liabilities		31,600,000,402	31,452,545,879

The attached notes from 1 to 22 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, on behalf of the Shareholders, on 13 Dhu'l-Qi'dah 1446H (corresponding to 11 May 2025) and signed on its behalf by:


Jabri Maali
 Chief Financial Officer


Alison Rehili-Erguven
 Chief Executive Officer


Kamel Badih Al-Qalam
 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

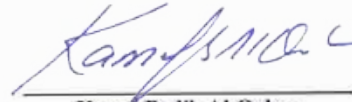
For the three-month period ended 31 March 2025

	Notes	Three-month period ended	
		31 March 2025 Unaudited	31 March 2024 Unaudited
Revenue	14	590,633,704	585,756,381
Cost of revenue - Direct costs		(78,887,520)	(98,716,847)
Gross profit		511,746,184	487,039,534
Other operating income	15	27,773,332	1,515,649
Net fair value gain on investment properties	8	44,499,460	50,680,322
Advertisement and promotion expenses		(4,258,623)	(11,861,161)
General and administrative expenses		(79,891,423)	(59,503,466)
Impairment loss on accounts receivable, related parties and accrued revenue rentals		(79,631,849)	(97,091,596)
Other operating expenses		(22,000,000)	(102,609)
Operating profit		398,237,081	370,676,673
Finance income on due from related parties	11	7,091,660	--
Finance costs over loans and borrowings		(139,336,373)	(139,076,092)
Finance costs over lease liabilities		(33,100,654)	(34,334,425)
Total finance costs		(165,345,367)	(173,410,517)
Share of loss of equity-accounted investee	9A	(217,674)	(632,992)
Profit before zakat		232,674,040	196,633,164
Zakat charge		(10,000,000)	(11,000,000)
Profit for the period		222,674,040	185,633,164
Profit for the period is attributable to:			
Shareholders of the Company		216,916,382	178,339,543
Non-controlling interest		5,757,658	7,293,621
		222,674,040	185,633,164
Earnings per share			
Basic and diluted earnings per share	16	0.46	0.38

The attached notes from 1 to 22 are an integral part of these condensed consolidated interim financial statements.


Jabri Maali
Chief Financial Officer


Alison Rehill-Erguven
Chief Executive Officer


Kamel Badih Al-Qalam
Board Member

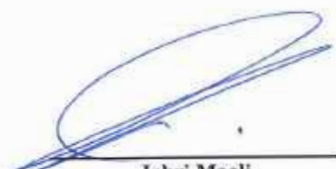
All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated statement of comprehensive income

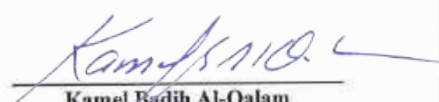
For the three-month period ended 31 March 2025

	<i>Notes</i>	Three-month period ended	
		31 March 2025 Unaudited	31 March 2024 Unaudited
Profit for the period		222,674,040	185,633,164
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation difference of equity accounted investee		(159,947)	154,084
Total comprehensive income for the period		222,514,093	185,787,248
Total comprehensive income for the period attributable to:			
Shareholders of the Company		216,756,435	178,493,627
Non-controlling interests		5,757,658	7,293,621
		222,514,093	185,787,248

The attached notes from 1 to 22 are an integral part of these condensed consolidated interim financial statements.


Jabri Maali
Chief Financial Officer


Alison Rehill-Erguven
Chief Executive Officer


Kamel Badih Al-Qalam
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 three-month period ended 31 March 2025

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 January 2024 – Audited	4,750,000,000	411,725,703	873,992,101	4,106,041	8,231,652,970	14,271,476,815	40,491,288	14,311,968,103
Total comprehensive income for the period								
Profit for the period	--	--	--	--	178,339,543	178,339,543	7,293,621	185,633,164
Other comprehensive income	--	--	--	154,084	--	154,084	--	154,084
Total comprehensive income for the period	--	--	--	154,084	178,339,543	178,493,627	7,293,621	185,787,248
Deficit on sale of treasury shares	--	--	--	--	(241,022)	(241,022)	--	(241,022)
Transactions with shareholders of the company								
Treasury shares acquired	--	--	--	985,068	--	985,068	--	985,068
Dividends	--	--	--	--	(356,250,000)	(356,250,000)	--	(356,250,000)
Balance at 31 March 2024 – Unaudited	4,750,000,000	411,725,703	873,992,101	5,245,193	8,053,501,491	14,094,464,488	47,784,909	14,142,249,397
Balance at 1 January 2025 – Audited	4,750,000,000	411,725,703	873,992,101	10,320,410	8,739,245,345	14,785,283,559	42,753,264	14,828,036,823
Total comprehensive income for the period								
Profit for the period	--	--	--	--	216,916,382	216,916,382	5,757,658	222,674,040
Other comprehensive (loss)	--	--	--	(159,947)	--	(159,947)	--	(159,947)
Total comprehensive income / (loss) for the period	--	--	--	(159,947)	216,916,382	216,756,435	5,757,658	222,514,093
Deficit on sale of treasury shares	--	--	--	--	(203,913)	(203,913)	--	(203,913)
Transactions with shareholders of the company								
Treasury shares acquired	--	--	--	581,772	--	581,772	--	581,772
Dividends	--	--	--	--	(178,125,000)	(178,125,000)	--	(178,125,000)
Balance at 31 March 2025 – Unaudited	4,750,000,000	411,725,703	873,992,101	10,742,235	8,777,832,814	14,824,292,853	48,510,922	14,872,803,775

The attached notes from 1 to 22 are an integral part of these condensed consolidated interim financial statements.

Jabri Maali
Chief Financial Officer

Alison Rehill-Erguven
Chief Executive Officer

Kamel Badih Al-Qalam
Board Member

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Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated statement of cash flows (continued)

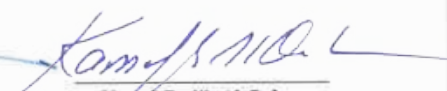
For the three-month period ended 31 March 2025

	Notes	Three-month period ended 31 March 2025 Unaudited	Three-month period ended 31 March 2024 Unaudited
Cash flows from operating activities:			
Profit before Zakat		232,674,040	196,633,164
Adjustments for:			
- Depreciation on property and equipment		3,866,584	3,647,412
- Impairment loss on accounts receivable and accrued revenue rentals		79,631,849	97,091,596
- Provision for employee benefits		3,627,048	2,421,451
- Finance cost over loans and borrowings		139,336,373	139,076,092
- Finance cost over lease liabilities		33,100,654	34,334,425
- Finance income on due from related parties	11	(7,091,660)	--
- Share of loss of equity-accounted investee	2A	217,674	632,992
- Gain on disposal of investment property	15	(22,000,000)	--
- Lease termination cost		22,000,000	--
- Lease rental concession		--	(937,500)
- Net fair value gain on investment properties	8A	(44,499,460)	(50,680,322)
		440,863,102	422,219,310
Changes in:			
- Accounts receivable		(32,977,292)	(58,167,793)
- Amounts due from related parties		(67,934,110)	(84,012,321)
- Amount due to related parties		(80,299,732)	(95,977,840)
- Prepayments and other assets		(15,088,895)	(38,168,731)
- Accounts payable and other liabilities		23,087,081	(71,736,591)
- Accrued revenue		(52,188,356)	(67,834,966)
- Unearned revenue		(26,856,107)	(59,563,178)
Cash generated from / (used in) from operating activities		188,605,691	(53,242,110)
Employee benefits paid		(389,665)	(1,128,749)
Zakat paid		(9,147,767)	--
Net cash from / (used in) operating activities		179,068,259	(54,370,859)
Cash flows from investing activities:			
Additions to investment properties, net		(444,365,671)	(144,452,401)
VAT payments for CAPEX Transactions		118,925,425	--
Acquisition of equity-accounted investee		(6,626,769)	(1,108,306)
Acquisition of property and equipment		(3,373,992)	(4,105,055)
Acquisition of investment at FVTPL		(200,000,000)	--
Proceeds from disposal of investment property	8A(i)	200,000,000	--
Net cash used in investing activities		(335,441,007)	(149,665,762)
Cash flows from financing activities:			
Proceeds from loans and borrowings.net	13B	54,690,362	6,133,444,212
Payments of loans and borrowings	13B	--	(5,202,421,869)
Transaction costs paid	13B	(1,244,265)	(88,521,938)
Payment of finance costs		(268,031,316)	(74,987,837)
Repurchase of treasury shares		(82,479,109)	(310,048,840)
Proceeds from sale of treasury shares		82,856,967	310,792,886
Payments of lease liabilities - principal portion		(11,513,842)	(27,629,032)
Payments of lease liabilities - interest portion		(43,490,732)	(43,975,995)
Net cash (used in) / from financing activities		(269,211,935)	696,651,587
Net (decrease) / increase in cash and cash equivalents		(425,584,683)	492,614,966
Cash and cash equivalents at the beginning of period		670,342,011	84,995,834
Cash and cash equivalents at end of the period		244,757,328	577,610,800

The attached notes from 1 to 22 are an integral part of these condensed consolidated interim financial statements.


Jabri Maali
 Chief Financial Officer


Alison Rehill-Erguven
 Chief Executive Officer


Kamel Badih Al-Qalam
 Board Member

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the three-month period ended 31 March 2025

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").

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.

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. The management amended its By-laws 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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2025

1. REPORTING ENTITY (CONTINUED)

Following is the list of subsidiaries included in these consolidated financial statements as at 31 March 2025 and 31 December 2024:

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 March 2025	31 December 2024	31 March 2025	31 December 2024		
1	Al Bawarji International for Development & Real Estate Investment Company	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
2	Al Makarem International for Real Estate Development Company	Kingdom of Saudi Arabia	95%	95%	5%	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%	5%	100,000	100
5	Al-Qassem 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%	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%	5%	500,000	500
10	Al Yasmeen Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
11	Al Hamra Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
12	Al Erth Al Rasekh Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
13	Al Erth Almatin Trading Company Limited (iii)	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
14	Aziz Mall Trading Co (iii)	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
15	Arkan Salam Co (iii)	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
16	Al Malaz Trading Co (iii)	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
17	Riyad Real Estate Development Fund – Jawharat AlRiyadh (i)	Kingdom of Saudi Arabia	100%	100%	--	--	--	--
18	Riyad Real Estate Development Fund – Jawharat Jeddah (ii)	Kingdom of Saudi Arabia	100%	100%	--	--	--	--

i) The Group invested in 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) The Group invested in a 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**.

iii) During the year 2024, the Group acquired 100% equity interests in subsidiaries through common shareholding. The acquisition was executed without any consideration, as the transfer of ownership resulted from the common control of the entities involved.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2025

2. STATEMENT OF COMPLIANCE

These interim condensed financial statements are for the three-month period ended 31 March 2025 and have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") as endorsed in the KSA and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA") and Company's laws.

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 consolidated statement of financial position:

- 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 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.

6. MATERIAL 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 year ended 31 December 2024. A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning on 1 January 2025, however, they did not have any impact on the condensed consolidated interim financial statements.

7. NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPRETATIONS

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2025. These amendments' do not have significant impact in the Group's condensed consolidated interim financial statements.

- Amendments to IAS 21 - Lack of Exchangeability
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures
- IFRS 18, Presentation and Disclosure in Financial Statements

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2025

8. INVESTMENT PROPERTIES

		31 March 2025 Unaudited	31 December 2024 Audited
	Notes		
Investment properties	8A	27,541,161,229	27,190,984,975
Advance payment for projects under construction	8B	747,786,443	828,444,575
		28,288,947,672	28,019,429,550

A. Investment properties

		31 March 2025 Unaudited	31 December 2024 Audited
	Notes		
Balance at the beginning of the period / year		27,431,484,975	24,637,157,057
Additions during the period / year		626,718,283	2,131,777,930
Disposal during the period	(i)	(178,000,000)	--
Impact of reassessment of lease		--	97,268,140
Net fair value gain on investment properties		44,499,460	565,281,848
Balance at the end of the period / year	(v)	27,924,702,718	27,431,484,975

Presented in condensed consolidated statement of financial position as:

Investment properties		27,541,161,229	27,190,984,975
Assets held for sale	(i)	383,541,489	240,500,000
		27,924,702,718	27,431,484,975

- i. The Group was committed to sell the land and the mall.
 - During the period ended March 31, 2025, the Group finalized an agreement to sell investment property. Although the legal title deeds were transferred related to the saleable land area subsequent to the reporting period, the sale is deemed highly probable as of the reporting date. Accordingly, the carrying value of this investment property has been classified as "Assets held for sale".
 - During the year 2024, The Group entered into an agreement to sell the mall. However, during the period ended 31 March 2025, the Group has transferred the title deed of the property and record the disposal with net proceeds of SR 200 million, resulting in a gain of SR 22 million, which has been recorded under other operating income in the condensed consolidated statement of profit or loss.
 - During the year December 31, 2023, the Group entered into an agreement to sell Land and still in the process of completing the required pre-conditions to execute the sale. As the sale is considered highly probable, the carrying value of the land is classified as an asset held for sale under current assets.
- ii. 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.
- iii. 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.
- iv. Projects under construction pertain 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 March 2025, the Group capitalized finance costs amounting to SR 90 million (31 March 2024: SR 68 million).

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2025

8. INVESTMENT PROPERTIES (CONTINUED)

A. Investment properties (continued)

v. The carrying amount at reporting date includes the fair value for following:

		31 March 2025 Unaudited	31 December 2024 Audited
Shopping malls on owned lands	(i)	12,393,408,277	12,593,408,177
Shopping malls on leasehold lands	(i)	7,112,643,375	7,191,815,802
Owned lands/buildings held as investment properties	(ii)	548,572,880	548,572,880
Projects under construction – Fair value	(i)	7,870,078,186	7,097,688,116
		27,924,702,718	27,431,484,975

- (i) Investment properties held for rental
(ii) Investment properties for undetermined future use

vi. Fair value of investment properties

a) *Fair value hierarchy*

The fair value measurement for investment property of SR 27,924 million (31 December 2024: SR 27,431 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. Effective dates of the valuations are 31 December 2024 and 31 March 2025 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. The valuations have been performed by Colliers Saudi Arabia, ValuStart and NATA Real Estate Appraisal Company. As per the CMA regulations for annual reporting, the Group has opted for the lower of the two valuations for the properties performed by the independent and competent valuers.

b) *Inter-relationship between key unobservable inputs and fair value measurement*

31 March 2025				
Property	Fair value SR million	Valuation technique	Significant unobservable input	Range
Shopping Malls	19,506	Discounted cash flows	Occupancy (%)	66% - 100%
			Future rent growth (%)	2%-4%
			Discount rate (%)	9% - 18%
Properties under construction	7,870	Discounted cash flows – Residual method	Occupancy (%)	90%-95%
			Future rent growth (%)	2%
			Discount rate (%)	12% - 15%
Owned land	549	Comparable transaction	Average price (SR /sqm)	220 – 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).

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2025

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 2024

Property	Fair value SR million	Valuation technique	Significant unobservable input	Range
Shopping Malls	19,785	Discounted cash flows	Occupancy (%) Future rent growth (%) Discount rate (%)	64% - 99% 2% - 4% 9% - 18%
Projects under construction	7,098	Discounted cash flows – Residual method	Occupancy (%) Future rent growth (%) Discount rate (%)	90% - 95% 2% 12% - 15%
Owned land	549	Comparable transaction	Average price (SR /sqm)	220-8,943

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 March 2025 Unaudited	31 December 2024 Audited
Fair value of land and buildings as per fair valuer	25,233,938,874	24,699,818,150
Less: Adjustment for accrued operating lease income	(212,510,764)	(205,977,986)
Add: carrying amount of lease liabilities	2,903,274,608	2,937,644,811
Total carrying amount of investment properties	27,924,702,718	27,431,484,975

vii. Amounts recognized in profit or loss for investment property that generated income.

	Three-month period ended	
	31 March 2025 Unaudited	31 March 2024 Unaudited
Revenue from investment property	590,633,704	585,756,381
Direct operating expenses on properties that generated rental income	78,887,520	98,716,847

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 transaction	Properties held for future development are valued using comparable methodology which involves analyzing other relevant market transactions.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2025

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.

Name of related party	Business status	Relationship	Construction work services received		Balances	
			Three-month period ended 31 March 2025	Three-month period ended 31 March 2024	31 March 2025	31 December 2024
			Unaudited	Unaudited	Unaudited	Audited
Lynx Contracting Company	Limited Liability	Fellow Subsidiary	315,138,590	212,395,158	746,554,102	826,892,735
Others					1,232,341	1,551,840
					747,786,443	828,444,575

Lynx Contracting Company is a related party controlled by the controlling shareholders of the Group. With the consent of the Shareholders, Group has signed a framework agreement with Lynx Contracting Company for the construction of projects and has engaged the company for design and construction services for all of its current Projects under Construction. Business relationships with Lynx are at arms' length and contracts are only entered into with Lynx after due tendering processes and cost verifications from third parties. As is market practice, advance payments are required by the contractor from time to time in relation to design work, mobilization, advance procurement of long lease items. Advances paid are commensurate with the associated contract values and repayment mechanisms are in place against progress billing.

9. INVESTMENTS

		31 March 2025	31 December 2024
	Note	Unaudited	Audited
Investment in equity accounted investee	9A	93,966,187	87,717,039
Investments at FVTPL	9B	456,007,454	256,007,454
		549,973,641	343,724,493

A. Investment in equity accounted investee

Name of an entity		31 March 2025	31 December 2024
	Note	Unaudited	Audited
FAS Lab Holding Company (Associate)	(i)	93,716,187	87,467,039
Khozam Mall Real Estate Development Company (Joint venture)	(ii)	250,000	250,000
		93,966,187	87,717,039

- i. This represents a 50% equity investment in the share capital of FAS Lab Holding Company, an LLC 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.

Reconciliation of carrying amount

	Opening balance	Additions	Share in losses	Other Comprehensive income	Ending Balance
31 March 2025	87,467,039	6,626,769	(217,674)	(159,947)	93,716,187
31 December 2024	78,384,195	16,040,698	(7,089,208)	131,354	87,467,039

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2025

9. INVESTMENTS (CONTINUED)

A. Investments inequity accounted investee (continued)

Summarized financial statements – FAS Lab Holding Company

	31 March 2025 Unaudited	31 December 2024 Audited
Assets	317,801,265	303,931,484
Liabilities	(121,223,110)	(117,812,182)
Net Assets	196,578,155	186,119,302
Net assets attributable to owners of investee	157,495,463	148,242,259
Share of net assets (50%)	78,747,732	74,121,129
Adjustments – Due to additional contribution	14,968,455	13,345,910
Carrying amount of investee	93,716,187	87,467,039

	31 March 2025 Unaudited	31 December 2024 Audited
Revenue	118,488,459	169,640,516
Profit from continuing operations	2,100,772	1,047,907
Total comprehensive income	1,077,649	1,047,907
Loss for the period attributable to shareholders of the Company	(435,348)	(1,265,984)
Share of loss for the period	(217,674)	(632,992)

- 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 was established during 2023 and is yet to commence commercial operations.

B. Investment at FVTPL

Name of an entity	31 March 2025 Unaudited	31 December 2024 Audited
Al Jawhara Real Estate Fund (i)	58,266	58,266
Al-Baraka Real Estate Fund (ii)	200,000,000	--
Other investment (iii)	255,949,188	255,949,188
	456,007,454	256,007,454

- i. This represents 0.03% equity investment in Al Jawhara Real Estate Fund (formerly known as Digital City Fund) purchased for SR 6.8 million. As at 31 March 2025, the net asset value (NAV) of the investment amounted to SR 0.08 million (31 December 2024: SR 0.08 million) and Nil unrealized fair value loss are recognized in the condensed consolidated statement of profit or loss (31 March 2024: Nil).

- ii. This represents an investment in 20 million units of the Al-Baraka Real Estate Fund at a unit price of SR 10, amounting to a total investment of SR 200 million. As at 31 March 2025, no net asset value (NAV) has been established, as the fund initiate its operations subsequent to the period end.

- iii. At 31 March 2025, a Group's subsidiary Riyadh Real Estate Development Fund held 140,009 units (31 December 2024: 140,009 units) of Diversified Trade Fund at a unit price of SR1,828 (2024:SR 1,828) for trading purposes.

	31 March 2025 Unaudited	31 December 2024 Audited
Balance at beginning of the period / year	255,949,188	303,026,022
Disposals	--	(48,516,565)
Fair value change	--	1,439,731
Balance at end of the period / year	255,949,188	255,949,188

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Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2025

9. INVESTMENTS (CONTINUED)

B. Investment at FVTPL (continued)

	31 March 2025 Unaudited	31 December 2024 Audited
Proceed	--	50,000,000
Carrying amount	--	(48,516,565)
Gain on disposal	--	1,483,435

10. CASH AND CASH EQUIVALENTS

	31 March 2025 Unaudited	31 December 2024 Audited
Bank balances – current accounts	243,872,328	253,157,011
Bank balances – time deposits	--	416,250,000
Cash in hand	885,000	935,000
	244,757,328	670,342,011

11. RELATED PARTY TRANSACTIONS AND BALANCES

For the purpose of these condensed consolidated interim financial statements, a party is considered related to the Group if the Group has the ability, directly or indirectly, to control or exercise significant influence over the party in financial and operating decisions, or vice versa. A party is also considered related if both the Group and the party are subject to common control or if the Group can be directly or indirectly influenced by another party. Related parties may include both individuals and 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 remunerations of directors and other key management personnel ('KMP') during the three-month period ended 31 March are as follows:

	31 March 2025 Unaudited	31 March 2024 Unaudited
End of service benefits	6,989,087	5,661,134
Salaries and short-term benefits	6,268,425	8,736,372
Total key management compensation	13,257,512	14,397,506

B. Related party transactions and balances

I - Related party balances are presented in the statement of financial position as follows:

	31 March 2025 Unaudited	31 December 2024 Audited
Amounts due from related parties – current portion	497,551,105	408,420,267
Amounts due from related parties – non-current portion	194,156,477	234,967,548
Amount due from related parties - net (i)	691,707,582	643,387,815
Amount due to related parties	154,443,754	234,743,486
(i) Amount due from related parties-net		
Amount due from related parties – gross	839,815,987	771,881,877
Modification loss on related parties' receivables - net		
(ii)	(29,424,299)	(36,515,958)
Less: Impairment loss on due from related parties	(118,684,106)	(91,978,104)
Amount due from related parties – net	691,707,582	643,387,815

ii) During the year ended December 31, 2024, the Group has restructured the balances due from related parties, as per the restructure agreement the amounts are receivable over a period of three years. Hence, the balances are measured at the present value of the contractual amounts by using the average incremental borrowing rate consequently, the Group has recorded the finance income of **SR 7 million** recognized in condensed consolidated statement of profit or loss during the period ended 31 March 2025 (31 March 2024: Nil).

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2025

11. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

B. Related party transactions and balances (continued)

11 - During the period, the Group transacted with its related parties. The terms of those transactions are approved by the 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	Transactions for period				Balance as at	
		Rental income and other fees / services	Services received	Others	Total	Due from	Due to
31 March 2025							
Transactions with ultimate parent							
Saudi FAS Holding Company	Closed Joint Stock Company	329,980	--	--	329,980	6,847,284	--
Transactions with fellow subsidiaries							
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	Joint Stock Company	58,575,767	--	--	58,575,767	535,398,876	--
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	Joint Stock Company	7,514,649	--	--	7,514,649	36,971,698	--
Salman & Sons Holding Co and its associates	Limited Liability Company	5,513,459	--	--	5,513,459	79,167,229	--
Majid Al Amal Co. Limited and its associates	Limited Liability Company	1,964,354	--	--	1,964,354	30,347,431	--
Tadaris Alnajid Security Company	Limited Liability Company	--	(8,633,432)	--	(8,633,432)	12,440,441	--
Ezdihar Holding Co and its subsidiaries	Limited Liability Company	5,466,922	--	--	5,466,922	111,717,314	--
Lynx Contracting Company	Limited Liability Company	--	(195,858,175)	--	(195,858,175)	--	(147,712,826)
Others, net	Limited Liability Companies	1,677,294	(5,378,421)	--	(3,701,127)	26,925,714	(6,730,928)
		81,042,425	(209,870,028)	--	(128,827,603)	839,815,987	(154,443,754)
31 December 2024							
Transactions with ultimate parent							
Saudi FAS Holding Company	Closed Joint Stock Company	823,359	--	--	823,359	6,447,086	--
Transactions with fellow subsidiaries							
Fawaz Abdulaziz Al Hokair Company and its subsidiaries (trading as Cenomi Retail)	Joint Stock Company	78,008,597	--	--	78,008,597	487,541,807	--
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	Joint Stock Company	6,873,454	--	--	6,873,454	34,876,385	--
Salman & Sons Holding Co and its associates	Limited Liability Company	6,259,368	--	--	6,259,368	72,774,205	--
Majid Al Amal Co. Limited and its associates	Limited Liability Company	4,823,973	--	--	4,823,973	28,376,076	--
Tadaris Alnajid Security Company	Limited Liability Company	--	(15,527,830)	--	(15,527,830)	8,950,560	--
Ezdihar Holding Co and its subsidiaries	Limited Liability Company	9,910,415	--	--	9,910,415	107,539,059	--
Lynx Contracting Company	Limited Liability Company	--	--	--	--	--	(231,906,096)
Others, net	Limited Liability Companies	2,066,593	--	--	2,066,593	25,376,699	(2,837,390)
		108,765,759	(15,527,830)	--	93,237,929	771,881,877	(234,743,486)

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Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2025

12. DIVIDENDS DISTRIBUTION

31 March 2025

- i. On 10 March 2025, the Board of Directors resolved to distribute an interim dividend for the third quarter of the year ended 31 December 2024 amounting to SR 0.375 per share aggregating to SR 178,125,000. The dividend was paid on 6 April 2025.

31 March 2024

- i. On 25 March 2024, the Board of Directors resolved to distribute an interim dividend for the first half of period ended 31 December 2023 amounting to SR 0.75 per share aggregating to SR 356,250,000. The dividend was paid on 16 April 2024.

13. LOANS AND BORROWINGS

		31 March 2025	31 December 2024
	Note	Unaudited	Audited
Islamic facilities with banks			
- Facility 1	(i)	5,183,842,051	5,182,390,278
- Facility 2	(ii)	1,135,236,081	1,080,545,719
Sukuk	(iii)	5,910,437,601	5,909,373,095
	13 B	12,229,515,733	12,172,309,092
Loans and Borrowings - Current liabilities		37,023,151	34,709,205
Loans and Borrowings – Non-current liabilities		12,192,492,582	12,137,599,887
		12,229,515,733	12,172,309,092

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

During the year ended 31 December 2024, The Group has entered into various long-term Islamic facilities amounting to SR 4.2 billion (equivalent USD 1,120 million), with an additional accord for SR 1.05 billion, with a syndicate of banks (local and international banks). The facilities include two term Murabaha tranches (maturing in 12 years) and revolving Murabaha facility (maturing in 5 years) These term Murabaha facilities are fully utilized and Revolving Murabaha facility is partially utilized as at reporting date. The Group has early repaid the existing long-term Islamic facilities outstanding as of 31 December 2023.

The long-term loan is repayable in unequal quarterly instalments and is subject to commission rates based on SIBOR/SOFR plus an agreed commission rate. The pricing applicable to the facilities are linked to sustainability targets i.e. reducing carbon emissions, increasing grid connectivity, and enhancing female representation in leadership roles.

The facilities are secured by pledges of insurance policies and proceeds of rental income as well as security over land and buildings of several malls with carrying amount of **SR 7.8 billion**.

(ii) Facility 2

During the period ended 31 March 2025, the Group has drawn-down SR 54 million (year ended 31 December 2024: SR 521 million) from the facilities. The facility is non-recourse to the Company

In 2024, a subsidiary of the Group has entered into a long-term facility arrangement amounting to SR 350 million from National Development Fund. The facility is non-recourse to the Company.

In 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 facility is non-recourse to the Company.

In 2022, a subsidiary of the Group has entered into a long-term Islamic facility arrangement amounting to SR 800 million with a local bank. The long-term loan is repayable in unequal semi-annual instalments and is subject to commission rates based on SIBOR plus an agreed commission rate. The facilities are secured by Lands.

The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained.

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Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2025

13. LOANS AND BORROWINGS (CONTINUED)

The loans and borrowings facility 1 & 2 contain certain covenants. These covenants include maintaining cash flow cover, profit cover, gearing ratio and tangible net worth in accordance with the terms of the respective agreements. The covenants are monitored by the management. As at 31 March 2025, there has not been any non-compliance observed for any of the covenants and the Group is expecting to meet the future covenants as well.

(iii) Sukuk

During the year ended 31 December 2024, the Company issued Shari'ah compliant Sukuk amounting to **USD 710 million** (equivalent SR 2,662.5 million), maturing in 2029 with annual yield of 9.5% payable semi-annually. The proceeds from the issuance have been used to refinance the Company's 2019 Sukuk. Sukuk Certificates are subject to early redemption at the option of the Company as per specified conditions mentioned in the Sukuk Certificate. During the year ended 31 December 2024, the Sukuk issued in 2019 has been early redeemed.

On 7 April 2021, Arabian Centres Sukuk II Limited (a special purpose company established for the purpose of issuing Sukuk) issued 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

	Islamic facility with banks		Sukuks	Total
	Facility 1	Facility 2		
Balance at 1 January 2024	3,327,471,876	571,659,696	5,156,200,000	9,055,331,572
Proceeds received during the year	5,249,999,921	521,087,650	2,662,500,000	8,433,587,571
Repayments made during the year	(3,327,471,876)	--	(1,874,950,000)	(5,202,421,876)
(i)	5,249,999,921	1,092,747,346	5,943,750,000	12,286,497,267
Un-amortized transaction costs	(ii) (67,609,643)	(12,201,627)	(43,402,048)	(123,213,318)
Deferred Sukuk premium	(iii) --	--	9,025,143	9,025,143
Balance at 31 December 2024-Audited	5,182,390,278	1,080,545,719	5,909,373,095	12,172,309,092
Balance at 1 January 2025	5,249,999,921	1,092,747,346	5,943,750,000	12,286,497,267
Proceeds received during the period	--	54,690,362	--	54,690,362
Repayments made during the period	--	--	--	--
(i)	5,249,999,921	1,147,437,708	5,943,750,000	12,341,187,629
Un-amortized transaction costs	(ii) (66,157,870)	(12,201,627)	(40,764,994)	(119,124,491)
Deferred Sukuk premium	(iii) --	--	7,452,595	7,452,595
Balance at 31 March 2025-Unaudited	5,183,842,051	1,135,236,081	5,910,437,601	12,229,515,733

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Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2025

13. LOANS AND BORROWINGS (CONTINUED)

B. Reconciliation of carrying amount (continued)

i. Below is the repayment schedule of the principal portion of outstanding long-term loans:

	Islamic facility with banks	Sukuk	Total
31 December 2024-Audited			
Within one year	34,709,205	--	34,709,205
Between two to five years	1,132,215,599	5,943,750,000	7,075,965,599
More than five years	5,175,822,463	--	5,175,822,463
	6,342,747,267	5,943,750,000	12,286,497,267
31 March 2025 -Unaudited			
Within one year	37,023,151	--	37,023,151
Between two to five years	1,083,584,352	5,943,750,000	7,027,334,352
More than five years	5,276,830,126	--	5,276,830,126
	6,397,437,629	5,943,750,000	12,341,187,629

ii. Un-amortized transaction costs movement is as follows:

	Islamic facilities with banks		Sukuk	Total
	Facility 1	Facility 2		
Balance at 1 Jan 2024	40,910,564	13,601,627	34,263,790	88,775,981
Arrangement fees paid	72,590,177	--	32,070,639	104,660,816
Amortization for the year	(43,689,240)	--	(20,753,576)	(64,442,816)
Capitalized arrangement fees	(2,201,858)	(1,400,000)	(2,178,805)	(5,780,663)
Balance at 31 December 2024- Audited	67,609,643	12,201,627	43,402,048	123,213,318
Balance at 1 Jan 2025	67,609,643	12,201,627	43,402,048	123,213,318
Arrangement fees paid	--	--	1,244,265	1,244,265
Amortization for the period	(1,068,246)	--	(3,362,756)	(4,431,002)
Capitalized arrangement fees	(383,527)	--	(518,563)	(902,090)
Balance at 31 March 2025- Unaudited	66,157,870	12,201,627	40,764,994	119,124,491

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:

	Deferred Discount	Deferred Premium	Total
	--	20,148,566	20,148,566
Balance at 1 Jan 2024	--	20,148,566	20,148,566
Additions during the year	(4,125,000)	--	(4,125,000)
Amortization for the year	297,917	(7,296,340)	(6,998,423)
Balance at 31 December 2024 -Audited	(3,827,083)	12,852,226	9,025,143
Balance at 1 Jan 2025	(3,827,083)	12,852,226	9,025,143
Additions during the period	--	--	--
Amortization for the period	229,166	(1,801,714)	(1,572,548)
Balance at 31 March 2025- Unaudited	(3,597,917)	11,050,512	7,452,595

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14. REVENUE

	Three-month period ended 31 March 2025 Unaudited	Three-month period ended 31 March 2024 Unaudited
Income from leases		
Rental income	526,736,735	536,771,813
Turnover rent	24,203,999	20,622,210
Revenue from contracts with customers		
Service and management charges income	38,637,111	27,337,246
Commission income on provisions for utilities for heavy users, net	1,055,859	1,025,112
	590,633,704	585,756,381

Rental income includes fixed service and management charges income related to utilities, maintenance, cleaning and security charges of Malls' premises as a part of rent for each of the tenants for the period ended 31 March 2025 amount to SR 62 million (31 March 2024: SR 60 million).

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:

	Three-month period ended 31 March 2025 Unaudited	Three-month period ended 31 March 2024 Unaudited
Within one year	1,690,874,373	1,537,036,603
After one year but not more than five years	1,964,056,900	2,309,279,191
More than five years	940,413,008	1,096,666,199
	4,595,344,281	4,942,981,993

15. OTHER OPERATING INCOME

	Three-month period ended 31 March 2025 Unaudited	Three-month period ended 31 March 2024 Unaudited
Gain on sale of investment property (Note 8A(i))	22,000,000	--
Commission income on bank deposits	2,746,058	--
Foreign exchange gain	29,207	--
Others	2,998,067	1,515,649
	27,773,332	1,515,649

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	
	31 March 2025 Unaudited	31 March 2024 Unaudited
Profit attributable to ordinary shareholders	216,916,382	178,339,543
Weighted average number of ordinary shares	474,946,838	474,941,661
Basic and diluted earnings per share	0.46	0.38

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Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2025

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 consolidated statement of financial position and in the consolidated statement of profit or loss and the consolidated statement of comprehensive income.

All of the Group's operations are conducted in KSA. Hence, geographical information is not applicable in this case. Revenue from top five customer represent 15% of the total revenue of the Group.

18. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

A. Accounting classification and fair values

Financial instruments have been categorized as follows:

		31 March 2025	31 December 2024
Financial Assets	Notes	Unaudited	Audited
Other investments	9	255,949,188	255,949,188
Other financial asset		23,673,944	44,313,130
Amounts due from related parties	11	691,707,582	643,387,815
Accounts receivable		508,593,903	482,886,879
Accrued revenue		170,465,537	169,999,627
Cash and cash equivalents	10	244,757,328	670,342,011
		1,895,147,482	2,266,878,650
Financial Liabilities			
Loans and borrowings	13	12,229,515,733	12,172,309,092
Lease liabilities		3,118,808,577	3,130,322,427
Accounts payable(i)		259,288,823	180,634,812
Tenants' security deposits		95,539,101	105,755,795
Amount due to related party	11	154,443,754	234,743,486
Other liabilities		489,390,963	363,943,714
		16,346,986,951	16,187,709,326

- (i) The carrying amounts of Accounts payable is considered to be a reasonable approximation of their fair values, due to their short-term nature.

The following table presents the Group's financial instruments measured at fair value at 31 March 2025 and 31 December 2024:

	Carrying amount	31 March 2025- Unaudited			
		Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Investment at FVTPL					
Al Jawhara Real Estate Fund	58,266	--	--	58,266	58,266
Other investments					
Riyadh SR Diversified Trade Fund	255,949,188	255,949,188	--	--	255,949,188
Al -Barakah Fund	200,000,000	200,000,000	--	--	200,000,000

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2025

18. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

A. Accounting classification and fair values (continued)

	31 December 2024-Audited				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Investment at FVTPL)					
Al Jawhara Real Estate Fund	58,266	--	--	58,266	58,266
Other Investments					
Rivadh SR Diversified Trade Fund	255,949,188	255,949,188	--	--	255,949,188

B. 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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2025

18. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

C. Financial risk management (continued)

i. Credit risk (continued)

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.

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 March 2025 and 31 December 2024.

31 March 2025 - Unaudited			
	Gross carrying amount	Weighted-average loss	Loss allowance (%)
0-90 days	111,036,642	12,831,335	12%
91-180 days	90,349,494	18,501,403	20%
181-270 days	78,531,818	21,215,649	27%
271-360 days	58,678,886	19,247,884	33%
More than 360 days	605,821,089	359,527,755	59%
	944,417,929	431,324,026	

31 December 2024 - Audited			
	Gross carrying amount	Weighted-average loss	Loss allowance (%)
0-90 days	88,875,756	10,810,219	12%
91-180 days	91,644,631	20,124,491	22%
181-270 days	71,444,907	20,180,788	28%
271-360 days	69,059,028	22,532,176	33%
More than 360 days	590,118,127	350,107,896	59%
	911,142,449	423,755,570	

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2025

18. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

C. Financial risk management (continued)

i. Credit risk (continued)

Accounts Receivable (continued)

During the three-month period ended 31 March 2025, the Group has written off receivables amounting to **SAR 3.7 million** (31 March 2024: 3.7 million). In addition, the group has directly charged to profit or loss an amount of **SR 27.1 million** (31 March 2024: SR 27.1 million) on account of impairment of 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 the majority of the related parties are owned by the same shareholders. The evaluation is based on actual historical credit loss history, and the ongoing support from Shareholder to collection activities, with retentions on dividend pay-out of Nil (2024: SR 51 million)

Financial instruments and cash deposit

Credit risk from balances with banks and financial institutions is managed by Company's treasury in accordance with the Group's policy. Cash is substantially placed with national banks with sound credit ratings ranging BBB+ and above or in money market instruments from reputable managers associated with leading domestic banks. The Group does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

Arabian Centres Company (a Saudi joint stock company)
Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2025

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. At reporting date, the Group was in a net current assets position amounting to SR 462 million.

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 2025-Unaudited							
Accounts payable	259,288,823	259,288,823	--	--	--	--	259,288,823
Other non-current liabilities	11,851,196	--	--	9,485,948	2,365,248	--	11,851,196
Other liabilities	573,078,868	554,942,935	18,135,933	--	--	--	573,078,868
Due to related parties	154,443,754	154,443,754	--	--	--	--	154,443,754
Lease liabilities	3,118,808,577	366,082,066	152,963,308	315,952,210	768,475,522	3,802,930,569	5,406,403,675
Loans and borrowings	12,229,515,733	406,781,821	470,561,099	4,145,546,831	5,034,716,647	5,353,970,816	15,411,577,214
	16,346,986,951	1,741,539,399	641,660,340	4,470,984,989	5,805,557,417	9,156,901,385	21,816,643,530
31 December 2024-Audited							
Accounts payable	180,634,812	180,634,812	--	--	--	--	180,634,812
Other non-current liabilities	22,464,724	--	--	17,240,970	5,223,754	--	22,464,724
Other liabilities	447,234,784	437,930,162	9,304,623	--	--	--	447,234,785
Due to related parties	234,743,486	234,743,486	--	--	--	--	234,743,486
Lease liabilities	3,130,322,427	365,791,038	135,883,976	332,874,763	788,303,550	3,844,040,921	5,466,894,248
Loans and borrowings	12,172,309,092	1,208,079,447	419,629,501	4,140,448,470	5,383,698,309	4,425,822,542	15,577,678,269
	16,187,709,325	2,427,178,945	564,818,100	4,490,564,203	6,177,225,613	8,269,863,463	21,929,650,324

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the three-months period ended 31 March 2025

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 at 31 March 2025 and 31 December 2024. 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):

	Three-month period ended 31 March 2025 Unaudited	Three-month period ended 31 March 2024 Unaudited
Gain/(loss) through the condensed consolidated statement of profit or loss		
Floating rate debt:		
SIBOR +100bps	(15,993,594)	(9,694,375)
SIBOR -100bps	15,993,594	9,694,375

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:

- 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
- to provide an adequate return to shareholders.

The Group monitors capital using a ratio of 'net debt' to 'equity'. Net debt is calculated as total liabilities less cash and cash equivalents and short-term investments held for trading. The Group's net debt to equity ratio at 31 March 2025 and 31 December 2024 was as follows.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the three-months period ended 31 March 2025

19. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

C. Financial risk management (continued)

iv. Capital management risk

	31 March 2025 Unaudited	31 December 2024 Audited
Total liabilities	16,727,196,627	16,624,509,056
Cash and cash equivalents	(244,757,328)	(670,342,011)
Other investments	(255,949,188)	(255,949,188)
Net debt	16,226,490,111	15,698,217,857
Total equity	14,872,803,775	14,828,036,823
Net debt to equity	1.1	1.06

19. COMMITMENTS AND CONTINGENCIES

	Note	31 March 2025 Unaudited	31 December 2024 Audited
Commitments			
Commitments for projects under construction	(i)	3,980,184,142	4,376,754,571
Outstanding bank guarantees		11,164,208	11,164,208

(i) These commitments pertain to construction of shopping malls across the Kingdom of Saudi Arabia.

20. 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
31 March 2025			
Assets			
Investment properties	156,482,557	2,522,142,205	3,833,042,739
Cash and cash equivalents	--	17,153,002	80,966,024
Other assets	25,140,064	68,764,976	396,745,861
	181,622,621	2,625,213,183	4,135,771,459
Liabilities			
Loans and borrowings	--	458,970,644	676,265,437
Lease liabilities	54,693,107	--	--
Other liabilities	10,345,236	18,019,869	25,172,821
	65,038,343	476,990,512	701,438,259
Net assets	116,584,278	2,148,222,671	3,434,333,200
31 December 2024			
Assets			
Investment properties	153,678,756	2,783,011,705	3,848,078,294
Cash and cash equivalents	--	27,615,276	88,418,919
Other assets	21,890,234	170,635,320	413,800,940
	175,568,990	2,981,262,301	4,350,298,153

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)
For the three-months period ended 31 March 2025

20. SUMMARIZED FINANCIAL INFORMATION OF MATERIAL SUBSIDIARIES (CONTINUED)

	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
Liabilities			
Loans and borrowings	--	458,970,644	621,575,075
Lease liabilities	54,041,050	--	--
Other liabilities	10,836,574	34,071,378	24,869,622
	64,877,624	493,042,022	646,444,697
Net assets	110,691,366	2,488,220,279	3,703,853,456
Non-controlling interest	42,329,490	--	--
Three-month period ended 31 March 2025-Unaudited			
Statement of profit or loss			
Revenue	14,027,236	--	--
Gross profit	10,717,461	--	--
Profit / (loss) for the period	11,515,316	(5,597,888)	(3,867,841)
Three-month period ended 31 March 2024-Unaudited			
Statement of profit or loss			
Revenue	12,043,574	--	--
Gross profit	8,766,271	--	--
Profit / (loss) for the period	14,590,919	(2,084,050)	(3,673,483)

- (i) The carrying amount of the subsidiary's investment properties has been adjusted to reflect their fair value based on independent external valuations in order to comply with the Group Accounting Policy.

21. SUBSEQUENT EVENT

On 11 May 2025, the Board of Directors resolved to distribute dividends for the Fourth quarter of the year ended 31 December 2024 amounting to SR 0.375 per share aggregating to SR 178,125,000.

22. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved by the Board of Directors for issuance on 13 Dhu'l-Qi'dah 1446H (corresponding to 11 May 2025).

20.2 Financial Statements of the Company as at, and for the financial year ended 31 December 2024G

The audited consolidated financial statements of the Company as at, and for the year ended 31 December 2024G, which also include comparative financial information of the Company as at, and for the year ended 31 December 2023G (together with the audit report thereon (an electronic copy of which is available at:

https://www.saudiexchange.sa/Resources/fsPdf/1381_0_2025-03-19_22-37-36_En.pdf

Arabian Centres Company
(A Saudi Joint Stock Company)
Consolidated financial statements
For the year ended 31 December 2024
together with the
Independent Auditor's Report

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated financial statements
For the year ended 31 December 2024

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Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated financial statements
For the year ended 31 December 2024

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Commercial Registration No 1010425494

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

واجهة روشن، 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 2024, the consolidated statements of profit or loss, comprehensive income for the year ended 31 December 2024, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material 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 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS as issued by the International Accounting Standards Board (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.

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 Professional Services Company, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR110,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية، شركة مساهمة مهنية مسجلة في المملكة العربية السعودية، رأس مالها (١١٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة التابعة لشركة كي بي إم جي العالمية المحدودة، شركة انجليزية خاصة محدودة بالضمان.



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 December 2024, the Group recognised total revenue of SR 2.34 billion (31 December 2023: SR 2.25 billion). The Group revenue mainly consists of rental income from lease contracts. Revenue is one of the core indicators for measuring performance, and consequently, there are inherent risks through recognizing revenue with more than its actual value or not recognizing in correct accounting period. Therefore, the revenue recognition process has been considered as a key audit matter.	– We assessed the appropriateness of the accounting policies by considering the requirements of the relevant accounting standards; – We assessed the design and implementation, and testing the operating effectiveness of both manual and automated controls over the: ○ accuracy and validity of the input of key terms of the contract, ○ tenant's acknowledgement to the amendments of lease contracts; and ○ recognition of revenue accurately over the term of the lease contracts. – We inspected key contractual arrangements including rental discounts by considering relevant documentation and agreements with the tenants; – For a sample of lease contracts, we evaluated whether revenue recognised is in accordance with the Group's revenue recognition policy and the underlying terms of the lease contracts; – On a sample basis, we obtained accounts receivable balance confirmations from the Group's tenants and investigating any discrepancies; – We tested manual journal entries posted to the revenue accounts to identify any unusual items; – We performed procedures to assess if revenue were recognised in the correct period; and – We evaluated the disclosures included in the consolidated financial statements.



Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Valuation of investment properties	
See Note 7(d) and 8 to the consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
As at 31 December 2024, the Group owned investment properties with a carrying value of SR 28.02 billion (31 December 2023: SR 25.33 billion) which are used for earning rentals and capital appreciation. 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-flow 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. 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.	– We considered the experience and qualification of Company's real estate valuation experts and we evaluated whether the valuation approach was appropriate for determining the fair value of the properties; – We tested on a sample basis the accuracy of the underlying data by verifying the specific details (rentals, occupancies, area etc.) of the investment properties as per the valuation reports with the Group records and title deeds of the investment properties; – We tested on sample basis whether property-specific current information supplied to the Company's real estate valuation experts reflects the underlying property records held by the Group which have been tested during our audit; – We involved our own real estate valuation specialist who assessed the valuation methodology and assessed whether selected significant assumptions including market comparability for lands, discount rates, annual growth rate and yield rates for shopping malls are within an acceptable range; – Where assumptions and the fair values outside of acceptable range or otherwise deemed unusual, we challenged the Company's real estate valuation experts' assumptions; and – We evaluated the adequacy of the consolidated financial statement disclosures, including disclosure of key assumptions, judgements and sensitivities.



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.



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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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

Fahad Mubark Aldossari
License No: 469

Al Riyadh, 18th Ramadan 1446H
Corresponding to: 18 March 2025



Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of financial position
As at 31 December 2024

	Notes	31 December 2024	31 December 2023
Assets			
Investment properties	8	28,019,429,550	25,333,791,089
Property and equipment	10	49,006,026	56,647,114
Accrued revenue – non-current portion	23(ii)	137,318,657	157,058,122
Amounts due from related parties– non-current portion	14B	234,967,548	–
Investment in equity accounted investee	12A	87,717,039	78,634,195
Investment at FVTPL	12B	58,266	81,576
Other non-current assets	13&15	12,545,436	18,681,804
Non-current assets		28,541,042,522	25,644,893,900
Development properties	11	353,774,251	353,531,069
Accrued revenue	23(ii)	68,659,329	78,529,061
Accounts receivable and others	13	482,886,879	474,152,092
Amounts due from related parties	14B	408,420,267	483,752,516
Prepayments and other assets	15	430,971,432	118,422,568
Investment at FVTPL	12B	255,949,188	303,026,022
Cash and cash equivalents	16	670,342,011	84,995,834
		2,671,003,357	1,896,409,162
Assets held for sale	8A	240,500,000	209,924,358
Current assets		2,911,503,357	2,106,333,520
Total assets		31,452,545,879	27,751,227,420
Equity			
Share capital	17	4,750,000,000	4,750,000,000
Share premium	17	411,725,703	411,725,703
Statutory reserve	18	873,992,101	873,992,101
Other reserves	18	10,320,410	4,106,041
Retained earnings		8,739,245,345	8,231,652,970
Equity attributable to the shareholders of the Company		14,785,283,559	14,271,476,815
Non-controlling interest		42,753,264	40,491,288
Total equity		14,828,036,823	14,311,968,103
Liabilities			
Loans and borrowings	20	12,137,599,887	5,881,705,199
Lease liabilities	9	2,790,696,853	2,839,886,903
Employee benefits	21	34,641,302	35,809,551
Other non-current liabilities	22(ii)	22,464,724	42,697,177
Non-current liabilities		14,985,402,766	8,800,098,830
Loans and borrowings – current portion	20	34,709,205	3,104,998,958
Lease liabilities – current portion	9	339,625,574	328,383,213
Accounts payable and other liabilities	22	670,921,001	703,108,095
Provision		–	30,000,000
Amount due to related parties	14B	234,743,486	102,087,353
Unearned revenue	23(i)	282,746,367	302,198,673
Zakat liabilities	24B	76,360,657	68,384,195
Current liabilities		1,639,106,290	4,639,160,487
Total liabilities		16,624,509,056	13,439,259,317
Total equity and liabilities		31,452,545,879	27,751,227,420

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 10 Ramadan 1446H (corresponding to 10 March 2025) and signed on its behalf by:


Jabri Maali
 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 profit or loss
For the year ended 31 December 2024

	Notes	31 December 2024	31 December 2023
Revenue	25	2,344,038,571	2,253,673,262
Cost of revenue - Direct costs	26	(358,435,608)	(383,488,576)
Gross profit		1,985,602,963	1,870,184,686
Other operating income	27A	15,428,124	291,453,490
Net fair value gain on investment properties	8A	565,281,848	369,929,259
Advertisement and promotion expenses	27B	(22,891,402)	(65,453,810)
General and administrative expenses	27C	(256,108,149)	(348,548,924)
Impairment loss on accounts receivable, related parties and accrued revenue rentals	13,14B & 23	(321,844,800)	(189,674,873)
Other operating expenses	27D	(102,613)	(18,421,762)
Operating profit		1,965,365,971	1,909,468,066
Modification loss on related parties' receivables	14	(53,571,680)	--
Finance income on due from related parties	14	17,055,722	--
Finance income	30B	--	7,124,755
Finance costs over loans and borrowings	27E	(520,112,258)	(253,816,842)
Finance costs over lease liabilities	9A	(133,484,647)	(110,436,822)
Net finance costs		(690,112,863)	(357,128,909)
Share from loss of equity-accounted investee	12A	(7,089,208)	(10,870,750)
Profit before zakat		1,268,163,900	1,541,468,407
Zakat charge	24	(44,000,000)	(40,473,225)
Profit for the year		1,224,163,900	1,500,995,182
Profit for the year is attributable to:			
- Shareholders of the Company		1,216,906,944	1,514,995,569
- Non-controlling interest		7,256,956	(14,000,387)
		1,224,163,900	1,500,995,182

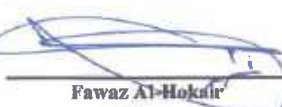
Earnings per share

Basic and diluted earnings per share	28	2.56	3.19

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.


Jabri Maali
 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 comprehensive income
For the year ended 31 December 2024

	Notes	31 December 2024	31 December 2023
Profit for the year		1,224,163,900	1,500,995,182
Other comprehensive income/(loss)			
<i>Items that are or may be reclassified subsequently to consolidated statement of profit or loss:</i>			
- Cash flow hedges – effective portion of changes in fair value	30B	--	80,794
- Cash flow hedges – reclassified to profit or loss	30B	--	(7,124,755)
- Foreign currency translation difference of equity accounted investee	12A	131,354	561,377
<i>Items that will not be reclassified to consolidated statement of profit or loss:</i>			
- Re-measurement of defined benefit liability	21A	5,105,084	(3,694,235)
Total comprehensive income for the year		1,229,400,338	1,490,818,363
Total comprehensive income for the year attributable to:			
- Shareholders of the Company		1,222,143,382	1,504,818,750
- Non-controlling interests		7,256,956	(14,000,387)
		1,229,400,338	1,490,818,363

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.



Jabri Maali
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 year ended 31 December 2024

	Attributable to shareholders of the Company						Total	Non-Controlling interest	Total equity
	Notes	Share capital	Share premium	Statutory reserve	Other reserves	Retained earnings			
Balance at 1 Jan 2023		4,750,000,000	411,725,703	722,492,544	16,511,299	8,118,386,376	14,019,117,922	49,482,783	14,068,600,705
Total comprehensive income/(loss) for the year									
Profit/(loss) for the year						1,514,995,569	1,514,995,569	(14,000,387)	1,500,995,182
Other comprehensive income					(10,176,819)	--	(10,176,819)	--	(10,176,819)
Total comprehensive income/(loss) for the year					(10,176,819)	1,514,995,569	1,504,818,750	(14,000,387)	1,490,818,363
Deficit on sale of treasury shares	17B	--	--	--	--	(722,526)	(722,526)	--	(722,526)
Transfers to statutory reserve		--	--	151,499,557	--	(151,499,557)	--	--	--
Changes in ownership interests		--	--	--	--	--	--	--	--
Sale of shares to non-controlling interest		--	--	--	--	(5,008,892)	(5,008,892)	5,008,892	--
Transactions with shareholders of the company		--	--	--	--	--	--	--	--
Treasury shares acquired	17B	--	--	--	(2,228,439)	--	(2,228,439)	--	(2,228,439)
Dividends	19	--	--	--	--	(1,244,500,000)	(1,244,500,000)	--	(1,244,500,000)
Balance at 31 December 2023		4,750,000,000	411,725,703	873,992,101	4,106,041	8,231,652,970	14,271,476,815	40,491,288	14,311,968,103
Balance at 1 Jan 2024		4,750,000,000	411,725,703	873,992,101	4,106,041	8,231,652,970	14,271,476,815	40,491,288	14,311,968,103
Total comprehensive income for the year									
Profit for the year		--	--	--	--	1,216,906,944	1,216,906,944	7,256,956	1,224,163,900
Other comprehensive income		--	--	--	5,236,438	--	5,236,438	--	5,236,438
Total comprehensive income for the year		--	--	--	5,236,438	1,216,906,944	1,222,143,382	7,256,956	1,229,400,338
Deficit on sale of treasury shares	17B	--	--	--	--	(1,809,549)	(1,809,549)	--	(1,809,549)
Changes in ownership interests		--	--	--	--	--	--	--	--
Acquisition through common control transaction		--	--	--	--	4,994,980	4,994,980	(4,994,980)	--
Transactions with shareholders of the company		--	--	--	--	--	--	--	--
Treasury shares sold	17B	--	--	--	977,931	--	977,931	--	977,931
Dividends	19	--	--	--	--	(712,500,000)	(712,500,000)	--	(712,500,000)
Balance at 31 December 2024		4,750,000,000	411,725,703	873,992,101	10,320,410	8,739,245,345	14,785,283,559	42,753,264	14,828,036,823

The attached notes from 1 to 36 are an integral part of these consolidated financial statements

Jabri Maali
Chief Financial Officer

Allison Rehili-Arguven
Chief Executive Officer

Fawaz Al-Rasair
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 December 2024

	Notes	31 December 2024	31 December 2023
Cash flows from operating activities:			
Profit before Zakat		1,268,163,900	1,541,468,407
Adjustments for:			
- Depreciation on property and equipment	10	16,144,779	16,779,309
- Impairment loss on accounts receivable, related parties and accrued revenue rentals	13,14B & 23	321,844,800	189,674,873
- Provision for employee benefits	21A	8,610,892	9,068,677
- Finance cost over loans and borrowings	27E	520,112,258	253,816,842
- Finance cost over lease liabilities	9A	133,484,647	110,436,822
- Modification loss on related parties' receivables	14	53,571,680	--
- Finance income on due from related parties	14	(17,055,722)	--
- Reclassification gain on cash flow hedge settlement	30B	--	(7,124,755)
- Share of loss from equity-accounted investee and other	12A	7,089,208	10,870,750
- Gain on disposal of investment property	27A	--	(238,668,127)
- Gain on termination of lease	27A	--	(16,286,468)
- Fair value gain of Investment at FVTPL	12B	(1,416,421)	(6,640,195)
- Gain on disposal of Investment at FVTPL	12B	(1,483,435)	(403,678)
- Commission income on bank deposits		(2,396,382)	(1,208,939)
- Lease rental concession	9A	(1,875,000)	(3,750,000)
- Net fair value gain on investment properties	8	(565,281,848)	(369,929,259)
		1,739,513,356	1,488,104,259
Changes in:			
- Accounts receivable		(222,804,688)	(138,349,492)
- Amounts due from related parties, net		(206,545,902)	(245,875,853)
- Prepayments and other current assets		(22,641,234)	2,724,113
- Accounts payable, other liabilities and provision		(234,798,557)	263,479,548
- Accrued revenue		13,812,402	(14,930,743)
- Unearned revenue		(19,452,306)	63,089,074
Cash generated from operating activities		1,047,083,071	1,418,240,906
Employee benefits paid	21A	(4,674,057)	(4,694,352)
Zakat paid	24B	(36,023,538)	(23,310,387)
Net cash generated from operating activities		1,006,385,476	1,390,236,167
Cash flows from investing activities:			
Additions in development properties	11	(243,182)	(7,847,348)
Additions to investment properties, net	8	(1,680,362,553)	(995,519,549)
VAT payments for CAPEX Transactions		(283,771,262)	--
Acquisition of equity-accounted investee	12 A	(16,040,698)	(25,228,845)
Acquisition of property and equipment	10	(8,503,691)	(10,013,952)
Proceeds from disposal of investment property	8	--	644,548,184
		--	--
Acquisition of Investment at FVTPL	12 B	--	(322,274,093)
Proceeds from disposal of Investment at FVTPL	12B	50,000,000	27,369,782
Net cash used in investing activities		(1,938,921,386)	(688,965,821)

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of cash flows (continued)
For the year ended 31 December 2024

	Notes	31 December 2024	31 December 2023
Cash flows from financing activities:			
Proceeds from loans and borrowings, net	20B& 20B(iii)	8,429,462,571	708,350,701
Repayments of loans and borrowings	20B	(5,202,421,876)	(68,380,208)
Transaction costs paid	20B	(104,660,816)	(10,500,000)
Payment of finance costs	22 & 30B	(638,138,213)	(563,849,078)
Proceeds from sale of treasury shares acquired	17B	826,204,893	390,754,132
Repurchase of treasury shares	17B	(827,036,510)	(393,705,097)
Repayments of lease liabilities – principal portion	9A	(133,340,822)	(66,982,413)
Repayments of lease liabilities – interest portion	9A	(173,156,196)	(159,267,284)
Commission income on bank deposits		2,396,382	1,208,939
Dividends paid	19	(661,427,326)	(1,064,350,000)
Net cash generated from / (used in) financing activities		1,517,882,087	(1,226,720,308)
Net increase /(decrease) in cash and cash equivalents		585,346,177	(525,449,962)
Cash and cash equivalents at beginning of the year		84,995,834	610,445,796
Cash and cash equivalents at end of the year	16	670,342,011	84,995,834
Significant non-cash transactions:			
- Dividend settled against due from related party balances		51,072,674	180,150,000
- Employee benefits transferred to the related party		--	(745,117)
- Sale of shares to non-controlling interest		--	(5,008,892)
- Acquisition through common control transaction		4,994,980	--

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.


Jabri Maali
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)

Notes to the consolidated financial statements

For the year ended 31 December 2024

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.

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. During the year, the management amended its By-laws 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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (Continued)
For the year ended 31 December 2024

1. Reporting entity (continued)

Following is the list of subsidiaries included in these consolidated financial statements as at 31 December 2024 and 31 December 2023:

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 2024	31 December 2023	31 December 2024	31 December 2023		
1	Al Bawarji 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-Qassem 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%	--	500,000	500
9	Al Noor Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
10	Al Yasmeen Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	--	500,000	500
11	Al Hanra Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	--	500,000	500
12	Al Erh Al Rasekh Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	--	100,000	100
13	Al Erh Almatin Trading Company Limited (iii)	Kingdom of Saudi Arabia	95%	95%	5%	--	100,000	100
14	Aziz Mall Trading Company Limited (iii)	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
15	Arkan Salam for Real Estate and Contracting Company Limited (iii)	Kingdom of Saudi Arabia	95%	--	5%	--	100,000	100
16	Al Mahaz Mall Trading Company Limited (iii)	Kingdom of Saudi Arabia	95%	--	5%	--	100,000	100
17	Derayah Destination Arabia Diversified Fund	Kingdom of Saudi Arabia	--	100%	--	--	100,000	100
18	Riyad Real Estate Development Fund – Jawharat AlRiyadh (i)	Kingdom of Saudi Arabia	100%	100%	--	--	--	--
19	Riyad Real Estate Development Fund – Jawharat Jeddah (ii)	Kingdom of Saudi Arabia	100%	100%	--	--	--	--

- i) The Group invested in 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) The Group invested in a 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**.
- iii) During the year, the Group acquired 100% equity interests in subsidiaries through common shareholding. The acquisition was executed without any consideration, as the transfer of ownership resulted from the common control of the entities involved.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

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
- 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.

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.

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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

5. Significant accounting estimates, assumptions and judgements (continued)

A. Estimates and assumptions (continued)

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.

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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

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 material accounting policies

There has been no significant change in the Group accounting policies. The policies are consistently applied and the summary of the material accounting policies are disclosed in note 7.

7. Summary of material 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.

These Consolidated Financial Statements comprising the Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the Consolidated Financial Statements of the Group include assets, liabilities and the results of the operations of the Company and its subsidiaries, as set out in note (1). The Company and its subsidiaries are collectively referred to as the "Group". Subsidiaries are entities controlled by the Group. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. Intra-group balances, transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated. Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiaries have the same reporting periods.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

7. Summary of material accounting policies (continued)

A. Basis of consolidation (continued)

The Group has control over Al Qassem Company for Entertainment and Commercial Projects "Al Qassem" despite owning 50% of the ordinary shares due to existence of veto rights in Board of Directors meeting who are involved in decision making for relevant activities. Further, the group has majority over the board of Al Qassem which takes the relevant decisions by simple majority.

NCI is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiaries have the same reporting periods.

ii. Joint Venture

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. Company's interest in Joint ventures are accounted for using the equity method.

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

The Group generates revenue from the following:

Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms. 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

Management charges include management fees recognized by the Group from operating malls under its management. These fees are recognized as revenue in accordance with the terms of the management agreements with the respective mall owners.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

7. Summary of material accounting policies (continued)

C. Revenue recognition (continued)

Service charges, management charges and other expenses recoverable from tenants (continued)

Income arising from expenses recharged to tenants is recognized over time 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.

The Group has applied IFRS 15 "Revenue from Contracts with Customers" to allocate consideration in the contract to each lease and non-lease component.

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. When reporting revenue as an agent, it is recognized at a point in time.

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 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 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.

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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

7. Summary of material accounting policies (continued)

D. Investment properties (continued)

After initial recognition, investment properties (including properties under construction) 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.

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.

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.

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)

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

7. Summary of material 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. 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.

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. Non-derivative financial instruments

a. Non-derivative financial assets

The Group initially measured financial assets at fair value and recognises on the date that they are originated. All other financial assets are measured initially at fair value and recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). For investments designated as FVOCI and for which management has an intention to sell such investments within a period of 12 months from the financial year end, are classified under current assets.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

7. Summary of material accounting policies (continued)

H. Financial instruments (continued)

i. Non-derivative financial instruments (continued)

a. Non-derivative financial assets (continued)

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the Consolidated Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets:

Financial Assets at Amortised Cost

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the Consolidated Statement of Profit or Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest method.

Financial Assets at FVTPL

All financial assets not classified as measured at amortized cost or FVOCI 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.

b. Non-derivative financial liabilities

Financial liabilities are measured initially at fair value and recognised on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Non-derivative financial liabilities of the Group comprise of bank borrowings and trade and other payables.

ii. Derivative financial instruments

Derivative financial instruments including commission rate swaps are measured at fair value. All derivatives are carried at their fair value as assets where the fair value is positive and as liabilities where the fair value is negative. Any related transaction costs are recognized in the consolidated statement of profit or loss as incurred.

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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

7. Summary of material accounting policies (continued)

H. Financial instruments (continued)

ii. Derivative financial instruments (continued)

The Group has cash flow hedges which are exposed to the impact of SOFR. 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 SOFR. The Group has assessed the impact and ensured a smooth transition from SOFR to new benchmark rates.

I. Impairment of financial instruments

The Group applies the simplified approach for measuring ECL for accounts receivable and accrued revenue, which requires expected lifetime losses to be recognised from initial recognition of the receivables and accrued revenue. Accounts receivable have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates were derived from historical information of the Group and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factor such as gross domestic product growth rate. The Group considers a financial asset to be in default when the financial asset is more than 360 days past due for trade receivables, related parties and accrued revenue.

Other financial assets such as due from related parties, employees' receivables, bank balances have low credit risk and the impact of applying ECL is immaterial.

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. 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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

7. Summary of material accounting policies (continued)

J. Fair value measurement (continued)

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.

K. 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.

L. Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of assets, which are necessarily take a substantial period of time to get ready for their intended use, are added to the cost of assets, until such time as the assets are substantially ready for their intended use. No borrowing costs are capitalised during idle periods.

All other borrowing costs are recognised in the Consolidated Statement of Profit or Loss in the period in which they are incurred.

M. 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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

7. Summary of material accounting policies (continued)

N. Employee benefits and post-employment benefits

i. Short-term obligations

All short-term obligations or liabilities for employees salaries, wages and other monetary and non-monetary benefits 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

End of services benefits obligations are payable to all employees employed as per Saudi Arabian Labor and Workmen Law as well as the Group's policy.

The Group's obligation in respect of employee retirement benefits is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value.

Group sets the assumptions used in determining the key elements of the costs of meeting such future obligations. These assumptions are set after consultation with the Group's actuaries and include those used to determine regular service costs and the financing elements related to the liabilities. The calculation of employee retirement benefit liability is performed by a qualified actuary. The actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labor and Workmen Law as well as the Group's policy.

Re-measurement of employee retirement benefit liability, which comprise of actuarial gains and losses are recognised immediately in the Consolidated Statement of Comprehensive Income. The Group determines interest expense on the employee retirement benefit liability for the period by applying the discount rate used to measure the employee retirement benefit liability at the beginning of the annual period, taking into account any change in the net employee retirement benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to employee retirement benefits are recognised in the Consolidated Statement of Profit or Loss.

O. 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.

P. 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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

7. Summary of material accounting policies (continued)

Q. Leases

Right-of-use asset and lease liability

The Group recognizes a right-of-use asset and a lease liability for lease agreements of lands and buildings at the lease commencement date. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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.

R. 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.

S. 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 except for the assets are investment properties or financial assets.

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Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
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8. Investment properties

	Notes	31 December 2024	31 December 2023
Investment properties	8A	27,190,984,975	24,427,232,699
Advance payment for projects under construction	8B	828,444,575	906,558,390
		28,019,429,550	25,333,791,089

A. Investment properties

	Notes	31 December 2024	31 December 2023
Balance at the beginning of the year		24,637,157,057	22,751,694,378
Additions during the year		2,131,777,930	1,305,400,862
Lease addition during the year		—	534,208,206
Disposal during the year	(i)	—	(405,880,057)
Impact of reassessment of lease	9C	97,268,140	81,804,409
Net fair value gain on investment properties	(ii)	565,281,848	369,929,259
Balance at the end of the year		27,431,484,975	24,637,157,057

Presented in consolidated statement of financial position as:

Investment properties		27,190,984,975	24,427,232,699
Assets held for sale	(iii)	240,500,000	209,924,358
		27,431,484,975	24,637,157,057

- i. During the year ended 31 December 2023, the Group disposed of a portion of the Jawharat Riyadh land, as part of strategic non-core land bank sale program, for net proceeds of SR 644.5 million resulting in a gain of SR 238.6 million which has been recorded under other operating income in the consolidated statement of profit or loss.
- ii. During the year ended 31 December 2023, the Group terminated a project under development and related land operating lease agreement. Net fair value gain for the year includes a loss of SR 142.6 million relating to termination of the project under development.
- iii. During the year ended 31 December 2023, the Group entered into an agreement to sell a land and is in the process of completing the pre-conditions to execute the sale. The Group is also committed to sell an owned mall and is in the process of completing the pre-conditions to execute the sale. The sales are considered highly probable and accordingly, the carrying values of the land and the mall have been classified as assets held for sale under current assets.
- iv. During the year ended 31 December 2024, Group has split the title deed of the land in Riyadh between Mall and the Land. The Mall is operational. The fair value of the land has been carried out during the year and record the land at fair value.
- v. 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 had filed a claim for reimbursement with the insurers.
- vi. 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.
- vii. 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 year ended 31 December 2024, the Group capitalized finance costs amounting to SR 470.5 million (31 December 2023: SR 384.5 million).

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

8. Investment properties (continued)

A. Investment properties(continued)

viii. The carrying amount at the reporting date includes the fair value of the following:

		31 December 2024	31 December 2023
Shopping malls on owned lands	(i)	12,593,408,177	11,929,917,260
Shopping malls on leasehold lands	(i)	7,191,815,802	6,644,698,513
Owned lands/buildings held as investment properties	(ii)	548,572,880	335,776,375
Projects under construction – Fair value	(i)	7,097,688,116	5,726,764,909
		27,431,484,975	24,637,157,057

- (i) Investment properties held for rental
(ii) Investment properties for undetermined future use

ix. Fair value of investment properties

a) *Fair value hierarchy*

The fair value measurement for investment property of **SR 27,431 million** (31 December 2023: SR 24,637 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. Effective dates of the valuations are 31 December 2024 and 31 December 2023 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. The valuations have been performed by Colliers Saudi Arabia, ValuStrat and NATA Real Estate Appraisal Company. As per the CMA regulations, the Group has opted for the lower of the two valuations for the properties performed by the independent and competent valuers.

b) *Inter-relationship between key unobservable inputs and fair value measurement*

31 December 2024

Property	Fair value SR million	Valuation technique	Significant unobservable input	Range
Shopping malls	19,785	Discounted cash flows	Occupancy (%) Future rent growth (%) Discount rate (%)	64% - 99% 2% - 4% 9% - 18%
Projects under construction	7,098	Discounted cash flows – Residual method	Occupancy (%) Future rent growth (%) Discount rate (%)	90% - 95% 2% 12% - 15%
Owned land	549	Comparable transaction	Average price (SR /sqm)	220-8,943

31 December 2023

Property	Fair value SR million	Valuation technique	Significant unobservable input	Range
Shopping malls	18,575	Discounted cash flows	Occupancy (%) Future rent growth (%) Discount rate (%)	76% - 100% 2% - 4% 9% - 18%
Projects under construction	5,727	Discounted cash flows – Residual method	Occupancy (%) Future rent growth (%) Discount rate (%)	90% - 95% 2% 12% - 14%
Owned land	336	Comparable transaction	Average price (SR /sqm)	215-8,943

The estimated fair value would increase/(decrease) if the discount rates were lower/(higher) and/or the growth rates and occupancy % were higher/(lower).

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

8. Investment properties (continued)

A. Investment properties (continued)

- ix. Fair value of investment properties (continued)
c) *Reconciliation of level 3 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 2024	31 December 2023
Fair value of land and buildings as per fair valuer	24,699,818,150	21,896,776,377
Less: Adjustment for accrued operating lease income	(205,977,986)	(235,587,183)
Add: carrying amount of lease liabilities	2,937,644,811	2,975,967,863
Total carrying amount of investment properties	27,431,484,975	24,637,157,057

- x. Amounts recognized in the consolidated statement of profit or loss for investment property that generated income.

	31 December 2024	31 December 2023
Revenue from investment property	2,344,038,571	2,253,673,262
Direct operating expenses on properties that generated rental income	(358,435,608)	(383,488,576)

- xi. The following table shows the valuation technique to measure fair value of investment property

Discounted cash flows (DCF)	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.

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.

Name of party	Business status	Relationship	Construction work services received		Balances	
			31 December 2024	31 December 2023	31 December 2024	31 December 2023
Lynx Contracting Company	Limited Liability	Fellow subsidiary	1,569,817,430	224,576,431	826,892,735	905,103,726
Others	--	--	--	--	1,551,840	1,454,664
					828,444,575	906,558,390

Lynx Contracting Company is a related party being controlled by the controlling shareholders of the Group. With the consent of the Shareholders, Group has signed a framework agreement with Lynx Contracting Company for the construction of projects and has engaged the company for design and construction services for all of its current Projects under Construction. Business relationships with Lynx are at arms' length and contract are only entered with Lynx after due tendering processes and cost verifications from third parties.

As is market practice, advance payments are required by the contractor from time to time in relation with design work, mobilization, advance procurement of long lease items. Advances paid are commensurate with the associated contract values and repayment mechanisms are in place against progress billing.

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Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

9. Lease liabilities

A. Lease liabilities

The Group leases lands buildings. The lands buildings and are restricted to be used for commercial purposes in relation to the Group's business and the right to renew the lease is based on mutual agreements between the parties. Lease liabilities are presented in the consolidated statement of financial position as follows:

	Notes	31 December 2024	31 December 2023
Balance at beginning of the year		3,168,270,116	2,639,276,382
Additions during the year		--	534,208,206
Lease payments during the year		(306,497,017)	(226,249,697)
Rent concessions during the year		(1,875,000)	(3,750,000)
Remeasurement of lease liabilities	9C	97,268,140	81,804,409
Lease termination		--	(16,286,468)
Interest expense during the year		133,484,647	110,436,822
Interest capitalized for projects under construction		39,671,541	48,830,462
Balance at end of the year		3,130,322,427	3,168,270,116
		31 December 2024	31 December 2023
Non-current portion of lease liabilities		2,790,696,853	2,839,886,903
Current portion of lease liabilities		339,625,574	328,383,213
Balance at end of the year		3,130,322,427	3,168,270,116

B. Group Commitments to lease contracts

	31 December 2024	31 December 2023
Within one year	501,675,014	494,775,188
After one year but not more than five years	1,121,178,313	1,072,021,062
More than five years	3,844,040,921	4,096,274,563
	5,466,894,248	5,663,070,813

C. Lease remeasurements

During the year ended 31 December 2024, the group engaged in negotiations with the landlord but did not reach a conclusion or agreement to terminate the lease. As a result, the management decided to reassess and extend the lease term until December 31, 2026. Management's assessment of whether termination rights should be exercised are based on associated economic incentives and disincentives of the decision.

During the period ended 31 December 2022, the Group assessed that significant capital expenditure is required on a leased operational mall to continue to attract footfall and generate appropriate returns. The Group based on a cost benefit analysis did not find the additional capital expenditures commercially feasible in comparison to other projects in pipeline and reassessed the lease term considering the exercise of termination rights available under a land lease which allows the Group to cancel a 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 assets (included under investment properties) have reduced.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

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 31 December 2022	144,197,813	99,289,376	3,020,862	53,103,917	602,901	300,214,869
Additions during the year	3,704,425	2,628,146	316,500	449,275	2,915,606	10,013,952
Balance at 31 December 2023	147,902,238	101,917,522	3,337,362	53,553,192	3,518,507	310,228,821
Additions during the year	784,617	2,908,792	65,500	7,900	4,736,882	8,503,691
Balance at 31 December 2024	148,686,855	104,826,314	3,402,862	53,561,092	8,255,389	318,732,512
Accumulated depreciation						
Balance at 31 December 2022	120,128,190	84,371,276	3,020,862	29,282,070	--	236,802,398
Charge for the year	6,783,619	6,254,270	47,156	3,694,264	--	16,779,309
Balance at 31 December 2023	126,911,809	90,625,546	3,068,018	32,976,334	--	253,581,707
Charge for the year	6,905,500	5,139,725	81,854	4,017,700	--	16,144,779
Balance at 31 December 2024	133,817,309	95,765,271	3,149,872	36,994,034	--	269,726,486
Carrying amounts:						
At 31 December 2023	20,990,429	11,291,976	269,344	20,576,858	3,518,507	56,647,114
At 31 December 2024	14,869,546	9,061,043	252,990	16,567,058	8,255,389	49,006,026

10.1 As of December 31, 2024, the Group has ongoing capital expenditures classified as Capital Work in Progress (CWIP). These expenditures relate to leasehold improvements that are currently under development and will be capitalized upon completion.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

11. Development properties

	31 December 2024	31 December 2023
Cost		
Balance at the beginning of the year	353,531,069	345,683,721
Additions during the year	243,182	7,847,348
Balance at the end of the year	353,774,251	353,531,069

This represents property under development for commercial and residential purpose located in Buraydah, Qassim. The property is being developed with the intention of resale and is hence classified as development properties in these consolidated financial statements.

12. Investments

	Notes	31 December 2024	31 December 2023
Investment in equity accounted investee	12A	87,717,039	78,634,195
Investments at FVTPL	12B	256,007,454	303,107,598
		343,724,493	381,741,793

A - Investment in equity accounted investee

Name of an entity		31 December 2024	31 December 2023
FAS Lab Holding Company (Associate)	(i)	87,467,039	78,384,195
Khazam Mall Real Estate Development Company (Joint venture)	(ii)	250,000	250,000
		87,717,039	78,634,195

- i. This represents a 50% equity investment in the share capital of FAS Lab Holding Company, an LLC 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.

Reconciliation of carrying amount

	Opening balance	Additions	Share in losses	Other Comprehensive income	Ending Balance
31 December 2024	78,384,195	16,040,698	(7,089,208)	131,354	87,467,039
31 December 2023	63,714,723	24,978,845	(10,870,750)	561,377	78,384,195

Summarized financial statements.

	31 December 2024	31 December 2023
Assets	303,931,484	309,698,148
Liabilities	(117,812,182)	(129,448,843)
Net Assets	186,119,302	180,249,305
Net assets attributable to owners of investee	148,242,259	142,735,591
Share of net assets (50%)	74,121,129	71,367,796
Adjustments – Due to additional contribution	13,345,910	7,016,399
Carrying amount of investee	87,467,039	78,384,195

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

12. Investments (continued)

A. Investment in equity accounted investee (continued)

	31 December 2024	31 December 2023
Revenue	542,002,993	409,293,398
Loss from continuing operations	(15,544,329)	(18,914,175)
Total comprehensive loss	(13,185,107)	(18,477,365)
Loss for the year attributable to shareholders of the Company	(13,296,026)	(20,395,349)
Share of loss for the year	(7,089,208)	(10,870,750)

- (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 was established during the year and is yet to commence commercial operations.

B. Investment at FVTPL

Name of an entity		31 December 2024	31 December 2023
Al Jawhara Real Estate Fund (i)	(i)	58,266	81,576
Other investment	(ii)	255,949,188	303,026,022
		256,007,454	303,107,598

- i. This represents investment in Al Jawhara Real Estate Fund (formerly known as Digital City Fund) purchased for SR 6.8 million.. As at 31 December 2024, the net asset value (NAV) of the investment amounted to SR 0.06 million (31 December 2023: SR 0.08 million) and SR 0.02 million of unrealized fair value loss is recognized in the consolidated statement of profit or loss (31 December 2023: gain of SR 0.31 million).

Reconciliation of carrying amount

	Investments at FVTPL
Balance at 1 January 2023	1,159,414
Revaluation adjustments	
Unrealized loss to consolidated statement of profit or loss	(308,056)
Movement	
Disposals	(769,782)
Balance at 31 December 2023	81,576
Balance at 1 January 2024	81,576
Revaluation adjustments	
Unrealized loss to consolidated statement of profit or loss	(23,310)
Movement	
Disposals	--
Balance at 31 December 2024	58,266

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Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

12. Investment (continued)

B. Investment at FVTPL

ii. At 31 December 2024, a Group's subsidiary Riyadh Real Estate Development Fund held 140,009 units (2023: 166,699 units) of Diversified Trade Fund at a unit price of SR1,828 (2023:SR 1,817.8) for trading purposes.

	31 December 2024	31 December 2023
Balance at beginning of the year	303,026,022	--
Additions	--	322,274,093
Disposals	(48,516,565)	(26,196,322)
Fair value change	1,439,731	6,948,251
Balance at end of the year	255,949,188	303,026,022

	31 December 2024	31 December 2023
Proceed	50,000,000	26,600,000
Carrying amount	(48,516,565)	(26,196,322)
Gain on disposal	1,483,435	403,678

13.Account receivable and others

Accounts receivable 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. Accounts receivable are, in part, covered by promissory notes to secure the payment of lease obligations, with accelerated lease resolution mechanisms for defaulting tenants available through the Saudi Unified Ejar platform.

Reconciliation of carrying amount

	Note	31 December 2024	31 December 2023
Gross accounts receivable		747,555,738	636,154,384
Receivable from Jeddah Park landlord	(i)	163,586,711	132,509,059
		911,142,449	768,663,443
Less: Impairment loss on accounts receivable	(a)	(423,755,570)	(285,511,351)
		487,386,879	483,152,092
Less: Non-current receivable	(i)	(4,500,000)	(9,000,000)
		482,886,879	474,152,092

- (i) This amount has been paid by the Company as initial support payments for the Jeddah park mall. The non-current portion represents amounts expected to be collected after one year from the reporting date.
(a) Movement in the impairment loss allowance was as follows:

	31 December 2024	31 December 2023
Balance at beginning of the year	285,511,351	171,400,842
Impairment charge for the year	138,244,219	114,110,509
Balance at end of the year	423,755,570	285,511,351
Amounts directly charged to consolidated statement of profit and loss		
- Impairment of accrued revenue	(ii) 71,103,179	52,932,799
- Receivables written off	4,722,503	22,631,565

Please refer to Note 30(c) for ageing of expected credit loss allowance on receivables.

- (ii) 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.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

14. Related party transactions and balances

For the purpose of these consolidated financial statements, a party is considered related to the Group if the Group has the ability, directly or indirectly, to control or exercise significant influence over the party in financial and operating decisions, or vice versa. A party is also considered related if both the Group and the party are subject to common control or if the Group can be directly or indirectly influenced by another party. Related parties may include both individuals and 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 2024	31 December 2023
End of service benefits	6,342,888	5,291,604
Salaries and short-term benefits	29,393,429	22,211,312
Total key management compensation	35,736,317	27,502,916

B. Related party transactions and balances

1- Related party balances are presented in the consolidated statement of financial position as follows:

	31 December 2024	31 December 2023
Amounts due from related parties – current portion	408,420,267	483,752,516
Amounts due from related parties – non-current portion	234,967,548	--
Amount due from related parties - net (i)	643,387,815	483,752,516
Amount due to related parties	234,743,486	102,087,353
(i) Movement of amount due from related parties-net		
Amount due from related parties – gross	771,881,877	483,752,516
Modification loss on related parties' receivables - net (ii)	(36,515,958)	--
Less: Impairment loss on due from related parties	(91,978,104)	--
Amount due from related parties – net	643,387,815	483,752,516

(ii) During the year ended December 31, 2024, the Group has restructured the balances due from related parties, as per the restructure agreement the amounts are receivable over a period of three years. Hence, the balances are measured at the present value of the contractual amounts by using the average incremental borrowing rate consequently, the Group has recorded the contract modification loss of SR 53.5 million and finance income of SR 17 million recognized in statement of profit or loss during the year ended December 31, 2024.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

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:

Name of related party	Note	Business status	Transactions for year				Balance as at	
			Rental income and other fees / services	Services received	Others	Total	Due from	Due to
31 December 2024								
Transactions with ultimate parent								
Saudi FAS Holding Company	(i)	Closed Joint Stock Company	2,443,104	--	--	2,443,104	6,447,086	--
Transactions with fellow subsidiaries								
Fawaz Abdulaziz Al Hokair Company and its subsidiaries (trading as Cenomi Retail)	(ii)	Joint Stock Company	270,586,372	--	(5,103,000)	265,483,372	487,541,807	--
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	(iii)	Joint Stock Company	282,777,473	--	--	282,777,473	34,876,385	--
Salman & Sons Holding Co and its associates	(iv)	Limited Liability Company	41,566,297	--	--	41,566,297	72,774,205	--
Majd Al Amal Co. Limited and its associates	(v)	Limited Liability Company	14,849,613	--	--	14,849,613	28,376,076	--
Tadaris Alnajid Security Company	(vi)	Limited Liability Company	--	(55,432,947)	--	(55,432,947)	8,950,560	--
Ezdihar Holding Co and its subsidiaries	(vii)	Limited Liability Company	49,132,159	--	(22,797,000)	26,335,159	107,539,059	--
Lynx Contracting Company	(xi)	Limited Liability Company	--	(197,447,531)	--	(197,447,531)	--	(231,906,096)
Others, net	(viii)	Limited Liability Companies	8,770,572	(13,239,039)	--	(4,468,467)	25,376,699	(2,837,390)
			415,625,590	(266,119,517)	(27,900,000)	121,606,073	771,881,877	(234,743,486)
31 December 2023								
Transactions with ultimate parent								
Saudi FAS Holding Company	(i)	Closed Joint Stock Company	3,296,527	--	--	3,296,527	8,401,207	--
Transactions with fellow subsidiaries								
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	(ii)	Joint Stock Company	355,595,535	--	(65,048,000)	290,547,535	246,035,225	--
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	(iii)	Joint Stock Company	23,801,302	--	--	23,801,302	24,116,051	--
Salman & Sons Holding Co and its associates	(iv)	Limited Liability Company	54,855,505	--	--	54,855,505	71,048,857	--
Majd Al Amal Co. Limited and its associates	(v)	Limited Liability Company	22,666,608	--	--	22,666,608	5,244,635	--
Tadaris Alnajid Security Company	(vi)	Limited Liability Company	--	(66,011,599)	--	(66,011,599)	8,164,179	--
Ezdihar Holding Co and its subsidiaries	(vii)	Limited Liability Company	55,610,260	--	--	55,610,260	92,784,508	--
Lynx Contracting Company	(xi)	Limited Liability Company	--	(94,791,180)	--	(94,791,180)	--	(94,791,180)
Others, net	(viii)	Limited Liability Companies	7,104,959	(13,490,055)	674,163	(5,710,933)	27,957,854	(7,296,173)
			522,930,696	(174,292,834)	(64,373,837)	284,264,025	483,752,516	(102,087,353)

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

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 Company.
- ii. **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 and Board of Directors.
- iii. **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.
- iv. **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. **Salman & Sons Holding Co** and its associates includes:
 - **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.
- v. **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 Saraya Al Majd Co.
- vi. **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.

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14. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

- vii. **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 centers in U-Walk. The term of the lease range is approximately 10 years.
- viii. Others mainly include transactions with Etqan Facilities Management, DAAM Support Maintenance & Cleaning Company, FAS Energy, Cenomi E-commerce, Business Flower, Medical Health Development Company, Echo Design Consultant, Fahad Abdulaziz Al Hokier Trading EST, FAS Technologist Trading Company, and Nail Place Trading Est. These entities are owned by close family members of the Controlling Shareholder (Fawaz Abdulaziz Alhokair) and their close family members.
- ix. Fawaz Abdulaziz Alhokair, Salman Abdulaziz Alhokair and Abdulmajeed Abdulaziz Alhokair are the joint ultimate controlling shareholders of the Company.
- x. See note 30C (i) for expected credit losses on related party receivables.
- xi. This is amount owed to Lynx Contracting Company for construction works received.

15. Prepayments and other assets

	31 December 2024	31 December 2023
Value Added Tax (VAT) receivables	328,487,071	44,946,809
Prepaid expenses	12,646,265	17,924,050
Advances to suppliers	45,524,966	36,232,122
Employees' receivables	5,094,477	4,135,734
Cash in portfolio account (restricted cash) (i)	1,217,418	2,049,034
Others (ii)	46,046,671	22,816,623
	439,016,868	128,104,372
Less: non-current Prepayments	(8,045,436)	(9,681,804)
	430,971,432	118,422,568

- (i) This is cash maintained in investor account of the Company with its Market Maker for purpose of trading in Company's equity shares listed on stock exchange.
- (ii) This mainly includes margin amounting to SR 10 million paid to obtain letters of guarantee related to acquisition of investment in FAS Lab Holding Company.

16. Cash and cash equivalents

	31 December 2024	31 December 2023
Bank balances – current accounts	253,157,011	84,125,834
Bank balances – time deposits	416,250,000	--
Cash in hand	935,000	870,000
	670,342,011	84,995,834

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For the year ended 31 December 2024

17. Share capital

A) Share capital

The movement in share capital and share premium are as follows:

	No. of shares	Share capital	Share premium
Balance at 31 December 2024	475,000,000	4,750,000,000	411,725,703
Balance at 31 December 2023	475,000,000	4,750,000,000	411,725,703

B) Treasury shares reserve

During the year ended 31 December 2023, the Company entered into a market making agreement with Al Rajhi Capital to provide continuous buying and selling of the Company's shares. The reserve for Company's treasury shares comprises the cost of Company's shares held by the Group. As at 31 December 2024, the Company held 57,646 of its shares (2023: 109,187). All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

18. Reserves

Statutory reserve

The statutory reserve included in the consolidated financial statements as of December 31, 2024, and December 31, 2023, was required under the Company's previous by-laws. However, following amendments to the Company's by-laws during the year ended December 31, 2024, the requirement to set aside a statutory reserve has been removed.

Other reserves

Other reserves include foreign currency reserve, treasury shares reserve, hedging reserve and reserve for actuarial gain/loss of employees' end-of-service benefits.

19. Dividends distribution

December 2024

- i. On 26 March 2024, the Board of Directors resolved to distribute an interim dividend for the second half of the year ended 31 December 2023 amounting to SR 0.75 per share aggregating to SR 356,250,000. The dividend was paid on 16 April 2024.
- ii. On 16 May 2024, the Board of Directors resolved to distribute dividends for the first quarter of the year ending 31 December 2024 amounting to SR 0.375 per share aggregating to SR 178,125,000. The dividend was paid on 18 July 2024.
- iii. On 9 November 2024, the Board of Directors resolved to distribute dividends for the second quarter of the year ending 31 December 2024 amounting to SR 0.375 per share aggregating to SR 178,125,000. The dividends was paid on 21 November 2024.

December 2023

- i. 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/adjusted on 13 August 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/adjusted on 16 April 2023.
- iii. On 1 January 2023, the Board of Directors resolved to distribute interim dividends for the first half of the period ended 31 December 2022 amounting to SR 0.75 per share aggregating to SR 356,250,000. The dividends were paid/adjusted on 12 February 2023.

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For the year ended 31 December 2024

20. Loans and borrowings

	Note	31 December 2024	31 December 2023
Islamic facilities with banks			
- Facility 1	(i)	5,182,390,278	3,286,561,312
- Facility 2	(ii)	1,080,545,719	558,058,069
Sukuks	(iii)	5,909,373,095	5,142,084,776
	20 B	12,172,309,092	8,986,704,157
Loans and Borrowings - Current liabilities		34,709,205	3,104,998,958
Loans and Borrowings – Non-current liabilities		12,137,599,887	5,881,705,199
		12,172,309,092	8,986,704,157

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 30.

A. Terms and repayment

(i) Facility 1

During the year ended 31 December 2024, The Group has entered into various long-term Islamic facilities amounting to SR 4.2 billion (equivalent USD 1,120 million), with an additional accord for SR 1.05 billion, with a syndicate of banks (local and international banks). The facilities include two term Murabaha tranches (maturing in 12 years) and revolving Murabaha facility (maturing in 5 years). These term Murabaha facilities are fully utilized and revolving Murabaha facility is fully utilized as at reporting date. The Group has early repaid the existing long-term Islamic facilities outstanding as of 31 December 2023.

The long-term loan is repayable in unequal quarterly instalments and is subject to commission rates based on SIBOR/SOFR plus an agreed commission rate. The pricing applicable to the facilities are linked to sustainability targets i.e. reducing carbon emissions, increasing grid connectivity, and enhancing female representation in leadership roles.

The facilities are secured by a security over land and buildings of several malls with carrying amount of **SR 7.9 billion**.

(ii) Facility 2

During the year ended 31 December 2024, the Group has **drawn-down** SR 521 million (31 December 2023: SR 508 million) from the facilities. The facility is non-recourse to the Company.

During the year ended 31 December 2024, a subsidiary of the Group has entered into a long-term facility arrangement amounting to SR 350 million from the National Development Fund (NDF). The facility is non-recourse to the Company.

During the year ended 31 December 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 facility is non-recourse to the Company.

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. The long-term loan is repayable in unequal semi-annual instalments and is subject to commission rates based on SIBOR plus an agreed commission rate. The facilities are secured by Lands.

The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained.

The loans and borrowings facility 1 & 2 contain certain covenants. These covenants include maintaining a cash flow cover, profit cover, gearing ratio and tangible net worth in accordance with the terms of the respective agreements. The covenants are monitored by the management. As at 31 December 2024, there has not been any non-compliance observed for any of the covenants and the Group is expecting to meet the future covenants as well.

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Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

20. Loans and borrowings (continued)

(iii) Sukuks

During the year ended 31 December 2024, the Company issued Shari'ah compliant Sukuk amounting to **USD 710 million** (equivalent SR 2,662.5 million), maturing in 2029 with annual yield of 9.5% payable semi-annually. The proceeds from the issuance have been used to refinance the Company's 2019 Sukuk. Sukuk Certificates are subject to early redemption at the option of the Company as per specified conditions mentioned in the Sukuk Certificate. During the year ended 31 December 2024, the Sukuk issued in 2019 has been early redeemed.

On 7 April 2021, Arabian Centres Sukuk II Limited (a special purpose company established for the purpose of issuing Sukuk) issued 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

	Islamic facility with banks		Sukuks	Total
	Facility 1	Facility 2		
Balance at 1 Jan 2023	3,195,852,084	63,308,995	5,156,200,000	8,415,361,079
Proceeds received during the year	200,000,000	508,350,701	--	708,350,701
Repayments made during the year	(68,380,208)	--	--	(68,380,208)
	(i)	3,327,471,876	5,156,200,000	9,055,331,572
Un-amortized transaction costs	(ii)	(40,910,564)	(34,263,790)	(88,775,981)
Deferred Sukuk premium	(iii)	--	20,148,566	20,148,566
Balance at 31 December 2023	3,286,561,312	558,058,069	5,142,084,776	8,986,704,157
Balance at 1 Jan 2024	3,327,471,876	571,659,696	5,156,200,000	9,055,331,572
Proceeds received during the year	5,249,999,921	521,087,650	2,662,500,000	8,433,587,571
Repayments made during the year	(3,327,471,876)	--	(1,874,950,000)	(5,202,421,876)
	(i)	5,249,999,921	5,943,750,000	12,286,497,267
Un-amortized transaction costs	(ii)	(67,609,643)	(43,402,048)	(123,213,318)
Deferred Sukuk premium/Discount, net	(iii)	--	9,025,143	9,025,143
Balance at 31 December 2024	5,182,390,278	1,080,545,719	5,909,373,095	12,172,309,092

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For the year ended 31 December 2024

20. Loans and borrowings (continued)

B. Reconciliation of carrying amount (continued)

i. Below is the repayment schedule of the principal portion of outstanding long-term loans:

	Islamic facility with banks	Sukuks	Total
31 December 2023			
Within one year	1,229,998,958	1,875,000,000	3,104,998,958
Between two to five years	1,823,377,412	3,281,200,000	5,104,577,412
More than five years	845,755,202	--	845,755,202
	3,899,131,572	5,156,200,000	9,055,331,572
31 December 2024			
Within one year	34,709,205	--	34,709,205
Between two to five years	1,132,215,599	5,943,750,000	7,075,965,599
More than five years	5,175,822,463	--	5,175,822,463
	6,342,747,267	5,943,750,000	12,286,497,267

ii. Un-amortized transaction costs movement is as follows:

	Islamic facilities with banks		Sukuks	Total
	Facility 1	Facility 2		
Balance at 1 Jan 2023	47,199,402	5,118,750	53,478,788	105,796,940
Arrangement fees paid	500,000	10,000,000	--	10,500,000
Amortization for the year	(3,456,220)	--	(16,017,443)	(19,473,663)
Capitalized arrangement fees	(3,332,618)	(1,517,123)	(3,197,555)	(8,047,296)
Balance at 31 December 2023	40,910,564	13,601,627	34,263,790	88,775,981
Balance at 1 Jan 2024	40,910,564	13,601,627	34,263,790	88,775,981
Arrangement fees paid	72,590,177	--	32,070,639	104,660,816
Amortization for the year	(43,689,240)	--	(20,753,576)	(64,442,816)
Capitalized arrangement fees	(2,201,858)	(1,400,000)	(2,178,805)	(5,780,663)
Balance at 31 December 2024	67,609,643	12,201,627	43,402,048	123,213,318

iii. Deferred Sukuk premium/Discount, net

This represents the premium received on further issuance of Sukuk III (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:

	Deferred Discount	Deferred Premium	Total
Balance at 1 Jan 2023	--	27,426,090	27,426,090
Amortization for the year	--	(7,277,524)	(7,277,524)
Balance at 31 December 2023	--	20,148,566	20,148,566
Balance at 1 Jan 2024	--	20,148,566	20,148,566
Additions during the year	(4,125,000)	--	(4,125,000)
Amortization for the year	297,917	(7,296,340)	(6,998,423)
Balance at 31 December 2024	(3,827,083)	12,852,226	9,025,143

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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 December 2024	31 December 2023
Balance at the beginning of the year	35,809,551	28,486,108
Total amount recognized in the consolidated statement of profit or loss		
Current service cost	6,938,265	7,584,358
Interest cost	1,672,627	1,484,319
	8,610,892	9,068,677
Amount recognized in the consolidated statement of comprehensive income		
Actuarial loss arising from		
– financial assumptions	(5,105,084)	2,897,352
– other assumptions and experience adjustments	--	796,883
	(5,105,084)	3,694,235
Benefits paid	(4,674,057)	(4,694,352)
Benefits transfer to related party	--	(745,117)
Balance at end of the year	34,641,302	35,809,551

B. Significant actuarial assumptions

The significant actuarial assumptions used were as follows:

	31 December 2024	31 December 2023
Economic assumptions		
Gross discount rate	5.5%	4.85%
Withdrawal rate	20%	20%
Salary growth rate	3%	4%
Retirement age	60	60

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21. Employee benefits (continued)

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 2024		31 December 2023	
	Increase	Decrease	Increase	Decrease
Salary inflation (1% movement)	37,548,749	32,054,562	39,116,388	32,889,415
Discount rate (1% movement)	32,134,932	37,504,525	32,937,447	39,121,473
Withdrawal rate (20% movement)	34,509,898	34,611,299	34,940,430	36,649,502

22. Accounts payable and other liabilities

	Notes	31 December 2024	31 December 2023
Accounts payable			
Accounts payable	(i)	180,634,812	223,255,947
		180,634,812	223,255,947
Other liabilities			
Accrued finance cost	(iii)	225,874,436	65,474,885
Tenants' security deposits	(ii)	83,291,071	124,365,613
Accrued expenses		95,375,123	136,966,624
Employees' salaries and benefits		42,694,155	50,892,146
Withholding and value added tax		43,051,404	102,152,880
		490,286,189	479,852,148
Accounts payable and other liabilities		670,921,001	703,108,095

- 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.
- Non-current portion of tenants' security deposits aggregating to SR 22.4 million (31 December 2023: SR 42.7 million) are disclosed as other non-current liabilities.
- Movement in accrued finance cost is as follows:

	Note	31 December 2024	31 December 2023
Balance at beginning of the year		65,474,885	77,823,293
Commission expense	27E	460,238,407	237,870,621
Payment of finance costs		(638,138,213)	(570,973,833)
Reimbursement of commission on Sukuk		10,449,999	--
Capitalized finance costs		327,849,358	320,754,804
Balance at end of the year		225,874,436	65,474,885

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23. Accrued revenue and unearned revenue

- i. Unearned revenue represents rental income 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. The amount of SR 302,198,673 included in unearned revenue at 31 December 2023 has been recognized as revenue in 2024 (year ended 31 December 2023: SR 239,109,599).

- ii. Accrued revenue represents the following:

	31 December 2024	31 December 2023
Unamortized portion of lease incentives		
- discounts (a)	35,978,359	51,053,368
- rent free period and straight-lining	185,796,422	184,533,815
Less: Impairment loss on accrued revenues	(15,796,795)	--
	205,977,986	235,587,183
Presented in statement of financial position as follows:		
Accrued revenue – non-current portion	137,318,657	157,058,122
Accrued revenue – current portion	68,659,329	78,529,061
	205,977,986	235,587,183

- (a) As at 31 March 2021 the Group had approved on a cumulative basis since the fourth quarter of the year ended 2020, a total COVID-19 related discount of SR 579 million to be amortized over the term of outstanding lease contracts. The impact of rent relief for year ended 31 December 2024 is **SR 9.9 million** (31 December 2023: SR 35.4 million).

24. Zakat

A. Amounts recognized in consolidated statement of profit or loss

Computation of zakat charge is as follows:

	31 December 2024	31 December 2023
Shareholders' equity and other payables	28,897,794,867	25,407,709,441
Adjusted net income	1,360,142,004	1,459,800,130
Deductions	(28,509,985,132)	(25,849,173,040)
Zakat base	1,747,951,739	1,018,336,531
Zakat at 2.5% (higher of adjusted net income or Zakat base)	44,000,000	40,473,225

B. Reconciliation of carrying amount

	Note	31 December 2024	31 December 2023
Balance at beginning of the year		68,384,195	51,221,357
Current year zakat charge	24A	44,000,000	40,473,225
Payments		(36,023,538)	(23,310,387)
Balance at end of the year		76,360,657	68,384,195

C. Status of assessment

Status of zakat assessments is as follows:

- The Group submitted the zakat return up to the year ended 31 December 2023 and obtain the provisional zakat certificate. The zakat certificate will be expired on 30 April 2025.
- 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.

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Arabian Centres Company (A Saudi Joint Stock Company)
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For the year ended 31 December 2024

25. Revenue

	31 December 2024	31 December 2023
Income from leases		
Rental income	2,132,391,666	2,089,447,034
Turnover rent	61,378,094	64,170,896
Revenue from contracts with customers		
Service and management charges income	145,276,772	95,673,728
Commission income on provisions for utilities for heavy users, net	4,992,039	4,381,604
	2,344,038,571	2,253,673,262

Rental income includes fixed service and management charges income related to utilities, maintenance, cleaning and security charges of Malls' premises as a part of rent for each of the tenants for the year ended 31 December 2024 amounts to SR 252 million (year ended 31 December 2023: SR 243 million)

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 December 2024	31 December 2023
Less than one year	1,629,413,757	1,422,247,702
One to two years	1,018,521,405	854,332,236
Two to three years	500,133,666	449,143,105
Three to four years	308,697,482	266,409,287
Four to five years	185,284,666	207,885,695
More than five years	417,581,190	288,301,243
	4,059,632,166	3,488,319,268

26. Direct costs

	31 December 2024	31 December 2023
Utilities expense	85,302,128	107,739,461
Cleaning expense	67,012,778	70,079,400
Employees' salaries and other benefits	62,378,905	48,280,598
Repairs and maintenance	58,126,085	58,138,097
Security expense	55,907,577	63,701,951
Insurance expense	24,827,415	30,062,522
Others	4,880,720	5,486,547
	358,435,608	383,488,576

27. Income and expenses

A. Other operating income

	Notes	31 December 2024	31 December 2023
Gain on sale of investment property	8A(i)	--	238,668,127
Recovery of written off receivables		3,031,141	17,134,975
Gain on lease termination	9	--	16,286,468
Gain on investments at FVTPL		2,923,166	7,351,929
Compensation received from landlord		1,875,000	3,750,000
Commission income on bank deposits		2,396,382	1,208,939
Foreign exchange gain		309,517	1,358,397
Other income		4,892,918	5,694,655
		15,428,124	291,453,490

All amounts are presented in Saudi Riyals unless otherwise stated.

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27. Income and expenses (continued)

B. Advertisement and promotion expenses

	31 December 2024	31 December 2023
Material and Promotions	16,715,857	31,724,317
Advertisement	2,031,795	22,449,769
Sponsorship	4,143,750	11,279,724
	22,891,402	65,453,810

C. General and administrative expenses

	Note	31 December 2024	31 December 2023
Employees' salaries and other benefits		145,235,717	180,389,009
Professional fees	(i)	34,298,376	78,025,492
Communication and internet expense		18,108,165	16,222,583
Depreciation on property and equipment	10	16,144,779	16,779,309
Board expenses		6,225,108	5,884,935
Insurance expense		3,855,559	4,186,694
Maintenance		808,241	2,711,711
Others		31,432,204	44,349,191
		256,108,149	348,548,924

(i) Auditors' remuneration for the statutory audit of the Group's consolidated financial statements and the financial statements of its subsidiaries for the year ended 31 December 2024 amount to SR 2.6 million (year ended 31 December 2023: SR 2.1 million). Auditors' remuneration for the review of the Group's interim financial information during the year ended 31 December 2024 amounts to SR 0.6 million (year ended 31 December 2023: SR 0.6 million).

D. Other operating expenses

	Note	31 December 2024	31 December 2023
Fund brokerage fees		--	16,113,705
Others		102,613	2,308,057
		102,613	18,421,762

E. Finance costs over loans and borrowings

	Notes	31 December 2024	31 December 2023
Commission expense	22 (iii)	460,238,407	237,870,621
Amortization of upfront fees	20B(ii)	64,442,816	19,473,663
Deferred Sukuk premium/Discount, net	20B(iii)	(6,998,423)	(7,277,524)
Bank charges		2,429,458	3,750,082
		520,112,258	253,816,842

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.

	31 December 2024	31 December 2023
Profit attributable to ordinary shareholders	1,216,906,944	1,514,995,569
Weighted average number of ordinary shares	474,940,907	474,946,199
Basic earnings per share	2.56	3.19

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

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 and reportable 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. Revenue from top five customer represent 18% of the total revenue of the Group.

30. Financial instruments – fair values and risk management

A. Accounting classification and fair values

Financial instruments have been categorized as follows:

		31 December 2024	31 December 2023
Financial Assets	Notes		
Other investments	12	255,949,188	303,026,022
Other financial asset		44,313,130	19,319,587
Amounts due from related parties	14B	643,387,815	483,752,516
Accounts receivable	13	482,886,879	474,152,092
Accrued revenue	23	169,999,627	184,533,815
Cash and cash equivalents	16	670,342,011	84,995,834
		2,266,878,650	1,549,779,866
Financial Liabilities			
Loans and borrowings	20	12,172,309,092	8,986,704,157
Lease liabilities	9	3,130,322,427	3,168,270,116
Accounts payable (i)	22	180,634,812	223,255,947
Tenants' security deposits	22	105,755,795	167,062,790
Amount due to related parties	14B	234,743,486	102,087,353
Other liabilities		363,943,714	253,333,655
		16,187,709,326	12,900,714,018

(i) The carrying amounts of Accounts payable is considered to be reasonable approximations of their fair values, due to their short-term nature.

The following table presents the Group's financial instruments measured at fair value at 31 December 2024 and 31 December 2023:

		31 December 2024			
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
FVTPL					
Al Jawhara Real Estate Fund	58,266	--	--	58,266	58,266
Riyadh SR Diversified Trade Fund	255,949,188	255,949,188	--	--	255,949,188
		31 December 2023			
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
FVTPL					
Al Jawhara Real Estate Fund	81,576	--	--	81,576	81,576
Riyadh SR Diversified Trade Fund	303,026,022	303,026,022	--	--	303,026,022

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

30. Financial instruments – fair values and risk management (continued)

B. Derivative designated as hedging instrument

The Group had 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 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 statement of profit or loss during the year ended December 31, 2023 amounting to **SR 7,124,755**.

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.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

30. Financial instruments – fair values and risk management (continued)

C. Financial risk management(continued)

i. Credit risk (continued)

Accounts Receivable (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 forecasts and gross domestic product growth.

The following table provides information about the exposure to credit risk and ECLs for accounts receivable from customers as at 31 December 2024 and 31 December 2023:

	31 December 2024		
	Gross carrying amount	Weighted-average loss	Loss allowance (%)
0-90 days	88,875,756	10,810,219	12%
91-180 days	91,644,631	20,124,491	22%
181-270 days	71,444,907	20,180,788	28%
271-360 days	69,059,028	22,532,176	33%
More than 360 days	590,118,127	350,107,896	59%
	911,142,449	423,755,570	

	31 December 2023		
	Gross carrying amount	Weighted-average loss	Loss allowance (%)
0-90 days	85,364,506	9,923,114	12%
91-180 days	96,858,407	21,261,842	22%
181-270 days	78,753,789	23,971,570	30%
271-360 days	80,635,255	27,635,387	34%
More than 360 days	427,051,486	202,719,438	47%
	768,663,443	285,511,351	

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

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 the majority of the related parties are owned by the same shareholders. The evaluation is based on actual historical credit loss history, and the ongoing support from Shareholder to collection activities, with retentions on dividend pay-out of SAR 51 million in 2024.

Financial instruments and cash deposit

Credit risk from balances with banks and financial institutions is managed by Company's treasury in accordance with the Group's policy. Cash is substantially placed with national banks with sound credit ratings ranging BBB+ and above or in money market instruments from reputable managers associated with leading domestic banks. 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.

Arabian Centres Company (a Saudi joint stock company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

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 or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group that the Group is not exposed to significant risks in relation to liquidity and maintains different lines of credit. At reporting position amounting to SR 1.27 billion (Refer to note 1).

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted p

Contractual maturities of financial liabilities:	Carrying amount	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between and 5 years
31 December 2024					
Accounts payable	180,634,812	180,634,812	--	--	
Other non-current liabilities	22,464,724	--	--	17,240,970	5,223,7
Other liabilities	447,234,785	437,930,162	9,304,623	--	
Due to related parties	234,743,486	234,743,486	--	--	
Lease liabilities	3,130,322,427	365,791,038	135,883,976	332,874,763	788,303,5
Loans and borrowings	12,172,309,092	1,208,079,447	419,629,501	4,140,448,470	5,383,698,3
	16,187,709,326	2,427,178,945	564,818,100	4,490,564,203	6,177,225,6
31 December 2023					
Accounts payable	223,255,947	223,255,947	--	--	
Other non-current liabilities	42,697,177	--	--	22,991,278	19,619,8
Other liabilities	479,852,148	479,852,148	--	--	
Due to related parties	102,087,353	102,087,353	--	--	
Lease liabilities	3,168,270,116	340,891,212	153,883,976	262,440,390	809,580,6
Loans and borrowings	8,986,704,156	1,254,349,593	2,185,961,624	5,002,159,747	1,169,005,1
	13,002,866,897	2,400,436,253	2,339,845,600	5,287,591,415	1,998,205,6

All amounts are in Saudi Riyal

Arabian Centres Company (a Saudi joint stock company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

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 2024 and at 31 December 2023. 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):

(Loss)/gain through the consolidated statement of profit or loss	31 December 2024	31 December 2023
Floating rate debt:		
SIBOR/SOFR +100bps	(63,427,473)	(38,991,316)
SIBOR/SOFR -100bps	63,427,473	38,991,316

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.

Arabian Centres Company (a Saudi joint stock company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

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 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

The Group monitors capital using a ratio of 'net debt' to 'equity'. Net debt is calculated as total liabilities less cash and cash equivalents and short-term investments held for trading. The Group's net debt to equity ratio at 31 December 2024 and 31 December 2023 was as follows.

	31 December 2024	31 December 2023
Total liabilities	16,624,509,056	13,439,259,317
Cash and cash equivalents	(670,342,011)	(84,995,834)
Other investments	(255,949,188)	(303,026,022)
Net debt	15,698,217,857	13,051,237,461
Total equity	14,828,036,823	14,311,968,103
Net debt to equity	1.06	0.91

31. Commitments and contingencies

	Note	31 December 2024	31 December 2023
Commitments			
Commitments for projects under construction	(i)	4,376,754,571	4,173,329,989
Outstanding bank guarantees		11,164,208	10,000,000

- i. These commitments pertain to construction of shopping malls across the Kingdom of Saudi Arabia.

32. Standards new currently effective requirements and standards issued but not yet effective

In addition to note 6, the group has also applied the following standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2024. These amendments do not have significant impact in the Group's consolidated interim financial statements.

- Amendments to IFRS 16 – Lease Liability in a sale and leaseback
- Amendments to IAS 1 - Non-current liabilities with covenants and Classification of Liabilities as Current or Non-current Amendments
- Amendments to IAS 7 and IFRS 7 - Supplier finance arrangements

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2025 and earlier application is permitted; however, the Group has not early adopted them in preparing these consolidated financial statements. These amendments are not expected to have a significant impact in the Group's consolidated financial statements.

- Amendments to IAS 21 - Lack of Exchangeability
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures
- IFRS 18, Presentation and Disclosure in Financial Statements

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (a Saudi joint stock company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

33. 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(i)
31 December 2024				
Assets				
Investment properties	153,678,756	2,783,011,705	3,848,078,294	--
Cash and cash equivalents	--	27,615,276	88,418,919	--
Other assets	21,890,234	170,635,320	413,800,940	--
	175,568,990	2,981,262,301	4,350,298,153	--
Liabilities				
Loans and borrowings	--	458,970,644	621,575,075	--
Lease liabilities	54,041,050	--	--	--
Other liabilities	10,836,574	34,071,378	24,869,622	--
	64,877,624	493,042,022	646,444,697	--
Net assets	110,691,366	2,488,220,279	3,703,853,456	--
Non-controlling interest	42,329,490	--	--	--
31 December 2023				
Assets				
Investment properties	160,141,662	1,764,951,091	2,627,238,354	--
Cash and cash equivalents	--	7,686,796	39,106,855	11,693,456
Other assets	16,290,634	6,337,855	341,634,976	--
	176,432,296	1,778,975,742	3,007,980,185	11,693,456
Liabilities				
Loans and borrowings	--	124,750,490	433,307,586	--
Lease liabilities	65,979,516	--	--	--
Other liabilities	8,007,260	6,898,538	14,139,402	10,335,250
	73,986,776	131,649,028	447,446,988	10,335,250
Net assets	102,445,520	1,647,326,714	2,560,533,197	1,358,206
Non-controlling interest	35,489,746	--	--	--
Year ended 31 December 2024				
Statement of profit or loss				
Revenue	47,986,838	--	--	--
Gross profit	34,953,145	--	--	--
Profit / (loss) for the year	14,527,035	58,557,109	218,241,449	(8,152)
Loss allocated to NCI	7,263,517	--	--	--

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (a Saudi joint stock company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

33. Summarized financial information of material subsidiaries (continued)

year ended 31 December 2023				
Statement of profit or loss				
Revenue	45,831,281	--	--	--
Gross profit	32,483,529	--	--	--
Profit / (loss) for the year	(27,986,073)	74,228,306	258,308,879	(5,656,881)
Profit allocated to NCI	(13,993,037)	--	--	--

- (i) As of 31 December 2024, Derayah Destination Arabia Diversified Fund is under liquidation.
(ii) The carrying amount of the subsidiary's investment properties has been adjusted to reflect their fair value based on independent external valuations in order to comply with the Group Accounting Policy.

34. Subsequent events

- Subsequent to the year end, the Company has transferred the title deed of one of the property currently classified as "Assets held for sale".
- On 10 March 2025, the Board of Directors resolved to distribute dividends for the third quarter of the year ended 31 December 2024 amounting to SR 0.375 per share aggregating to SR 178,125,000.

35. Comparative financial information

- Comparative figure of SR 9,681,804 in the consolidated statement of financial position as at 31 December 2023 has been reclassified from Account receivables to Prepayments and other assets.
- Comparative figure of SR 88,214,078 in the consolidated statement of financial position as at 31 December 2023 has been reclassified from Account payable to other liabilities.

36. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors for issuance on 10 Ramadan 1446H (corresponding to 10 March 2025).

All amounts are presented in Saudi Riyals unless otherwise stated.

20.3 Financial Statements of the Company as at, and for the financial year ended 31 December 2023G

The audited consolidated financial statements of the Company for the year ended 31 December 2023G, which also include comparative financial information of the Company for the year ended 31 December 2022G (together with the audit report thereon (an electronic copy of which is available at:

https://www.saudiexchange.sa/Resources/fsPdf/1381_0_2024-04-03_10-39-09_En.pdf

Arabian Centres Company
(A Saudi Joint Stock Company)
Consolidated financial statements
For the year ended 31 December 2023
together with the
Independent Auditor's Report

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated financial statements
 For the year ended 31 December 2023

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Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated financial statements
For the year ended 31 December 2023

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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

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 2023, the consolidated statements of profit or loss, comprehensive income for the year ended 31 December 2023, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material 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 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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.

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 Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (40,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠٠٠٠٠٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاء محاسبين ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة التابعة لـ كي بي إم جي العالمية المحدودة، شركة البطارية محدودة بضمان. جميع الحقوق محفوظة.

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 December 2023, the Group recognized total revenue of SR 2.25 billion (nine-months ended 31 December 2022: SR 1.69 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 Accounting Standards.	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 testing the operating effectiveness of both manual and automated controls over: ○ The accuracy and validity of the input of key terms of the contract, ○ Tenant's acknowledgement to the amendments of lease contracts; and ○ 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 the customers; – Tested 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; – Obtained, on a sample basis, accounts receivable balance confirmations from the Group's tenants and investigating 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.



Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Impairment of investment properties	
See Note 7(d) and 8 to the consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
As at 31 December 2023, the Group owned investment properties with a carrying value of SR 25.33 billion (31 December 2022: SR 23.08 billion) which are used for earning rentals and capital appreciation. 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 and forecasted occupancy which are influenced by prevailing market forces and the specific characteristics of each property in the portfolio.	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.

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 Accounting Standards 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.



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

Hani Hamzah A. Bedairi
License No: 460



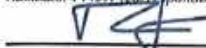
Al Riyadh, 21 Ramadan 1445H
Corresponding to: 31 March 2024

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of financial position
As at 31 December 2023

	Notes	31 December 2023	31 December 2022
Assets			
Investment properties	8	25,333,791,089	23,075,741,378
Property and equipment	10	56,647,114	63,412,471
Accrued revenue – non-current portion	23(ii)	157,058,122	182,392,826
Investment in equity accounted investee	12A	78,634,195	63,714,723
Investment at FVTPL	12B	81,576	1,159,414
Other non-current assets	13	18,681,804	24,818,172
Non-current assets		25,644,893,900	23,411,238,984
Development properties	11	353,531,069	345,683,721
Accrued revenue	23(ii)	78,529,061	91,196,413
Accounts receivable and others	13	464,470,288	466,408,306
Amounts due from related parties	14B	483,752,516	417,815,065
Prepayments and other assets	15	128,104,372	128,190,642
Other investments	12C	303,026,022	–
Cash and cash equivalents	16	84,995,834	610,445,796
		1,896,409,162	2,059,739,943
Asset held for sale	8A	209,924,358	405,880,057
Current assets		2,106,333,520	2,465,620,000
Total assets		27,751,227,420	25,876,858,984
Equity			
Share capital	17	4,750,000,000	4,750,000,000
Share premium	17	411,725,703	411,725,703
Statutory reserve	18	873,992,101	722,492,544
Other reserves	18	4,106,041	16,511,299
Retained earnings		8,231,652,970	8,118,388,376
Equity attributable to the shareholders of the Company		14,271,476,815	14,019,117,922
Non-controlling interest		40,491,288	49,482,783
Total equity		14,311,968,103	14,068,600,705
Liabilities			
Loans and borrowings	20	5,881,705,199	7,433,674,604
Lease liabilities	9	2,839,886,903	2,383,687,028
Employee benefits	21	35,809,551	28,486,108
Other non-current liabilities	22(ii)	42,697,177	47,571,467
Non-current liabilities		8,800,098,830	9,893,419,207
Loans and borrowings – current portion	20	3,104,998,958	903,315,625
Lease liabilities – current portion	9	328,383,213	255,589,354
Accounts payable and other liabilities	22	703,108,095	454,263,679
Provision		30,000,000	5,000,000
Amount due to related parties	14B	102,087,353	6,339,458
Unearned revenue	23(i)	302,198,673	239,109,599
Zakat liabilities	24B	68,384,195	51,221,357
Current liabilities		4,639,160,487	1,914,839,072
Total liabilities		13,439,259,317	11,808,258,279
Total equity and liabilities		27,751,227,420	25,876,858,984

The attached notes from 1 to 37 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 15 Ramezan 1445H (corresponding to 23 March 2024) and signed on its behalf by:


Frederik Foussat
 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 profit or loss
For the year ended 31 December 2023

	Notes	Year ended 31 December 2023	Nine-month period ended 31 December 2022	Year ended 31 December 2022 "Pro forma"
Revenue	25	2,253,673,262	1,687,534,280	2,206,702,284
Cost of revenue - Direct costs	26	(383,488,576)	(285,790,026)	(361,030,133)
Gross profit		1,870,184,686	1,401,744,254	1,845,672,151
Other operating income	27A	291,453,490	3,572,849	23,590,467
Net fair value gain / (loss) on investment properties	8A	369,929,259	60,760,555	(13,365,104)
Advertisement and promotion expenses	27B	(65,453,810)	(28,544,793)	(38,183,916)
General and administrative expenses	27C	(348,548,924)	(197,276,021)	(269,677,046)
Impairment loss on accounts receivable and accrued revenue rentals	13	(189,674,873)	(83,315,372)	(66,441,489)
Other operating expenses	27D	(18,421,762)	(26,574,648)	(55,640,332)
Operating profit		1,909,468,066	1,130,366,824	1,425,954,731
Finance income	30B	7,124,755	—	—
Finance costs over loans and borrowings	27E	(253,816,842)	(146,848,717)	(187,640,162)
Finance costs over lease liabilities	9A	(110,436,822)	(102,262,967)	(142,754,329)
Net finance costs		(357,128,909)	(249,111,684)	(330,394,491)
Share from loss of equity-accounted investee	12	(10,870,750)	(7,159,334)	(18,203,735)
Profit before zakat		1,541,468,407	874,095,806	1,077,356,505
Zakat charge	24	(40,473,225)	(37,102,712)	(68,506,413)
Profit for the year / period		1,500,995,182	836,993,094	1,008,850,092
Profit for the year / period is attributable to:				
- Shareholders of the Company		1,514,995,569	831,907,569	1,007,086,123
- Non-controlling interest		(14,000,387)	5,085,525	1,763,969
		1,500,995,182	836,993,094	1,008,850,092
Earnings per share				
Basic and diluted earnings per share	28	3.19	1.75	2.12

The attached notes from 1 to 37 are an integral part of these consolidated financial statements.

 Frederic Foussat <i>Chief Financial Officer</i>	 Alison Rehill-Erguven <i>Chief Executive Officer</i>	 Fawaz Al-Rohair <i>Chairman</i>

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 year ended 31 December 2023

	Notes	Year ended 31 December 2023	Nine-month period ended 31 December 2022	Year ended 31 December 2022 "Pro forma"
Profit for the year / period		1,500,995,182	836,993,094	1,008,850,092
Other comprehensive income/(loss)				
<i>Items that are or may be reclassified subsequently to consolidated statement of profit or loss:</i>				
- Cash flow hedges – effective portion of changes in fair value	30B	80,794	1,962,835	6,077,777
- Cash flow hedges – reclassified to profit or loss	30B	(7,124,755)	--	--
- Foreign currency translation difference of equity accounted investee	12A	561,377	(923,491)	(923,491)
<i>Items that will not be reclassified to consolidated statement of profit or loss:</i>				
- Re-measurement of defined benefit liability	21A	(3,694,235)	1,473,615	3,278,274
Total comprehensive income for the year / period		1,490,818,363	839,506,053	1,017,282,652
Total comprehensive income for the year / period attributable to:				
- Shareholders of the Company		1,504,818,750	834,420,528	1,015,518,683
- Non-controlling interests		(14,000,387)	5,085,525	1,763,969
		1,490,818,363	839,506,053	1,017,282,652

The attached notes from 1 to 37 are an integral part of these consolidated financial statements.

 Frederik Fousat Chief Financial Officer	 Alison Rehill-Erguven Chief Executive Officer	 Fawaz Al-Hotair 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 December 2023

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 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	19	--	--	--	--	(356,250,000)	(356,250,000)	--	(356,250,000)
Dividends		--	--	--	--	--	--	--	--
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
Balance at 1 Jan 2023		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 year									
Profit for the year		--	--	--	--	1,514,995,569	1,514,995,569	(14,000,387)	1,500,995,182
Other comprehensive loss		--	--	--	(10,176,819)	--	(10,176,819)	--	(10,176,819)
Total comprehensive income for the year		--	--	--	(10,176,819)	1,514,995,569	1,504,818,750	(14,000,387)	1,490,818,363
Deficit on sale of treasury shares	18	--	--	--	--	(722,526)	(722,526)	--	(722,526)
Transfers to statutory reserve		--	--	151,499,557	--	(151,499,557)	--	--	--
Changes in ownership interests									
Sale of shares to non-controlling interest		--	--	--	--	(5,008,892)	(5,008,892)	5,008,892	--
Transactions with shareholders of the company									
Treasury shares acquired	17B	--	--	--	(2,228,439)	--	(2,228,439)	--	(2,228,439)
Dividends	19	--	--	--	--	(1,244,500,000)	(1,244,500,000)	--	(1,244,500,000)
Balance at 31 December 2023		4,750,000,000	411,725,703	873,992,101	4,106,041	8,231,652,970	14,271,476,815	40,491,288	14,311,968,103

The attached notes from 1 to 37 are an integral part of these consolidated financial statements.

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 December 2023

	Notes	Year ended 31 December 2023	Nine-month period ended 31 December 2022
Cash flows from operating activities:			
Profit before Zakat		1,541,468,407	874,095,806
<i>Adjustments for:</i>			
- Depreciation on property and equipment	10	16,779,309	13,468,735
- Depreciation on right-of-use assets	8A	--	5,550,331
- Impairment loss on accounts receivable and accrued revenue rentals	13	189,674,873	83,315,372
- Provision for employee benefits	21A	9,068,677	5,140,951
- Finance costs over loans and borrowings	27E	253,816,842	146,848,717
- Finance costs over lease liabilities	9A	110,436,822	102,262,967
- Advances to suppliers written-off	27D	--	3,000,000
- Gain on disposal of derivatives	30B	(7,124,755)	--
- Share of loss from equity-accounted investee and other	12A	10,870,750	7,159,334
- (Gain)/loss on disposal of investment property	27A&D	(238,668,127)	23,283,650
- Gain on termination of lease	27A	(16,286,468)	--
- Fair value gain of other investments	12B&C	(6,640,195)	(381,442)
- Gain on disposal of investments	12B&C	(403,678)	(180,000)
- Lease rental concession	9A	(3,750,000)	(2,812,500)
- Gain on disposal of subsidiary	33	--	(10,100)
- Net fair value gain on investment properties	8	(369,929,259)	(60,760,555)
		1,489,313,198	1,199,981,266
<i>Changes in:</i>			
- Accounts receivable and other		(128,667,688)	(217,938,448)
- Amounts due from related parties, net		(245,875,853)	(87,981,296)
- Prepayments and other current assets		(6,957,691)	(34,084,330)
- Accounts payable, other liabilities and provision		263,479,548	(2,275,759)
- Accrued revenue		(14,930,743)	71,615,604
- Development properties	11	(7,847,348)	(52,830,271)
- Unearned revenue		63,089,074	(30,120,804)
Cash generated from operating activities		1,411,602,497	846,365,962
Employee benefits paid	21A	(4,694,352)	(618,803)
Zakat paid	24B	(23,310,387)	(27,069,077)
Net cash from operating activities		1,383,597,758	818,678,082
Cash flows from investing activities:			
Additions to investment properties, net	8	(995,519,549)	(508,138,246)
Acquisition of equity-accounted investee	12 A	(25,228,845)	(7,790,731)
Acquisition of property and equipment	10	(10,013,952)	(4,369,527)
Proceeds from disposal of investment property	8A	644,548,184	230,528,350
Acquisition of other investments	12 C	(322,274,093)	--
Proceeds from disposal of investments	12B&C	27,369,782	6,000,000
Net cash used in investing activities		(681,118,473)	(283,770,154)

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of cash flows (continued)
For the year ended 31 December 2023

	Notes	Year ended 31 December 2023	Nine-month period ended 31 December 2022
Cash flows from financing activities:			
Proceeds from loans and borrowings	20B	708,350,701	638,308,994
Repayments of loans and borrowings	20B	(68,380,208)	(102,563,584)
Transaction costs paid	20B	(10,500,000)	(5,118,750)
Payment of commission expense over loans and borrowings	22 A 30B	(563,849,078)	(402,729,521)
Proceeds from sale of treasury shares acquired	17B	390,754,132	--
Repurchase of treasury shares	17B	(393,705,097)	--
Repayments of lease liabilities – principal portion	9A	(66,982,413)	(124,108,142)
Repayments of lease liabilities – interest portion	9A	(159,267,284)	(128,128,879)
Dividends paid	19	(1,064,350,000)	(356,250,000)
Net cash used in financing activities		(1,227,929,247)	(480,589,882)
Net (decrease) / increase in cash and cash equivalents		(525,449,962)	54,318,046
Cash and cash equivalents at beginning of the year / period		610,445,796	556,127,750
Cash and cash equivalents at end of the year / period	16	84,995,834	610,445,796
Significant non-cash transactions:			
- Dividend settled against due from related party balances		180,150,000	--
- Disposal of subsidiaries	33	--	750,000
- Capitalized investment property paid by related party		--	1,300,000
- Investment in joint venture paid by related party		--	222,991
- Employee benefits transferred to the related party		(745,117)	--

The attached notes from 1 to 37 are an integral part of these consolidated financial statements.

 Frederic Foussat Chief Financial Officer	 Allison 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) Notes to the consolidated financial statements

For the year ended 31 December 2023

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. 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 year ended 31 December 2022.

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.

At 31 December 2023 the Group has net current liabilities of SR 2.5 billion (2022: net current assets SR 0.6 billion) which is mainly due to the current maturity of loans and borrowings of SR 3.1 billion. Subsequent to the year end, the Group has restructured its loan and borrowings to address the liquidity crunch. Refer note 35 for details.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2023

1.Reporting entity (continued)

Following is the list of subsidiaries included in these consolidated financial statements as at 31 December 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
			31 December 2023	31 December 2022	31 December 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	Oyoum Al Raed Mall Trading	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
4	Oyoum Al Basateen Company for Trading	Kingdom of Saudi Arabia	95%	95%	--	5%	100,000	100
5	Al-Qassem 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 (i)	Kingdom of Saudi Arabia	100%	100%	--	--	--	--
15	Riyad Real Estate Development Fund – Jawharat Jeddah (ii)	Kingdom of Saudi Arabia	100%	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.

Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

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 material accounting policies

The Group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 7. Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

7. Summary of material 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.

These Consolidated Financial Statements comprising the Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the Consolidated Financial Statements of the Group include assets, liabilities and the results of the operations of the Company and its subsidiaries, as set out in note (1). The Company and its subsidiaries are collectively referred to as the "Group". Subsidiaries are entities controlled by the Group. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

7. Summary of material accounting policies (continued)

A. Basis of consolidation (continued)

The Group has control over Al Qassem Company for Entertainment and Commercial Projects despite owning 50% of the ordinary shares due to existence of veto rights in Board of Directors meeting who are involved in decision making for relevant activities.

NCI is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiaries have the same reporting periods.

ii. Joint Venture

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. Company's interest in Joint ventures are accounted for using the equity method.

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

The Group generates revenue from the following:

Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms. 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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

7. Summary of material accounting policies (continued)

C. Revenue recognition (continued)

Service charges, management charges and other expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognized over time 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.

The Group has applied IFRS 15 “Revenue from Contracts with Customers” to allocate consideration in the contract to each lease and non-lease component.

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 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.

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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

7. Summary of material accounting policies (continued)

D. Investment properties (continued)

After initial recognition, investment properties (including properties under construction) 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.

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.

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.

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)

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

7. Summary of material 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. 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.

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. Non-derivative financial instruments

a. Non-derivative financial assets

The Group initially recognises financial assets on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). For Investments designated as FVOCI and for which management has an intention to sell such investments within a period of 12 months from the financial year end, are classified under current assets.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

7. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

H. Financial instruments (continued)

i. Non-derivative financial instruments (continued)

a. Non-derivative financial assets (continued)

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the Consolidated Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets:

Financial Assets at Amortised Cost

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the Consolidated Statement of Profit or Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Financial Assets at FVTPL

All financial assets not classified as measured at amortized cost or FVOCI 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.

b. Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Non-derivative financial liabilities of the Group comprise of bank borrowings and trade and other payables.

ii. Derivative financial instruments

Derivative financial instruments including commission rate swaps are measured at fair value. All derivatives are carried at their fair value as assets where the fair value is positive and as liabilities where the fair value is negative. Any related transaction costs are recognized in the consolidated statement of profit or loss as incurred.

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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

7. Summary of material accounting policies (continued)

H. Financial instruments (continued)

ii. Derivative financial instruments (continued)

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.

I. Impairment of financial instruments

The Group applies the simplified approach for measuring ECL for accounts receivable and contract assets, which requires expected lifetime losses to be recognised from initial recognition of the receivables and contract assets. Accounts receivable have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates were derived from historical information of the Group and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factor such as gross domestic product growth rate.

Other financial assets such as due from related parties, employees' receivables, bank balances have low credit risk and the impact of applying ECL is immaterial.

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. 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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

7. Summary of material accounting policies (continued)

J. Fair value measurement (continued)

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.

K. 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.

L. Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of assets, which are necessarily take a substantial period of time to get ready for their intended use, are added to the cost of assets, until such time as the assets are substantially ready for their intended use. No borrowing costs are capitalised during idle periods.

All other borrowing costs are recognised in the Consolidated Statement of Profit or Loss in the period in which they are incurred.

M. 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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company) **Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2023

7. Summary of material accounting policies (continued)

N. Employee benefits and post-employment benefits

i. Short-term obligations

All short-term obligations or liabilities for employees salaries, wages and other monetary and non-monetary benefits 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

End of services benefits obligations are payable to all employees employed as per Saudi Arabian Labor and Workmen Law as well as the Group's policy.

The Group's obligation in respect of employee retirement benefits is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value.

Group sets the assumptions used in determining the key elements of the costs of meeting such future obligations. These assumptions are set after consultation with the Group's actuaries and include those used to determine regular service costs and the financing elements related to the liabilities. The calculation of employee retirement benefit liability is performed by a qualified actuary. The actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labor and Workmen Law as well as the Group's policy.

Re-measurement of employee retirement benefit liability, which comprise of actuarial gains and losses are recognised immediately in the Consolidated Statement of Comprehensive Income. The Group determines interest expense on the employee retirement benefit liability for the period by applying the discount rate used to measure the employee retirement benefit liability at the beginning of the annual period, taking into account any change in the net employee retirement benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to employee retirement benefits are recognised in the Consolidated Statement of Profit or Loss.

O. 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.

P. 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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

7. Summary of material accounting policies (continued)

Q. Leases

Right-of-use asset and lease liability

The Group recognizes a right-of-use asset and a lease liability for lease agreements of lands and buildings at the lease commencement date. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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.

For COVID -19 rent related concessions the Group assessed that the eligible rent concessions are a direct consequence of the COVID-19 pandemic and are not being considered as lease modifications. Any other rent concessions in leases are considered as a lease modification.

R. 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.

S. 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 except for the assets are investment properties or financial assets.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

8. Investment properties

	Notes	31 December 2023	31 December 2022
Investment properties	8A	24,427,232,699	22,345,814,321
Advance payment for projects under construction	8B	906,558,390	729,927,057
		25,333,791,089	23,075,741,378

A. Investment properties

	Notes	31 December 2023	31 December 2022
Balance at the beginning of the year / period		22,751,694,378	23,366,553,661
Additions during the year / period		1,305,400,862	620,277,916
Lease addition during the year / period		534,208,206	--
Disposal during the year / period	(i)	(405,880,057)	(253,812,000)
Disposal on sale of subsidiary	33	--	(557,480,304)
Impact of reassessment of lease	9C	81,804,409	(479,055,119)
Depreciation on right-of-use asset		--	(5,550,331)
Net fair value gain on investment properties	(ii)	369,929,259	60,760,555
Balance at the end of the year / period	(vii)	24,637,157,057	22,751,694,378

Presented in consolidated statement of financial position as:

Investment properties		24,427,232,699	22,345,814,321
Assets held for sale	(iii)	209,924,358	405,880,057
		24,637,157,057	22,751,694,378

- i. During the year ended 31 December 2023, the Group disposed of a portion of the Jawharat Riyadh land, as part of strategic non-core land bank sale program, for a net proceeds of **SR 644.5 million** resulting in a gain of **SR 238.6 million** which has been recorded under other operating income in the consolidated statement of profit or loss.

During the period ended 31 December 2022, the Group disposed of the Olaya land, as part of strategic non-core land bank sale program, for a net proceeds of **SR 230 million** resulting in a loss on disposal of **SR 23.3 million** which is recorded under other operating expenses in the consolidated statement of profit or loss.

- ii. During the year ended 31 December 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.
- iii. During the year ended 31 December 2023, the Group entered into an agreement to sell a land and is in the process of completing the pre-conditions to execute the sale. The Group is also committed to sell an owned mall and is in the process of completing the pre-conditions to execute the sale. The sales are considered highly probable and accordingly, the carrying values of the land and the mall have been classified as assets held for sale under current assets.
- iv. 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.
- v. 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.
- 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 2023, the Group capitalized finance costs amounting to SR 384.5 million (31 December 2022: SR 223.8 million).

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

8. Investment properties (continued)

A. Investment properties(continued)

vii. The carrying amount at reporting date includes the fair value of the following:

	31 December 2023	31 December 2022
Shopping malls on owned lands	11,929,917,260	11,001,779,497
Shopping malls on leasehold lands	6,644,698,513	6,496,382,519
Owned lands/buildings held as investment properties	335,776,375	290,359,220
Projects under construction – Fair value	5,726,764,909	4,963,173,142
	24,637,157,057	22,751,694,378

viii. Fair value of investment properties

a) *Fair value hierarchy*

The fair value measurement for investment property of **SR 24,637 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; capitalization rate (yields); and forecasted occupancy.

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. Effective dates of the valuations are 31 December 2022 and 31 December 2023 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. The valuations have been performed by Colliers Saudi Arabia, ValuStart and NATA Real Estate Appraisal Company. As per the CMA regulations, the Group has opted for the lower of the two valuations for the properties performed by the independent and competent valuers.

b) *Inter-relationship between key unobservable inputs and fair value measurement*

31 December 2023

Property	Fair value SR million	Valuation technique	Significant unobservable input	Range
Shopping Malls	18,575	Discounted cash flows	Occupancy (%)	76% - 100%
			Future rent growth (%)	2% - 4%
			Discount rate (%)	9% - 18%
Projects under construction	5,727	Discounted cash flows – Residual method	Occupancy (%)	90% - 95%
			Future rent growth (%)	2%
			Discount rate (%)	12% - 14%
Owned land	336	Comparable transaction	Average price (SR /sqm)	215-8,943

31 December 2022

Property	Fair value SR million	Valuation technique	Significant unobservable input	Range
Shopping Malls	17,498	Discounted cash flows	Occupancy (%)	66% - 100%
			Future rent growth (%)	2% - 5%
			Discount rate (%)	10% - 21%
Projects under construction	4,964	Discounted cash flows – Residual method	Occupancy (%)	90% - 95%
			Future rent growth (%)	2%
			Discount rate (%)	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.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

8. Investment properties (continued)

A. Investment properties (continued)

viii. Fair value of investment properties (continued)

c) *Reconciliation of level 3 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 2023	31 December 2022
Fair value of land and buildings as per fair valuer	21,896,776,377	20,456,023,688
Less: Adjustment for accrued operating lease income	(235,587,183)	(273,589,240)
Add: carrying amount of lease liabilities	2,975,967,863	2,569,259,930
Total carrying amount of investment properties	24,637,157,057	22,751,694,378

ix. Amounts recognized in the consolidated statement of profit or loss for investment property that generated income.

	Year ended 31 December 2023	Nine-month 31 December 2022	Year ended 31 December 2022
Revenue from investment property	2,253,673,262	1,687,534,280	2,206,702,284
Direct operating expenses on properties that generated rental income	(383,488,576)	(285,790,026)	(361,030,133)

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.

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.

Name of party	Business status	Relationship	Construction work services received		Balances	
			31 December 2023	31 December 2022	31 December 2023	31 December 2022
Lynx Contracting Company	Limited Liability	Fellow subsidiary	224,576,431	275,070,858	905,103,726	720,068,772
Others	--	--	--	--	1,454,664	9,858,285
					906,558,390	729,927,057

Lynx Contracting Company is a related party being controlled by the controlling shareholders of the Group. With the consent of the Shareholders, Group has signed a framework agreement with Lynx Contracting Company for the construction of projects and has engaged the company for design and construction services for all of its current Projects under Construction. Business relationships with Lynx are at arms' length and contract are only entered with Lynx after due tendering processes and cost verifications from third parties.

As is market practice, advance payments are required by the contractor from time to time in relation with design work, mobilization, advance procurement of long lease items. Advances paid are commensurate with the associated contract values and repayment mechanisms are in place against progress billing.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

9. Lease liabilities

A. Lease liabilities

The Group leases parcels of Lands. 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. Lease liabilities are presented in the consolidated statement of financial position as follows:

	Notes	31 December 2023	31 December 2022
Balance at beginning of the year /period		2,639,276,382	3,804,207,572
Additions during the year /period		534,208,206	--
Lease payments during the year /period		(226,249,697)	(252,237,021)
Rent concessions during the year /period		(3,750,000)	(2,812,500)
Remeasurement of lease liabilities	9C	81,804,409	(479,055,119)
Disposal on sale of subsidiary	33	--	(558,955,429)
Lease termination		(16,286,468)	--
Interest expense during the year /period		110,436,822	102,262,967
Interest capitalized for projects under construction		48,830,462	25,865,912
Balance at end of the year / period		3,168,270,116	2,639,276,382

	31 December 2023	31 December 2022
Non-current portion of lease liabilities	2,839,886,903	2,383,687,028
Current portion of lease liabilities	328,383,213	255,589,354
Balance at end of the year / period	3,168,270,116	2,639,276,382

B. Group Commitments to lease contracts

	31 December 2023	31 December 2022
Within one year	494,775,188	370,264,495
After one year but not more than five years	1,072,021,062	932,753,602
More than five years	4,096,274,563	3,045,417,085
	5,663,070,813	4,348,435,182

C. Lease remeasurements

During the year ended 31 December 2023, the group engaged in negotiations with the landlord but did not reach a conclusion or agreement to terminate the lease. As a result, the management decided to reassess and extend the lease term until July 2025. Management's assessment of whether termination rights should be exercised are based on associated economic incentives and disincentives of the decision.

During the year ended 31 December 2022, the Group assessed that significant capital expenditure is required on a leased operational mall to continue to attract footfall and generate appropriate returns. The Group based on a cost benefit analysis did not find the additional capital expenditures commercially feasible in comparison to other projects in pipeline and reassessed the lease term considering the exercise of termination rights available under a land lease which allows the Group to cancel a 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 assets (included under investment properties) have reduced.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

10. Property and equipment

Reconciliation of carrying amount

Cost:	Tools and equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Capital work in progress	Total
Balance at 1 April 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 Dec 2022	144,197,813	99,289,376	3,020,862	53,103,917	602,901	300,214,869
Additions during the year	3,704,425	2,628,146	316,500	449,275	2,915,606	10,013,952
Balance at 31 December 2023	147,902,238	101,917,522	3,337,362	53,553,192	3,518,507	310,228,821
Accumulated depreciation						
Balance at 1 April 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
Charge for the year	6,783,619	6,254,270	47,156	3,694,264	--	16,779,309
Balance at 31 December 2023	126,911,809	90,625,546	3,068,018	32,976,334	--	253,581,707
Carrying amounts:						
At 31 December 2022	24,069,623	14,918,100	--	23,821,847	602,901	63,412,471
At 31 December 2023	20,990,429	11,291,976	269,344	20,576,858	3,518,507	56,647,114

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

11. Development properties

	31 December 2023	31 December 2022
Cost		
Balance at the beginning of the year /period	345,683,721	292,853,450
Additions during the year /period	7,847,348	52,830,271
Balance at the end of the year /period	353,531,069	345,683,721

This represents property under development for commercial and residential purpose located in Buraydah, Qassim. The property is being developed with the intention of resale and is hence classified as development properties in these consolidated financial statements.

12. Investments

	Note	31 December 2023	31 December 2022
Investment in equity-accounted investee	12A	78,634,195	63,714,723
Investments at FVTPL	12B	81,576	1,159,414
Other investment	12C	303,026,022	--
		381,741,793	64,874,137

A - Investment in equity-accounted investee

Name of an entity		31 December 2023	31 December 2022
FAS Lab Holding Company (Associate)	(i)	78,384,195	63,714,723
Khozam Mall Real Estate Development Company (Joint venture)	(ii)	250,000	--
		78,634,195	63,714,723

- i. This represents a 50% equity investment in the share capital of FAS Lab Holding Company, an LLC 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.

Reconciliation of carrying amount

	Opening balance	Additions	Share in losses	Other Comprehensive income / (loss)	Ending Balance
31 December 2023	63,714,723	24,978,845	(10,870,750)	561,377	78,384,195
31 December 2022	63,783,826	8,013,722	(7,159,334)	(923,491)	63,714,723

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

12. Investments (continued)

A. Investment in equity accounted investee (continued)

Summarized financial statements.

	31 December 2023	31 December 2022
Assets	309,698,148	294,510,053
Liabilities	(129,448,843)	(136,527,133)
Net Assets	180,249,305	157,982,920
Net assets attributable to owners of investee	142,735,591	123,268,440
Share of net assets (50%)	71,367,796	61,634,220
Adjustments – Due to additional contribution	7,016,399	2,080,503
Carrying amount of investee	78,384,195	63,714,723
Revenue	409,293,398	389,720,819
Loss from continuing operations	(18,914,175)	(12,685,030)
Total comprehensive loss	(18,477,365)	(11,140,002)
Loss for the year / period attributable to shareholders of the Company	(20,395,349)	(14,318,667)
Share of loss for the year / period	(10,870,750)	(7,159,334)

- (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 was established during the year and is yet to commence commercial operations.

B. Investment at FVTPL

Name of the real estate fund	31 December 2023	31 December 2022
Al Jawhara Real Estate Fund (i)	81,576	1,159,414

- i. This represents 0.03% 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 31 December 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 31 December 2023, the net asset value (NAV) of the investment amounted to SR 0.08 million (31 December 2022: SR 1.2 million) and SR 0.31 million of unrealized fair value loss is recognized in the consolidated statement of profit or loss (31 December 2022: gain of SR 0.38 million). During the year ended 31 December 2023, fund has divested its investment portfolio of SR 0.77 million.

Reconciliation of carrying amount

	Investments at FVTPL
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
Balance at 1 Jan 2023	1,159,414
Revaluation adjustments	
Unrealized loss to consolidated statement of profit or loss	(308,056)
Movement	
Disposals	(769,782)
Balance at 31 December 2023	81,576

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

12. Investments (continued)

C. Other investment

At 31 December 2023, a Group's subsidiary Riyadh Real Estate Development Fund held 166,699 units of Riyadh SR Diversified Trade Fund at a unit price of SR 1,817.8 for trading purposes.

	31 December 2023	31 December 2022
Balance at beginning of the year	--	--
Additions	322,274,093	--
Disposals	(26,196,322)	--
Fair value change	6,948,251	--
Balance at end of the year	303,026,022	--

	31 December 2023	31 December 2022
Proceed	26,600,000	--
Carrying amount	(26,196,322)	--
Gain on disposal	403,678	--

13. Account receivable and others

Accounts receivable 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. Accounts receivable are, in part, covered by promissory notes to secure the payment of lease obligations, with accelerated lease resolution mechanisms for defaulting tenants available through the Saudi Unified Ejar platform.

Reconciliation of carrying amount

	Note	31 December 2023	31 December 2022
Gross accounts receivable		661,063,892	559,615,062
Receivable from Jeddah Park landlord	(i)	107,599,551	103,012,258
Less: Impairment loss on accounts receivable	(a)	(285,511,351)	(171,400,842)
		483,152,092	491,226,478
Less: Non-current advances	(i)	(18,681,804)	(24,818,172)
		464,470,288	466,408,306

(i) This amount has been paid by the Company as initial support payments for the Jeddah park mall. The non-current portion represents amounts expected to be collected after one year from the reporting date.

(a) Movement in the impairment loss allowance was as follows:

	31 December 2023	31 December 2022
Balance at beginning of the year	171,400,842	180,657,894
Impairment charge for the year /period	114,110,509	68,710,474
Write-off	--	(77,967,526)
Balance at end of the year	285,511,351	171,400,842
Amounts directly charged to consolidated statement of profit and loss		
- Impairment of accrued revenue	(ii)	52,932,799
- Receivables written off	(iii)	22,631,565

Please refer to Note 30C for ageing of expected credit loss allowance on receivables.

- (ii) It represents release of unamortized portion of rent-free period / lease straight lining to profit or loss on account of termination of lease.
- (iii) The receivables adjusted due to retrospective change in calculation method from revenue earned to cash collected by the mall operated by the Group.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

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. 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:

	Year ended 31 December 2023	Nine-month 31 December 2022
End of service benefits	5,291,604	3,398,489
Salaries and short-term benefits	22,211,312	10,673,287
Total key management compensation	27,502,916	14,071,776

B. Related party transactions and balances

I - Related party balances are presented in the consolidated statement of financial position as follows:

	31 December 2023	31 December 2022
Amount due from related parties	483,752,516	417,815,065
Amount due to related parties	(102,087,353)	(6,339,458)

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

14. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

II - During the year / 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	Note	Business status	Transactions for year / period				Balance as at	
			Rental income and other fees / services	Services received	Others	Total	Due from	Due to
31 December 2023								
Transactions with ultimate parent								
Saudi FAS Holding Company	(i)	Closed Joint Stock Company	3,296,527	--	--	3,296,527	8,401,207	--
Transactions with fellow subsidiaries								
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	(ii)	Joint Stock Company	355,595,535	--	(65,048,000)	290,547,535	246,035,225	--
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	(iii)	Joint Stock Company	23,801,302	--	--	23,801,302	24,116,051	--
Salman & Sons Holding Co and its associates	(iv)	Limited Liability Company	54,855,505	--	--	54,855,505	71,048,857	--
Majd Al Amal Co. Limited and its associates	(v)	Limited Liability Company	22,666,608	--	--	22,666,608	5,244,635	--
Tadaris Alnajid Security Company	(vi)	Limited Liability Company	--	(66,011,599)	--	(66,011,599)	8,164,179	--
Ezdihar Holding Co and its subsidiaries	(vii)	Limited Liability Company	55,610,260	--	--	55,610,260	92,784,508	--
Lynx Contracting Company	(xi)	Limited Liability Company	--	(94,791,180)	--	(94,791,180)	--	(94,791,180)
Others, net	(viii)	Limited Liability Companies	7,104,959	(13,490,055)	674,163	(5,710,933)	27,957,854	(7,296,173)
			522,930,696	(174,292,834)	(64,373,837)	284,264,025	483,752,516	(102,087,353)
31 December 2022								
Transactions with ultimate parent								
Saudi FAS Holding Company	(i)	Closed Joint Stock Company	2,030,205	--	539,818	2,570,023	--	--
Transactions with fellow subsidiaries								
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	(ii)	Joint Stock Company	283,835,925	--	--	283,835,925	158,196,905	--
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	(iii)	Joint Stock Company	16,356,992	--	--	16,356,992	16,177,998	--
Salman & Sons Holding Co and its associates	(iv)	Limited Liability Company	34,135,645	--	--	34,135,645	90,313,341	--
Majd Al Amal Co. Limited and its associates	(v)	Limited Liability Company	20,830,188	--	--	20,830,188	47,670,205	--
Tadaris Alnajid Security Company	(vi)	Limited Liability Company	--	(46,450,654)	--	(46,450,654)	3,637,973	--
Ezdihar Holding Co and its subsidiaries	(vii)	Limited Liability Company	37,129,171	--	--	37,129,171	88,138,532	--
Others, net	(viii)	Limited Liability Companies	4,472,060	(3,571,084)	(1,300,000)	(399,024)	13,680,111	(6,339,458)
			398,790,186	(50,021,738)	(760,182)	348,008,266	417,815,065	(6,339,458)

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

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. 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.
- iii. 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.
- iv. 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.
- v. 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 SRya Al Majd Co.
- vi. 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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

14. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

- vii. 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 centers in U-Walk. The term of the lease range is approximately 10 years.
- viii. Others mainly include transactions with Etqan Facilities Management, DAAM Support Maintenance & Cleaning Company, FAS Energy, Cenomi E-commerce, Business Flower, Medical Health Development Company, Echo Design Consultant, Fahad Abdulaziz Al Hokier Trading EST, FAS Technologist Trading Company, and Nail Place Trading Est. These entities are owned by close family members of the Controlling Shareholder (Fawaz Abdulaziz Alhokair) and their close family members.
- ix. Fawaz Abdulaziz Alhokair, Salman Abdulaziz Alhokair and Abdulmajeed Abdulaziz Alhokair are the ultimate controlling shareholders of the Company.
- x. See note 30C (i) for expected credit losses on related party receivables.
- xi. This is amount owed to Lynx Contracting Company for construction works received.

15. Prepayments and other assets

	31 December 2023	31 December 2022
Advances to suppliers	28,562,820	65,347,072
Prepaid expenses	29,195,617	23,866,183
VAT receivables	44,715,809	8,970,615
Employees' receivables	4,135,734	4,171,460
Profit rate swaps used for hedging	30B --	7,043,961
Cash in portfolio account (restricted cash)	(i) 2,049,034	--
Others	(ii) 19,445,358	18,791,351
	128,104,372	128,190,642

(i) This is cash maintained in investor account of the Company with its Market Maker for purpose of trading in Company's equity shares listed on stock exchange.

(ii) This mainly includes margin amounting to SR 10 million paid to obtain letters of guarantee related to acquisition of investment in FAS Lab Holding Company.

16. Cash and cash equivalents

	31 December 2023	31 December 2022
Bank balances – current accounts	84,125,834	378,077,716
Cheques under collection	--	231,323,093
Cash in hand	870,000	1,044,987
	84,995,834	610,445,796

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

17. Share capital

A) Share capital

The movement in share capital and share premium are as follows:

	No. of shares	Share capital	Share premium
Balance at 31 December 2023	475,000,000	4,750,000,000	411,725,703
Balance at 31 December 2022	475,000,000	4,750,000,000	411,725,703

B) Treasury shares reserve

During the year ended 31 December 2023, the Company entered into a market making agreement with Al Rajhi Capital to provide continuous buying and selling of the Company's shares. The reserve for Company's treasury shares comprise the cost of Company's shares held by the Group. As at 31 December 2023, the Company held 109,187 of its shares (2022: Nil). All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

18. Reserves

Statutory reserve

In accordance with Company's by-laws, the Company must transfer 10% of its profit for the year to a statutory reserve. In accordance with the Company's by-laws, 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 foreign currency reserve, treasury shares reserve, hedging reserve and reserve for actuarial gain/loss of employees' end-of-service benefits.

19. Dividends and distribution

a. December 2023

- i. 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/adjusted on 13 August 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/adjusted on 16 April 2023.
- iii. On 1 January 2023, the Board of Directors resolved to distribute interim dividends for the first half of the period ended 31 December 2022 amounting to SR 0.75 per share aggregating to SR 356,250,000. The dividends were paid/adjusted on 12 February 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 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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

20. Loans and borrowings

	Note	31 December 2023	31 December 2022
Islamic facilities with banks			
- Facility 1	(i)	3,286,561,312	3,148,652,682
- Facility 2	(ii)	558,058,069	58,190,245
Sukuk	(iii)	5,142,084,776	5,130,147,302
	20 B	8,986,704,157	8,336,990,229
Loans and Borrowings - Current liabilities		3,104,998,958	903,315,625
Loans and Borrowings - Noncurrent liabilities		5,881,705,199	7,433,674,604
		8,986,704,157	8,336,990,229

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 30.

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 and partially repaid 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 pledges of insurance policies and proceeds of rental income as well as security over land and buildings of several malls with carrying amount of **SR 6 billion**.

During the year ended 31 December 2023 the Group borrowed an additional **SR 200 million** (nine-month period ended 31 December 2022: SR 575 million) from the existing Revolving Murabaha Facility.

During the year ended 31 December 2023, the Group also requested its lenders of long-term Islamic facility to waive the repayment of principal amounting to SR 85 million due on 27 November 2023 and restructure the existing facility. The lenders accepted the waiver request and the Group's long-term Islamic facility was restructured on 13 February 2024. Refer note 36.

(ii) Facility 2

During the year ended 31 December 2023, the Group has drawn-down SR 508 million (period ended 31 December 2022: SR 63 million) from the facilities. The facility is non-recourse to the Company.

During the year ended 31 December 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 facility is non-recourse to the Company.

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.

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.

The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

20. Loans and borrowings (continued)

(iii) Sukuk

On 7 April 2021, Arabian Centres Sukuk II Limited (a special purpose company established for the purpose of issuing Sukuk) issued 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.

On 20 November 2019, Arabian Centres Sukuk Limited (a special purpose company established for the purpose of issuing Sukuk) issued 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. Reconciliation of carrying amount

	Islamic facility with banks		Sukuk	Total
	Facility 1	Facility 2		
Balance at 1 April 2022	2,723,415,669	--	5,156,200,000	7,879,615,669
Proceeds received during the period	574,999,999	63,308,995	--	638,308,994
Repayments made during the period	(102,563,584)	--	--	(102,563,584)
	(i)			
Un-amortized transaction costs	3,195,852,084	63,308,995	5,156,200,000	8,415,361,079
	(ii)			
Deferred Sukuk premium	(47,199,402)	(5,118,750)	(53,478,788)	(105,796,940)
	(iii)			
Balance at 31 December 2022	--	--	27,426,090	27,426,090
Balance at 31 December 2022	3,148,652,682	58,190,245	5,130,147,302	8,336,990,229
Balance at 1 Jan 2023	3,195,852,084	63,308,995	5,156,200,000	8,415,361,079
Proceeds received during the year	200,000,000	508,350,701	--	708,350,701
Repayments made during the year	(68,380,208)	--	--	(68,380,208)
	(i)			
Un-amortized transaction costs	3,327,471,876	571,659,696	5,156,200,000	9,055,331,572
	(ii)			
Deferred Sukuk premium	(40,910,564)	(13,601,627)	(34,263,790)	(88,775,981)
	(iii)			
Balance at 31 December 2023	--	--	20,148,566	20,148,566
Balance at 31 December 2023	3,286,561,312	558,058,069	5,142,084,776	8,986,704,157

i. Below is the repayment schedule of the principal portion of outstanding long-term loans:

	Islamic facility with banks	Sukuk	Total
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
31 December 2023			
Within one year	1,229,998,958	1,875,000,000	3,104,998,958
Between two to five years	1,823,377,412	3,281,200,000	5,104,627,412
More than five years	845,755,202	--	845,705,202
	3,899,131,572	5,156,200,000	9,055,331,572

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

20. Loans and borrowings (continued)

B. Reconciliation of carrying amount (continued)

ii. Un-amortized transaction costs movement is as follows:

	Notes	Islamic facilities with banks		Sukuk	Total
		Facility 1	Facility 2		
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		47,199,402	5,118,750	53,478,788	105,796,940
Balance at 1 Jan 2023		47,199,402	5,118,750	53,478,788	105,796,940
Arrangement fees paid		500,000	10,000,000	--	10,500,000
Amortization for the year	27E	(3,456,220)	--	(16,017,443)	(19,473,663)
Capitalized arrangement fees		(3,332,618)	(1,517,123)	(3,197,555)	(8,047,296)
Balance at 31 December 2023		40,910,564	13,601,627	34,263,790	88,775,981

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:

	Notes	Sukuk	Total
Balance at 1 April 2022		32,911,308	32,911,308
Amortization for the period	27E	(5,485,218)	(5,485,218)
Balance at 31 December 2022		27,426,090	27,426,090
Balance at 1 Jan 2023		27,426,090	27,426,090
Amortization for the year	27E	(7,277,524)	(7,277,524)
Balance at 31 December 2023		20,148,566	20,148,566

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.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
 For the year ended 31 December 2023

21. Employee benefits (continued)

A. Movement in employee benefits liability

	31 December 2023	31 December 2022
Balance at the beginning of the year/ period	28,486,108	25,437,575
Total amount recognized in the consolidated statement of profit or loss		
Current service cost	7,584,358	4,503,448
Interest cost	1,484,319	637,503
	9,068,677	5,140,951
Amount recognized in the consolidated statement of comprehensive income		
Actuarial loss / (gain) arising from		
– financial assumptions	2,897,352	(3,809,397)
– other assumptions and experience adjustments	796,883	2,335,782
	3,694,235	(1,473,615)
Benefits paid	(4,694,352)	(618,803)
Benefits transfer to related party	(745,117)	--
Balance at end of the year / period	35,809,551	28,486,108

B. Significant actuarial assumptions

The significant actuarial assumptions used were as follows:

	31 December 2023	31 December 2022
Economic assumptions		
Gross discount rate	4.85%	4.85%
Withdrawal rate	20%	20%
Salary growth rate	4%	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 2023		31 December 2022	
	Increase	Decrease	Increase	Decrease
Salary inflation (1% movement)	39,116,388	32,889,415	31,148,794	26,139,175
Discount rate (1% movement)	32,937,447	39,121,473	26,198,626	31,125,583
Withdrawal rate (20% movement)	34,940,430	36,649,502	28,020,442	28,841,718

22. Accounts payable and other liabilities

	Notes	31 December 2023	31 December 2022
Accounts payable			
Accounts payable	(i)	311,470,025	118,951,524
		311,470,025	118,951,524
Other liabilities			
Accrued finance cost	(iii)	65,474,885	77,823,293
Tenants' security deposits	(ii)	124,365,613	111,101,639
Accrued expenses		136,966,624	106,823,669
Employees' salaries and benefits		50,892,146	23,485,973
Government duties & taxes		13,938,802	16,077,581
		391,638,070	335,312,155
Accounts payable and other liabilities		703,108,095	454,263,679

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

22. Accounts payable and other liabilities (continued)

- 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.
- Non-current portion of tenants' security deposits aggregating to SR 42.7 million (31 December 2022: SR 47.5 million) are disclosed as other non-current liabilities.
- Movement in accrued finance cost is as follows:

	Note	31 December 2023	31 December 2022
Balance at beginning of the year / period		77,823,293	152,188,605
Commission expense	27E	237,870,621	134,975,419
Payment of finance costs		(570,973,833)	(402,729,521)
Capitalized finance costs		320,754,804	193,388,790
Balance at end of the year / period		65,474,885	77,823,293

23. Contract balances

- 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. The amount of SR 239,109,599 included in contract liabilities at 31 December 2022 has been recognised as revenue in 2023 (nine-months ended 31 December 2022: SR 269,230,403).
- Accrued revenue represents the following:

		31 December 2023	31 December 2022
Unamortized portion of lease incentives			
- discounts	(a)	51,053,368	58,455,703
- rent free period and straight-lining		184,533,815	215,133,536
		235,587,183	273,589,239
Presented in statement of financial position as follows:			
Accrued revenue – non-current portion		157,058,122	182,392,826
Accrued revenue – current portion		78,529,061	91,196,413
		235,587,183	273,589,239

- 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 year ended 31 December 2023 is **SR 35.4 million** (nine-month period ended 31 December 2022: SR 71.8 million).

24. Zakat

A. Amounts recognized in consolidated statement of profit or loss

Computation of zakat charge is as follows:

	31 December 2023	Nine-month 31 December 2022
Shareholders' equity and other payables	25,407,709,441	26,775,867,635
Adjusted net income	1,459,800,130	848,143,946
Deductions	(25,849,173,040)	(26,430,913,901)
Zakat base	1,018,336,531	1,193,097,680
Zakat at 2.5% (higher of adjusted net income or Zakat base)	40,473,225	37,102,712

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

24. Zakat (continued)

B. Reconciliation of carrying amount

	Note	31 December 2023	31 December 2022
Balance at beginning of the year / period		51,221,357	41,187,722
Current year / period zakat charge	24A	40,473,225	37,102,712
Payments		(23,310,387)	(27,069,077)
Balance at end of the year / period		68,384,195	51,221,357

C. Status of assessment

Status of zakat assessments is as follows:

- The Group has submitted the zakat return up to the year ended 31 December 2022 but did not obtain the provisional zakat certificate. The zakat certificate expired on 31 July 2023. The Group has requested ZATCA for an installment plan to pay zakat which is currently under approval.
- 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

	Year ended 31 December 2023	Nine-month 31 December 2022	Year ended 31 December 2022
Income from leases			
Rental income	2,089,447,034	1,551,012,427	2,028,348,177
Turnover rent	64,170,896	39,249,253	50,086,726
Revenue from contracts with customers			
Service and management charges income	95,673,728	93,827,739	124,076,798
Commission income on provisions for utilities for heavy users, net	4,381,604	3,444,861	4,190,583
	2,253,673,262	1,687,534,280	2,206,702,284

Rental income include fixed service and management charges income related to utilities, maintenance, cleaning and security charges of Malls' premises as a part of rent for each of the tenants for the year ended 31 December 2023 amount to SR 243 million (nine month period ended 31 December 2022: SR 186 million and twelve month period ended 31 December 2022: SR 246 million)

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:

	Year ended 31 December 2023	Nine-month 31 December 2022
Less than one year	1,422,247,702	1,684,089,141
One to two years	854,332,236	944,636,861
Two to three years	449,143,105	488,859,439
Three to four years	266,409,287	306,340,609
Four to five years	207,885,695	182,272,188
More than five years	288,301,243	332,696,064
	3,488,319,268	3,938,894,302

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

26. Direct costs

	Year ended 31 December 2023	Nine-month 31 December 2022	Year ended 31 December 2022
Utilities expense	107,739,461	95,728,245	121,046,335
Cleaning expense	70,079,400	53,740,463	72,643,356
Security expense	63,701,951	45,941,136	45,147,917
Repairs and maintenance	58,138,097	43,102,756	55,425,054
Employees' salaries and other benefits	48,280,598	30,727,055	39,853,024
Insurance	30,062,522	7,108,336	9,235,348
Depreciation of right-of-use asset (note 8)	--	5,550,331	9,656,009
Others	5,486,547	3,891,704	8,023,090
	383,488,576	285,790,026	361,030,133

27. Income and expenses

A. Other operating income

	Notes	Year ended 31 December 2023	Nine-month 31 December 2022	Year ended 31 December 2022
Gain on sale of investment property	8A(i)	238,668,127	--	--
Recovery of written off receivables		17,134,975	--	--
Gain on lease termination	9	16,286,468	--	--
Gain on investments at FVTPL		7,351,929	381,442	473,990
Compensation received from landlord		3,750,000	2,812,500	3,750,000
Commission income on bank deposits		1,208,939	--	102,682
Foreign exchange gain		1,358,397	--	24,943
Gain on disposal of investment in real estate fund		--	180,000	180,000
Waiver of amount payable to disposed subsidiaries	33(b)	--	--	18,129,016
Other income		5,694,655	198,907	929,836
		291,453,490	3,572,849	23,590,467

B. Advertisement and promotion expenses

	Year ended 31 December 2023	Nine-month 31 December 2022	Year ended 31 December 2022
Material and Promotions	31,724,317	13,509,105	18,070,000
Advertisement	22,449,769	7,965,781	9,966,177
Sponsorship	11,279,724	7,069,907	10,147,739
	65,453,810	28,544,793	38,183,916

C. General and administrative expenses

	Note	Year ended 31 December 2023	Nine-month 31 December 2022	Year ended 31 December 2022
Employees' salaries and other benefits		180,389,009	101,615,167	152,106,775
Professional fees	(i)	78,025,492	40,922,839	48,499,171
Others		32,186,410	18,721,090	20,161,796
Depreciation on property and equipment	10	16,779,309	13,468,735	20,016,118
Communication and internet expense		16,222,583	9,977,170	13,224,443
Government expenses		12,162,781	5,585,978	7,799,479
Board expenses		5,884,935	3,313,258	4,643,221
Insurance expense		4,186,694	2,569,305	2,935,932
Maintenance		2,711,711	1,102,479	290,111
		348,548,924	197,276,021	269,677,046

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

27. Income and expenses (continued)

C. General and administrative expenses (continued)

- (i) Auditors' remuneration for the statutory audit of the Group's consolidated financial statements and the financial statements of its subsidiary for the year ended 31 December 2023 amount to SR 2.1 million (nine month period ended 31 December 2022: SR 2.5 million). Auditors' remuneration for the review of the Group's interim financial information during the year ended 31 December 2023 amounts to SR 0.6 million (nine month period ended 31 December 2022: SR 0.5 million). Fee for other statutory and related services provided by the auditors to the Group amounts to SR 1.6 million (2022: SR 1.5 million).

D. Other operating expenses

		Year ended 31 December 2023	Nine-month 31 December 2022	Year ended 31 December 2022
	Note			
Fund brokerage fees		16,113,705	--	--
Loss on disposal of investment property	8(i)	--	23,283,650	23,283,650
Impairment loss on advances to suppliers		--	3,000,000	3,000,000
Loss on transfer of subsidiaries	33(b)	--	--	18,194,017
Real estate tax on purchase of investment property		--	--	12,645,300
Others		2,308,057	290,998	(1,482,635)
		18,421,762	26,574,648	55,640,332

E. Finance costs over loans and borrowings

		Year ended 31 December 2023	Nine-month 31 December 2022	Year ended 31 December 2022
	Notes			
Commission expense	22 (iii)	237,870,621	134,975,419	172,834,440
Amortization of upfront fees	20B(ii)	19,473,663	16,619,233	22,198,601
Deferred Sukuk premium	20B(iii)	(7,277,524)	(5,485,218)	(7,286,931)
Bank charges		3,750,082	739,283	(105,948)
		253,816,842	146,848,717	187,640,162

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.

	Year ended 31 December 2023	Nine-month 31 December 2022	Year ended 31 December 2022
Profit attributable to ordinary shareholders	1,514,995,569	831,907,569	1,007,086,123
Weighted average number of ordinary shares	474,946,199	475,000,000	475,000,000
Basic and diluted earnings per share	3.19	1.75	2.12

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. Revenue from top five customer represent 21% of the total revenue of the Group.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

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 2023	31 December 2022
Other investments	12	303,107,598	1,159,414
Other financial asset		25,630,126	22,962,811
Amounts due from related parties	14B	483,752,516	417,815,065
Accounts receivable	13	464,470,288	466,408,306
Accrued revenue	23	184,533,815	215,133,536
Cash and cash equivalents	16	84,995,834	610,445,796
Profit rate swaps used for hedging	30B	--	7,043,961
		1,546,490,177	1,740,968,889
Financial Liabilities			
Loans and borrowings	20	8,986,704,157	8,336,990,229
Lease liabilities	9	3,168,270,116	2,639,276,382
Accounts payable	22	311,470,025	118,951,524
Tenants' security deposits	22	167,062,790	158,673,106
Amount due to related parties	14B	102,087,353	6,339,458
Other liabilities		253,333,655	208,132,935
		12,988,928,096	11,468,363,634

The following table presents the Group's financial instruments measured at fair value at 31 December 2023 and 31 December 2022:

	31 December 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Investment at FVTPL					
Al Jawhara Real Estate Fund	81,576	--	--	81,576	81,576
Other Investments					
Riyadh SR Diversified Trade Fund	303,026,022	303,026,022	--	--	303,026,022
	31 December 2022				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
FVTPL					
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

- 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.
- 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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

30. 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 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	31 December 2023	31 December 2022
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 statement of profit or loss during the period amounting to **SR 7,124,755**.

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.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

30. Financial instruments – fair values and risk management (continued)

C. Financial risk management(continued)

i. Credit risk (continued)

Accounts Receivable (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.

The following table provides information about the exposure to credit risk and ECLs for accounts receivable from customers as at 31 December 2023 and 31 December 2022:

	31 December 2023		
	Gross carrying amount	Weighted-average loss	Loss allowance (%)
0–90 days	83,039,100	9,923,114	11.9%
91–180 days	96,459,059	21,261,842	22.0%
181–270 days	77,277,912	23,971,570	31.0%
271–360 days	76,584,474	27,635,387	36.1%
361–450 days	56,940,741	24,900,250	43.7%
451–540 days	60,238,746	28,250,452	46.9%
541–630 days	37,169,284	21,824,918	58.7%
631–720 days	25,229,159	16,091,064	63.8%
More than 720 days	148,125,417	111,652,754	75.4%
	661,063,892	285,511,351	

	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	

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

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. The evaluation is based on actual historical credit loss history, and the ongoing support from Shareholder to collection activities, with retentions on dividend pay-out of SAR 180 million in 2023. Expected credit losses on receivables from related parties have been assessed as immaterial hence no impairment has been recognised in respect of these receivables.

Financial instruments and cash deposit

Credit risk from balances with banks and financial institutions is managed by Company's treasury in accordance with the Group's policy. Cash is substantially placed with national banks with sound credit ratings ranging BBB+ and above or in money market instruments from reputable managers associated with leading domestic banks. 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.

Arabian Centres Company (a Saudi joint stock company)
Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

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. At reporting date, the Group was in a net current liabilities position amounting to SR 2.5 billion (Refer note 1).

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 2023							
Accounts payable	311,470,025	311,470,025	--	--	--	--	311,470,025
Tenants' security deposits	167,062,790	96,996,647	27,368,966	22,991,278	19,619,879	86,020	167,062,790
Other liabilities	253,333,655	253,333,655	--	--	--	--	253,333,655
Due to related parties	102,087,353	102,087,353	--	--	--	--	102,087,353
Lease liabilities	3,168,270,116	340,891,212	153,883,976	262,440,390	809,580,672	4,096,274,563	5,663,070,813
Loans and borrowings	8,986,704,157	1,254,349,593	2,185,961,624	5,002,159,747	1,169,005,133	874,832,506	10,486,308,603
	12,988,928,096	2,359,128,485	2,367,214,566	5,287,591,415	1,998,205,684	4,971,193,089	16,983,333,239
31 December 2022							
Accounts payable	118,951,524	118,951,524	--	--	--	--	118,951,524
Tenants' security deposits	158,673,106	93,131,320	17,970,319	29,753,412	17,383,626	434,429	158,673,106
Other liabilities	208,132,935	208,132,935	--	--	--	--	208,132,935
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
	11,468,363,634	1,697,699,599	515,074,082	2,800,409,841	5,850,495,443	4,301,082,405	15,164,761,370

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (a Saudi joint stock company)
Notes to the consolidated financial statements (continued)
 For the year ended 31 December 2023

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 2023 and at 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):

(Loss)/gain through the consolidated statement of profit or loss	31 December 2023	31 December 2022
Floating rate debt:		
SIBOR/LIBOR +100bps	(38,991,316)	(24,443,708)
SIBOR/LIBOR -100bps	38,991,316	24,443,708

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.

Arabian Centres Company (a Saudi joint stock company)
Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

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 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

The Group monitors capital using a ratio of 'net debt' to 'equity'. Net debt is calculated as total liabilities less cash and cash equivalents and short-term investments held for trading. The Group's net debt to equity ratio at 31 December 2023 was as follows.

	31 December 2023	31 December 2022
Total liabilities	13,439,259,317	11,808,258,279
Cash and cash equivalents	(84,995,834)	(610,445,796)
Other investments	(303,026,022)	--
Net debt	13,051,237,461	11,197,812,483
Total equity	14,311,968,103	14,068,600,705
Net debt to equity	0.91	0.80

31. Commitments and contingencies

	Note	31 December 2023	31 December 2022
Commitments			
Commitments for projects under construction	(i)	4,173,329,989	3,265,050,000
Outstanding bank guarantees		10,000,000	13,000,000

- i. These commitments pertain to construction of shopping malls across the Kingdom of Saudi Arabia.

32. Standards new currently effective requirements and standards issued but not yet effective

In addition to note 6, the group has also applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023.

New Standards, Amendment to Standards and Interpretations:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Amendments to IAS 8
The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- Amendments to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction
These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (a Saudi joint stock company)
Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

32. Standards new currently effective requirements and standards issued but not yet effective (continued)

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted them in preparing these Consolidated Financial Statements. These amendments' are not expected to have significant impact in the Group's Consolidated Financial Statements.

- Amendments to IFRS 16 – Leases on sale and leaseback
 These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- Amendments to IAS 1 - Non-current liabilities with covenants and Classification of Liabilities as Current or Non-current Amendments
 These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
- Amendments to IAS 7 and IFRS 7 - Supplier finance arrangements
- Amendments to IAS 21 - Lack of Exchangeability
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

33. 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 of 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 December 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).

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (a Saudi joint stock company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

34. 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 2023				
Assets				
Investment properties	160,141,662	1,701,842,319	2,784,022,624	--
Cash and cash equivalents	--	7,686,796	39,106,855	11,693,456
Other assets	16,290,634	6,337,855	341,634,976	--
	176,432,296	1,715,866,970	3,164,764,455	11,693,456
Liabilities				
Loans and borrowings	--	124,750,490	433,307,586	--
Lease liabilities	65,979,516	--	--	--
Other liabilities	8,007,260	6,898,538	14,139,402	10,335,250
	73,986,776	131,649,028	447,446,988	10,335,250
Net assets	102,445,520	1,584,217,942	2,717,317,467	1,358,206
Non-controlling interest	35,489,746	--	--	--
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
Non-controlling interest	49,482,783	--	--	49,482,783
Year ended 31 December 2023				
Statement of profit or loss				
Revenue	45,831,281	--	--	--
Gross profit	32,483,529	--	--	--
(Loss) / profit for the year	(27,986,073)	(9,329,301)	254,297,389	(5,656,881)
Loss allocated to NCI	(13,993,037)	--	--	--
Nine-month period ended 31 December 2022				
Statement of profit or loss				
Revenue	32,188,958	--	--	--
Gross profit	25,373,815	--	--	--
Profit / (loss) for the period	10,171,051	96,425,777	178,573,923	(36,146,910)
Profit allocated to NCI	5,085,525	--	--	--

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (a Saudi joint stock company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

34. Summarized financial information of material subsidiaries (continued)

	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
Year ended 31 December 2022				
Statement of profit or loss				
Revenue	40,952,077	--	--	--
Gross profit	31,838,223	--	--	--
Profit / (loss) for the period	3,527,940	96,425,777	178,573,923	(36,146,910)
Profit allocated to NCI	1,763,969	--	--	--

35. Subsequent events

- On 1 February 2024, the Company signed an agreement to sell Sahara Plaza to Alistithmar for Financial Securities and Brokerage Company (Alistithmar Capital) at an agreed consideration of SR 200 million. The legal title of the property will transferred to the Alistithmar Capital within 45 days from the agreement date.
- On 5 February 2024, the Group resolved to liquidate one of its subsidiaries 'Derayah Destination Arabia Diversified Fund'. The liquidation is currently under progress.
- On 13 February 2024, after negotiation that between the Group and its lenders that concluded , the entire long-term Islamic facility was restructured. The company secured SAR 5.25 billion in Shariah-compliant facilities with improved terms from a syndicate of banks. The funds have been applied to repay existing facilities as at December 31, 2023. The facilities include a revolving Murabaha facility and two term Murabaha tranches, all linked to sustainability targets. These targets focus on reducing carbon emissions, increasing grid connectivity, and enhancing female representation in leadership roles.
- On 6 March 2024, the Company completed the offering of its Shari'ah compliant Sukuk amounting to USD 500 million. The proceeds from the issuance shall be used to refinance the Company's 2019 Sukuk which are due to mature in November 2024. On 12 March, the Company concluded an additional private placement offering of supplementary Sukuk valued at \$100 million. This additional issuance is part of the \$500 million Sukuk launched on March 6, 2024, set to mature in 2029.
- On 25 March 2024, the Board of Directors resolved to distribute dividends for the second half of the period ended 31 December 2023 amounting to SR 0.75 per share aggregating to SR 356,250,000. The dividends will be paid on 16 April 2024.

36. Comparative financial information

- Comparative figure of SR 9,792,498 in the consolidated statement of profit or loss for the nine-month period ended 31 December 2022 has been reclassified from General and administrative expenses to Cost of revenue - Direct costs.
- Comparative figure of SR 78,194,086 in the consolidated statement of financial position as at 31 December 2022 has been reclassified from Prepayments and other assets to Account receivables.
- Comparative figure of SR 5,000,000 in the consolidated statement of financial position as at 31 December 2022 has been reclassified from Accounts payable and other liabilities to Provisions.

These has been reclassified to conform to current period's presentation and no impact on equity.

37. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors for issuance on 15 Ramadan 1445H (corresponding to 25 March 2024).

All amounts are presented in Saudi Riyals unless otherwise stated.

20.4 Financial Statements of the Company as at, and for the year ended 31 March 2022G

The audited consolidated financial statements of the Company for the year ended 31 March 2022G, which also include comparative financial information of the Company for the year ended 31 March 2021G (together with the audit report thereon (an electronic copy of which is available at:

https://www.saudiexchange.sa/Resources/fsPdf/1381_0_2022-07-06_15-07-06_En.pdf

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**

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated financial statements

Year ended 31 March 2022

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Arabian Centres Company (A Saudi Joint Stock Company)

Consolidated financial statements

Year ended 31 March 2022

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KPMG Professional Services

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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

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.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia, with the paid-up capital of (25,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved

كي بي إم جي للاستشارات المالية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٢٥.٠٠٠.٠٠٠) ريال سعودي مطروح بالكامل، المسماة سابقاً كشركة كي بي إم جي فوزان وشركاه محاسبين ومراجعين قانونيين. وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المسجلة والتجارية كي بي إم جي العالمية المحدودة، شركة تطويرية محدودة بضمان. جميع الحقوق محفوظة.



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: - The accuracy and validity of the input of key terms of the contract, - Tenant's acknowledgement to the amendments of lease contracts; and - 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.



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 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.	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.



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.



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

Hani Hamzah A. Bedalri
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(i)	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(i)	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 Dhu'l Qi'dah 1443H (28 June 2022) and signed on its behalf by:


Waleed Al-Rehdi
Chief Financial Officer


Mohammad Mourad
Managing Director


Fawaz Al-Hakeir
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	36	(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
 Chief Financial Officer


Mohamad Mourad
 Managing Director


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 comprehensive income

For the year ended 31 March 2022

	Notes	31 March 2022	31 March 2021
Profit for the year		433,848,843	486,720,435
Other comprehensive income/ (loss)			
<i>Items that are or may be reclassified subsequently to consolidated statement of profit or loss:</i>			
- Cash flow hedges – effective portion of change in fair value	30B	6,163,824	(1,082,698)
<i>Items that will not be reclassified to consolidated statement of profit or loss:</i>			
- Re-measurements of defined benefit liability	31A	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.


Walied Al-Rebdi
Chief Financial Officer


Mohammad Mourad
Managing Director


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 year ended 31 March 2022

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		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	10	—	—	—	—	(475,000,000)	(475,000,000)	—	(475,000,000)
Dividends		—	—	—	—	320,429,968	6,051,098,938	1,319,575	6,052,418,513
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		—	—	—	—	436,818,271	436,818,271	(2,989,426)	433,828,845
Other comprehensive income		—	—	—	6,813,709	—	6,813,709	—	6,813,709
Total comprehensive income for the year		—	—	—	6,813,709	436,818,271	443,631,980	(2,989,426)	440,642,554
Transfers to statutory reserve		—	—	43,683,827	—	(43,683,827)	—	—	—
Transactions with shareholders of the company	10	—	—	—	—	(712,500,000)	(712,500,000)	—	(712,500,000)
Dividends		—	—	—	—	1,004,412	4,782,256,918	11,600,553	4,793,857,471
Balance at 31 March 2022		4,750,000,000	411,725,703	605,442,463	13,998,340	1,004,412	4,782,256,918	11,600,553	4,793,857,471

The attached notes from 1 to 20 are an integral part of these consolidated financial statements.


Waleed Al-Rehaili
Chief Financial Officer


Mohamad Mourad
Managing Director


Fawaz Al-Haleem
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 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	4	343,048,949	311,653,382
- Depreciation on property and equipment	10	19,716,626	26,816,191
- Depreciation on right-of-use assets	94	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	271	166,856,736	172,892,445
- Finance cost over lease liabilities	98	162,339,246	172,238,307
- Lease rental concession	98	—	(76,703,029)
- Share of loss / (gain) from equity-accounted investee and other	124	15,044,401	(1,652,443)
- Gain from disposal of equity-accounted investee	274	—	(42,767,629)
- Gain from disposal of Assets held for sale		(429,474)	—
- Impairment on advances to suppliers	270	1,267,387	—
- Change in fair value of other investments	128	(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.

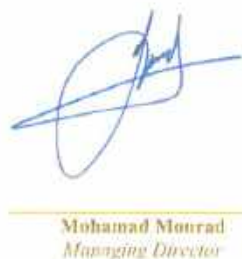
Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of cash flows (continued)

For the year ended 31 March 2022

	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-Rehdi
Chief Financial Officer


Mohamad Mourad
Managing Director


Fawaz Al-Hokair
Chairman

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company) **Notes to the consolidated financial statements**

For the year ended 31 March 2022

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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements

For the year ended 31 March 2022

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:		Indirect ownership interest held by the Group as at:		Share Capital (SR)	Number of shares issued
			31 March 2022	31 March 2021	31 March 2022	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-Qassem 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 Damnam 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 Rasakh 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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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:

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company) **Notes to the consolidated financial statements (continued)**

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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)

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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 retrospectively applied from 1 April 2021 (see Note 6).

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 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.

Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

8. Investment properties

A. Reconciliation of carrying amount

	Buildings on freehold land					Buildings on leasehold land					Total
	Land	Building component	Electrical components	Mechanical components	Firefighting system	Conveying system	Total Buildings	Building component	Mechanical components	Total Buildings on leasehold	
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	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	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	--
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	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	1,231,108,345
Transfer from related party (ii)	85,039,100	--	--	--	--	--	--	--	--	--	85,039,100
Transferred to development properties (Note 11)	(269,403,007)	--	--	--	--	--	--	--	--	--	--
Transfers	--	444,854,608	164,403,918	132,092,713	12,744,253	13,673,715	767,859,207	(17,861,715)	24,718,678	6,956,963	(269,403,007)
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	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	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	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	12,671,172,262

- i. Projects under construction pertain 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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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

- Discounted cash flow model for operating malls and considers the present value of net cash flows to be generated from the property; and
- 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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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					
- Oyouun Al Raed		Yes	Yes	1,770,439,947	1,770,439,947
- Oyouun 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 Extension 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

- 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).
- 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.
- Transfer of the title deed for this land is under progress (please refer to note 14B(ii)).
- 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.
- 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

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

10. Property and equipment

Reconciliation of carrying amount

Cost:	Tools and equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Capital work in progress	Total
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.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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)

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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

Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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:

Name of related party	Notes	Business status	Transactions					Due from related parties
			Renting of retail and office space services rendered	Security services rendered	Transfer of Zakat payable	Others	Total	
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
Ezdhlar 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
Ezdhlar 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

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Name of related party	Business status	Relationship	Construction work services received		Balances	
			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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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

- 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.
- 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

- 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.
- 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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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 revolving Murabaha 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.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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)
Un-amortized transaction costs	(i)	5,204,993,272	1,874,950,000	7,079,943,272
	(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)
Un-amortized transaction costs	(i)	2,723,415,669	5,156,200,000	7,879,615,669
Deferred Sukuk premium	(ii)	(53,463,354)	(67,890,041)	(121,353,395)
	(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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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

- 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.
- 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.
- 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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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:

	Notes	31 March 2022	31 March 2021
Financial Assets			
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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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			Total
		Level 1	Level 2	Level 3	
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			Total
		Level 1	Level 2	Level 3	
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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (a Saudi joint stock company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (a Saudi joint stock company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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.

Arabian Centres Company (a Saudi joint stock company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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:

- 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
- 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

- 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.

Arabian Centres Company (a Saudi joint stock company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

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 Dahrhan 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).

All amounts are presented in Saudi Riyals unless otherwise stated.

20.5 Financial Statements of the Company as at, and for the year ended 31 March 2021G

The audited consolidated financial statements of the Company for the year ended 31 March 2021G, which also include comparative financial information of the Company for the year ended 31 March 2020G (together with the audit report thereon (an electronic copy of which is available at:

https://www.saudiexchange.sa/Resources/fsPdf/1381_0_2021-06-28_14-08-30_En.pdf

Any statement contained in a document which is incorporated by reference herein shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

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**

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated financial statements

Year ended 31 March 2021

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Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated financial statements

Year ended 31 March 2021

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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

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 professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (15,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة منفصلة، مسجلة في المملكة العربية السعودية، رأس مالمها (١٥,٠٠٠,٠٠٠) ريال سعودي مدافع بالكامل، المسماة سابقاً "الشركة كي بي إم جي الوزان وشركاه محاسبون ومراجعون كآرون". و هي عضو غير شريك في للشبكة العالمية لشركات كي بي إم جي المستقلة والثابعة لـ كي بي إم جي العالمية المحدودة، شركة الخطأية محدودة بضمان. جميع الحقوق محفوظة.



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: - The accuracy and validity of the input of key terms of the contract - Tenant's acknowledgement to the amendments of lease contracts; and - 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.



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.



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.



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



Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of financial position

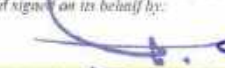
As at 31 March 2021

	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(a)	341,395,259	99,835,361
Equity-accounted investment	11	–	53,079,928
Other non-current assets	15	22,580,000	–
Other investments	12	5,975,840	104,463,375
Non-current assets		16,116,960,293	15,882,179,460
Accrued revenue	23(a)	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	99,459,030	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	19	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	23	405,102,129	381,514,197
Amount due to related parties	14B	162,319	3,899,682
Unearned revenue	23(a)	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 1 to 25 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 Dhu'l Qa'dah 1442H (21 June 2021) and signed on its behalf by:


Walid Khalid Al-Rahbi
Chief Financial Officer


Faisal Abdulrahman Al-Jedai
Chief Executive Officer


Fawaz Almutairi
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	23	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	96	(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	(171,892,445)	(351,259,733)
Finance costs over lease liabilities	98	(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
 Chief Financial Officer


 Faisal Abdullah Al-Jedai
 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 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)			
<i>Items that are or may be reclassified subsequently to consolidated statement of profit or loss:</i>			
- Cash flow hedges – effective portion of change in fair value	308	(1,082,698)	--
<i>Items that will not be reclassified to consolidated statement of profit or loss:</i>			
- Re-measurements of defined benefit liability	214	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.


Walid Khalid Al-Rehail
Chief Financial Officer


Faisal Abdullah Al-Jedair
Chief Executive Officer


Fawaz Abdulmunez Al-Hokay
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									
	Yours	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	—	—	449,099,209	(18,272,000)	183,241,759	5,054,669,068	91,052	5,064,760,120
Total comprehensive income for the year	—	—	—	—	—	633,934,247	633,934,247	8,667,104	642,601,351
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	300,000,000	411,725,703	—	—	—	—	711,725,703	—	711,725,703
Transactions with shareholders of the company	300,000,000	411,725,703	—	—	—	—	711,725,703	—	711,725,703
Transfers to statutory reserve	—	—	—	63,393,425	—	(63,393,425)	—	—	—
Dividends	—	—	—	63,393,425	—	(427,500,000)	(427,500,000)	(7,500,000)	(435,000,000)
Balance at 31 March 2020	4,750,000,000	411,725,703	—	913,092,734	(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	—	913,092,734*	(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	—	—	—	—	—	31,154,272	31,154,272	—	31,154,272
Transfers to statutory reserve	—	—	—	48,665,902	—	(48,665,902)	—	—	—
Transactions with shareholders of the company	—	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	(475,000,000)	(475,000,000)	—	(475,000,000)
Balance at 31 March 2021	4,750,000,000	411,725,703	—	961,758,636	2,186,631	326,427,948	6,051,098,938	1,319,575	6,052,418,512

The attached notes form part of these consolidated financial statements.

Walid Al-Raddi
Chief Financial Officer

Faisal Abdulrahman Al-Jedidi
Chief Executive Officer

Fayez Al-Hajj
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
<i>Adjustments for:</i>			
- 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.

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of cash flows (continued)

Year ended 31 March 2021

	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	(270,855,928)	(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	18	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 26 are an integral part of these consolidated financial statements.


Waheed Uddin Ali Jeddah
Chief Financial Officer


Faizal Abdullah Al-Jeddaie
Chief Executive Officer


Faraz Abdulaziz Al-Hajj
Chairman

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 March 2021

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.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements

For the year ended 31 March 2021

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:		Indirect ownership interest held by the Group as at:		Share Capital (SR)	Number of shares issued
			31 March 2021	31 March 2020	31 March 2021	31 March 2020		
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-Qassem Company for Entertainment and Commercial Projects Owned by Abdulmohebin 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 Damnam 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 Rasakh 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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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)
	4 – 50 years
Building on leasehold land	(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. Leasehold 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)

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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 and 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.

Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

8. Investment properties

A. Reconciliation of carrying amount

	Buildings on leasehold land (ii)									
	Buildings on freehold land									
	Land	Building component	Electrical components	Mechanical components	Firefighting system	Conveying system	Buildings	Building component	Mechanical components	Buildings on leasehold
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
Additions	--	3,237,849	6,255,208	11,573,552	--	468,833	21,535,442	49,697,641	--	588,249,473
Transfers	--	436,087,695	--	--	--	--	436,087,695	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
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	666,824,512
Transfer from related party (iii)	81,165,000	50,175,000	--	--	--	--	50,175,000	--	--	--
Transfers	--	50,924,672	2,779,302	13,346,350	402,282	--	67,452,606	375,107,944	17,915,702	393,023,646
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
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
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
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
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
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
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
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
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	2,144,612,609

- i. Projects under construction pertain 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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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					
- Oyoum Al Raed		Yes	Yes	1,770,439,947	1,770,439,947
- Oyoum 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.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

All amounts are presented in Saudi Riyals unless otherwise stated.

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Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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:

Name of related party	Notes	Business status	Transactions					Accounts receivable / (Payable)
			Renting of retail and office space services rendered	Security services rendered	Transfer of Zakat payable	Others	Total	
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 Alnajid 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 Alnajid 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.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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:

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Name of related party	Business status	Relationship	Construction work services received		Balances	
			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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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

- 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.
- 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

- 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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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

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Arabian Centres Company (A Saudi Joint Stock Company) Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

22. Accounts payable and other liabilities (continued)

- 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.
- 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.
- 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

- 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.
- 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

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Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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

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Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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

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Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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

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Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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			Total
		Level 1	Level 2	Level 3	
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			Total
		Level 1	Level 2	Level 3	
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.

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Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

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Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

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Arabian Centres Company (a Saudi joint stock company)
Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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

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Arabian Centres Company (a Saudi joint stock company)
Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

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Arabian Centres Company (a Saudi joint stock company)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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.

Arabian Centres Company (a Saudi joint stock company) Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

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).

All amounts are presented in Saudi Riyals unless otherwise stated.

Appendix 1 - The Issuer's Bylaws

21. Appendix 1 - The Issuer's Bylaws

Ministry of Commerce
Ministry of Commerce

ARTICLES OF ASSOCIATION OF ARABIAN CENTERS COMPANY (LISTED JOINT-STOCK COMPANY)



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Articles of Association of the Arabian Centers Company (Listed Joint-stock Company) (Listed Joint-stock Company)

Chapter One: Incorporation of the Company

Article no. (1): Incorporation:

The company is incorporated in accordance with the provisions of the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443 AH and its implementing regulations, as well as the provisions of the Articles of Association, as a Saudi joint stock company, as follows:

Article no. (2): Company Name

Arabian Centers Company, a Listed Joint Stock Company (Listed Joint Stock Company)

Article No. (3) Company's Headquarters

The company's headquarters shall be in Riyadh. It may establish branches inside or outside the Kingdom by decision of the Board of Directors.

Article no. (4): Company Purposes

The company carries out and implements the following activities:

Category	Activity
Construction	Construction of buildings
Construction	Completion and finishing of buildings
Wholesale and retail trade; repair of motor vehicles and motorcycles	Retail sales in other types of non-specialized stores
Real estate activities	Real estate activities in owned or leased properties
Real estate activities	Real estate activities based on fees or contracts
Administrative and support services	Integrated facilities support activities



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The company shall carry out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the relevant authorities, if any.

Article no. (5): Company's Term:

- The duration of the company is (99) years starting from the date of its registration in the commercial registry, and this period may always be extended by a decision issued by the extraordinary general assembly at least one year before the expiration of its term.

Article no. (6): The Participation and Ownership in Companies

The company may establish, on its own, limited liability companies, closed joint-stock companies, or simplified joint-stock companies. It may also own shares or stakes in existing companies or merge with them. Furthermore, the company has the right to participate with others in founding joint-stock companies, limited liability companies, or any other companies, provided that all applicable laws and regulations are duly complied with. The company may also deal with such shares or stakes, provided that this does not include acting as an intermediary in their trading.

Chapter (2): Capital and Shares

Article no. (7): The Capital

The company's issued capital is set at SAR 4,750,000,000 (four billion seven hundred fifty million Saudi Riyals), divided into 475,000,000 equal nominal shares, each with a value of SAR 10.0, all of which are ordinary shares against cash and in-kind contributions. The full value of the in-kind contributions, amounting to SAR 4,450,000,000 (four billion four hundred fifty million Saudi Riyals), has been fully paid in accordance with a report from an accredited valuer. The cash amounts paid have been deposited with a licensed bank, totaling SAR 300,000,000 (three hundred million Saudi Riyals).

Article no. (8): Share Subscription:

The shareholders have fully subscribed to all the issued capital shares amounting to 4750000000.0 Saudi Riyals, which are fully paid.

Article no. (9): Sale of unpaid shares

- 1- The shareholder is obliged to pay the remaining value of the share on the specified due dates. If the shareholder fails to pay on the due date, the Board of Directors may—



after notifying them via email, registered letter, or any modern technological means—sell the share through a public auction or on the financial market, as applicable.

(a) Provided that the other shareholders have priority to purchase the shares of the shareholder who failed to pay.

2- The Company shall deduct from the sale proceeds the amounts owed to it, and remit the remaining balance to the shareholder. If the sale proceeds are insufficient to settle such amounts, the Company may recover the remainder from all of the shareholders' assets.

3- The enforcement of rights attached to the shares of a shareholder in default of payment of their value upon expiry of the prescribed due date shall be suspended until such shares are sold, or the outstanding amounts are settled in accordance with paragraph (1) of this Article. These rights include, inter alia, entitlement to a portion of the net profits declared for distribution, and the right to attend general assemblies and to vote on their resolutions. Nevertheless, the shareholder in default may, up until the date of sale, pay the outstanding amount due together with the expenses incurred by the Company in this regard. In such a case, the shareholder shall be entitled to claim the dividends resolved for distribution.

4- The Company shall cancel the share certificate sold in accordance with the provisions of this Article and issue to the purchaser a new certificate for the share bearing the same number, while recording the sale in the shareholders' register together with the requisite particulars of the new owner.

Article no. (10): Preferred Shares

The Extraordinary General Assembly of the Company may, in accordance with the principles established by the competent authority, issue preferred shares, resolve to repurchase them, convert ordinary shares into preferred shares, or convert preferred shares into ordinary shares. Preferred shares shall not confer voting rights in the General Assemblies of shareholders. They shall, however, entitle their holders to receive a greater proportion of the Company's net profits than that allocated to holders of ordinary shares, after setting aside any reserves, if applicable.

Article no. (11): Issuance of Shares:

Shares shall be nominal and may not be issued below their nominal value. They may, however, be issued at a premium above such nominal value, subject to the approval of the Extraordinary General Assembly, in which case the premium shall be recorded as a separate item within the shareholders' equity. Such premium shall not be distributed as



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dividends to the shareholders. The share shall be indivisible vis-à-vis the Company; if it is owned by multiple person, they must appoint one of them to exercise the rights attached to the share on their behalf. These person shall be jointly and severally liable for any obligations arising from the ownership of the share.

Article no. (12): Repurchase, Sale, and Pledging of Shares by the Company

The Company may purchase, sell, or pledge its shares with the approval of the Extraordinary General Assembly, in accordance with the applicable laws and regulations issued by the competent authorities. Shares purchased by the Company shall carry no voting rights in the shareholders' assemblies. 2. The Company may repurchase its shares for the purpose of reducing its capital, in accordance with the applicable laws and regulations issued by the competent authorities. 3. The Company may purchase its shares to be held as treasury shares in the following cases: A. If the Board of Directors, or its delegate, considers that the market price of the share is below its fair value. B. To satisfy the rights of holders of debt instruments convertible into shares, in accordance with the terms and conditions of such instruments. C. Exchange transactions for the acquisition of shares or ownership of the Company, or for the purchase of assets. D. Allocation to the Company's employees as part of the Employee Stock Ownership Plan. E. Any other purpose approved by the CMA. 4. The Company may sell treasury shares in a single phase or in multiple phases, in accordance with the applicable regulations issued by the competent authorities. 5. The Company may pledge its shares as collateral for a debt, in accordance with the regulations set by the competent authorities. 6. Without prejudice to other applicable laws and regulations, any person entitled to own or hold the Company's shares for the benefit of a third party may pledge them in accordance with the regulations established by the competent authorities. The pledgee shall be entitled to receive dividends and exercise the rights attached to the shares unless otherwise agreed upon in the pledge agreement. However, the pledgee shall not be entitled to attend or vote at the Company's General Assembly meetings.

Article no. (13): Circulation of Shares

The Company's shares shall be traded in accordance with the provisions of the Capital Market Law and its implementing regulations.

Article no. (14): Capital Increase

1- The Extraordinary General Assembly may resolve to increase the Company's issued or authorized capital, provided that the capital has been fully paid. Full payment of the capital shall not be required if the unpaid portion relates to shares issued in exchange



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for the conversion of debt instruments or sukuk into shares, and the prescribed period for such conversion has not yet expired. 2- In all cases, the Extraordinary General Assembly may allocate all or part of the newly issued shares upon a capital increase to the employees of the Company and its subsidiaries, or some of them. Shareholders shall not exercise pre-emptive rights with respect to shares allocated to employees. 3- A shareholder holding shares at the time of the Extraordinary General Assembly's resolution approving the increase of the issued capital, or at the time of the Board of Directors' approval of an increase within the limits of the authorized capital, shall have pre-emptive rights to subscribe to the newly issued shares offered for cash. The shareholder shall be notified of their pre-emptive rights through modern technological means, including the capital increase resolution, subscription terms and procedures, and the start and end dates of the subscription period, taking into account the type and class of shares they hold. 4- The Extraordinary General Assembly shall have the right to suspend the shareholders' pre-emptive rights to subscribe to a capital increase for cash or to grant such rights to non-shareholders in cases it deems appropriate in the best interest of the Company. 5- A registered shareholder may sell all or part of their deposited pre-emptive rights through the market and receive the financial consideration for the partial or full sale of such rights, in accordance with the provisions of the implementing regulations of the Companies Law applicable to listed joint-stock companies. 6- Subject to the provisions of paragraph 4 above, the new shares shall be allocated to the holders of pre-emptive rights who applied for subscription, in proportion to their rights relative to the total pre-emptive rights arising from the capital increase, provided that the allocation does not exceed the number of shares they requested, taking into account the type and class of shares they hold. The remaining new shares shall be allocated to holders of pre-emptive rights who requested more than their proportional entitlement, in proportion to their rights relative to the total pre-emptive rights arising from the capital increase, provided that the allocation does not exceed the number of shares they requested. Any remaining shares shall be offered to others, unless otherwise resolved by the Extraordinary General Assembly or stipulated by the Capital Market regulations.

Article no. (15): Capital Decrease:

1- The Extraordinary General Assembly may resolve to reduce the capital if it exceeds the Company's needs or if the Company has incurred losses. In the latter case only, the capital may be reduced below the minimum limit stipulated in Article 59 of the Companies Law. 2- A resolution to reduce the capital shall not be issued except after presenting a statement to the General Assembly prepared by the Board of Directors



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outlining the reasons for the reduction, the Company's obligations, and the impact of the reduction on fulfilling those obligations. This statement shall be accompanied by a report from the Company's auditors. The presentation of the aforementioned statement to the shareholders may suffice in cases where the General Assembly resolution is passed by circulation. 3- If the capital reduction results from the capital exceeding the Company's needs, creditors must be invited to submit any objections at least forty-five (45) days prior to the date set for the Extraordinary General Assembly meeting to resolve the reduction. The invitation shall be accompanied by a statement indicating the capital amount before and after the reduction, the date of the meeting, and the effective date of the reduction. Should any creditor object to the reduction and submit supporting documentation to the Company within the specified period, the Company shall settle the creditor's claim if due, or provide sufficient security to guarantee payment if the claim is not yet due. A creditor who notifies the Company of their objection to the reduction and whose claim is not settled if due, or for which sufficient security is not provided if not yet due, may apply to the competent judicial authority prior to the date set for the Extraordinary General Assembly meeting to resolve the reduction. In such a case, the competent judicial authority may order the payment of the debt, the provision of adequate security, or the postponement of the Extraordinary General Assembly meeting, as appropriate. 4- A reduction shall not be invoked against a creditor who submitted their claim within the period specified in paragraph 3 of this Article unless the creditor has been fully paid for any due amounts or has received sufficient security for any amounts not yet due. 5- Equality shall be observed among shareholders holding shares of the same type and class when reducing the capital.

Article no. (16): Debt Instruments

1- The Company may, in accordance with the Capital Market Law, issue tradable debt instruments or sukuk. 2- The issuance of debt instruments or sukuk convertible into shares by the Company shall require a resolution of the Extraordinary General Assembly specifying the maximum number of shares that may be issued against such instruments or sukuk, whether they are issued at a single time, through a series of issuances, or under one or more issuance programs. The Board of Directors shall, without the need for a new approval from the Extraordinary General Assembly, issue new shares against those instruments or sukuk whose holders request conversion upon the expiration of the conversion request period specified for the holders, or upon the occurrence of the conditions for their automatic conversion into shares, or upon the lapse of the period specified for such conversion. The Board shall take the necessary actions to amend the Articles of Association with respect to the number of issued shares



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and the capital. 3- The Board of Directors shall register the completion of all procedures for any capital increase with the Commercial Registry. 4- Debt instruments or sukuk may be converted into shares in accordance with the Capital Market Law, with the consent of their holders, whether such consent was given in advance, for example, as part of the terms of issuance, or subsequently by agreement.

Chapter (3): The Board

Article No. (17): Management of the Company

(A) The Company shall be managed by a Board of Directors composed of nine (9) members, who must be natural persons elected by the Ordinary General Assembly of shareholders for a term not exceeding four years.

(B) The manner of operation of the Board of Directors shall be determined as follows:

The quorum for the meeting shall be valid with the attendance of 50% of the members of the Board of Directors.

The legal quorum for adopting resolutions shall be met with the approval of 51% of the members.

Board members may delegate others to attend the meetings on their behalf.

The Ordinary General Assembly may re-elect Board members upon the expiration of their term. Each shareholder shall have the right to nominate themselves, another shareholder, or any other person for membership on the Company's Board of Directors.

Article No. (18): Expiration or termination of Council membership

1- Board membership shall terminate upon the expiration of the term or upon the member's disqualification in accordance with any applicable laws or regulations in the Kingdom. The General Assembly may, based on a recommendation from the Board of Directors, terminate the membership of any member who absents themselves from three consecutive meetings or five non-consecutive meetings during their term without a legitimate excuse accepted by the Board.

A- The Board of Directors shall convene the Ordinary General Assembly sufficiently in advance of the expiration of its term to elect a new Board of Directors for the upcoming term. Its members shall continue to perform their duties until a new Board is elected, provided that the extended term of the outgoing members does not exceed ninety (90) days from the expiration date. The Board of Directors must take the necessary measures to elect a replacement Board before the specified extension period ends. The Ordinary



General Assembly may remove all or some members of the Board of Directors. In such a case, the Ordinary General Assembly shall elect a new Board or appoint a replacement for the removed member, as applicable, in accordance with the provisions of the Companies Law.

Article No. (19): Powers of the Board

Taking into account the powers assigned to the General Assembly, the Board of Directors shall have the broadest powers in managing the company in order to achieve its purposes

Commercial Records	Main	Annual Confirmation	Right to Delegate		
		Cancellation	Right to Delegate		
	Secondary	Issuance	Right to Delegate		
		Annual Confirmation	Right to Delegate		
		Cancellation	Right to Delegate		
Companies in which the company enters as a partner	Signing corporate contracts	Right to Delegate			
	Buying shares	Right to Delegate			
	Liquidation of the company	Right to Delegate			
	Selling shares	Right to Delegate			
	Representing the company in which shares are held	Right to Delegate			
Companies in which the company enters as a partner	Signing corporate contracts	Right to Delegate			
	Buying shares	Right to Delegate			
	Liquidation of the company	Right to Delegate			
	Selling shares	Right to Delegate			
	Representing the company in which shares are held	Right to Delegate			
Establishing companies by the name of the company	Commercial Records	Issuance	Right to Delegate		
		Annual Confirmation	Right to Delegate		
		Cancellation	Right to Delegate		
	Registration in the Ministry	Right to Delegate			
	Representation before a notary public	Right to Delegate			



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	Signing the company's contract	Right to Delegate			
	Signing partners' decisions	Right to Delegate			
Banking	Open accounts	Right to Delegate			
	Open credits/ LCs	Right to Delegate			
	Depositing	Right to Delegate			
	Withdrawal	Right to Delegate			
	Issuing checks	Right to Delegate			
	Update accounts	Right to Delegate			
	Obtaining account statements	Right to Delegate			
	Applying for facilities	Right to Delegate			
	Request for guarantees	Right to Delegate			
	Signing loan contracts	Right to Delegate			
	Signing Commercial papers	Right to Delegate			
	Signing the order documents	Right to Delegate			
	Submitting any application or obtaining any service that falls under the competence of the Communications and Information Technology Commission (CITC)	Right to Delegate			
	The power to authorize any person, as per the relevant laws, to submit any application or obtain any service that falls under the competence of the CITC.	Right to Delegate			
	Issuance of commercial papers (Electronically)	Right to Delegate			
	Signing Commercial papers(Electronically)	Right to Delegate			
	Issuance of Executive Contracts (Electronically)	Right to Delegate			
	Issuance of Executive Contracts (Electronically)	Right to Delegate			
	Signing guarantees and e-credits	Right to Delegate			



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Properties' Management	Buy, sell, and empty properties	Real Estate	Purchase	Right to Delegate	
			Sale	Right to Delegate	
			Empty	Right to Delegate	
		Land	Purchase	Right to Delegate	
			Sale	Right to Delegate	
			Empty	Right to Delegate	
		Shares	Purchase	Right to Delegate	
			Sale	Right to Delegate	
	Mortgage of property	Right to Mortgage	Right to Delegate		
		Release of Mortgage	Right to Delegate		
		Cashing	Right to Delegate		
Issuance of commercial papers	Endorsement and signature of commercial papers	Right to Delegate			
	Creating commercial papers	Right to Delegate			
	Cancellation of commercial papers	Right to Delegate			
	Closing of commercial papers	Right to Delegate			
Amending the articles of association of the companies in which the company enters as a partner	Approving partners' resolutions	Changing the legal form	Right to Delegate		
		Increasing or decreasing the share capital	Right to Delegate		
		Accepting the assignment and acquisition of shares	Right to Delegate		
		Entry and exit of partners	Right to Delegate		
		Signing the partners' resolutions to merge	Right to Delegate		
		Amending the remaining provisions of the Articles of Association	Right to Delegate		



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	Liquidation of the company	Right to Delegate			
	Converting the company into an establishment	Right to Delegate			
Judiciary	Representation before Sharia courts	Hearing claims	Right to Delegate		
		Reconciliation	Right to Delegate		
		Refusal and acceptance of arbitration	Right to Delegate		
		Refusal and acceptance of reconciliation	Right to Delegate		
		Acknowledgment and denial	Right to Delegate		
		Waiver rights	Right to Delegate		
		Pleading	Right to Delegate		
		Advocacy	Right to Delegate		
		Claiming	Right to Delegate		
		Dispute	Right to Delegate		
	Appointment of arbitrators	Right to Delegate			
	Appointment of lawyers	Right to Delegate			
	Representation before Notary Public	Right to Delegate			
	Using and utilizing all electronic services of the Ministry of Justice	Right to Delegate			
	Delegation/Authorization of Others to Execute Electronic Ministry of Justice Services.	Right to Delegate			
	((Signing the loan contract agreement, its amendments and appendices, and all related documents; signing the follow-up agreement; signing the advisory agreement; signing before the notary public all instruments in relation to the industrial mortgage of all the company's property; receiving the loan value, assigning the loan; requesting loan release;	Right to Delegate			



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	repaying the loan; Signing the letter of credit Agreement))				
	(Signing corporate guarantee)	Right to Delegate			
	(Signing the obligations transfer agreement and amending the loan contract)	Right to Delegate			
	(Signing the debt arrangement agreement on behalf of the company and shareholders)	Right to Delegate			
	(Issuing, amending, and canceling assignment declaration)	Right to Delegate			
Services of the National Center for Non-Profit Sector	Services of collection, disbursement, marketing intermediaries, and other brokerage services in the non-profit sector	Right to Delegate			
	Volunteering services	Right to Delegate			
	Services for establishing and managing non-profit entities	Right to Delegate			
	Services of providing goods and services to non-profit entities	Right to Delegate			
Utilization and implementation of all services of the Etimad platform	Right to Delegate				
Utilize and execute all electronic services of the Ministry of Human Resources and Social Development.	Right to Delegate				
Corporation Purchase	Right to Delegate				
Signing all documents at the Chamber of Commerce	Right to Delegate				
Corporation Sale	Right to Delegate				
Following up with records management	Right to Delegate				



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Obtaining registers	Right to Delegate				
Transferring Commercial Registers	Right to Delegate				
Records and Registrations Management	Right to Delegate				
Records and Registrations Cancellation	Right to Delegate				
Supervision of Records and Registrations	Right to Delegate				
Subscription to the Chamber of Commerce	Right to Delegate				
Approval of signature at the Chamber of Commerce	Right to Delegate				
Cancellation of signature at the Chamber of Commerce	Right to Delegate				
Applying to tenders and receiving forms	Right to Delegate				
Following up with the Social Insurance (GOSI)	Right to Delegate				
Following up with the Department of Zakat and Income	Right to Delegate				
Commercial Registration Management	Right to Delegate				
Cancellation of Commercial Registration	Right to Delegate				
Following up with the Civil Defense Department	Right to Delegate				
Modifying Records and Registrations	Right to Delegate				
Adding Activity	Right to Delegate				
Trade Name Reservation	Right to Delegate				
Renewing subscription at the Chamber of Commerce	Right to Delegate				



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Modifying the Commercial Registration	Right to Delegate				
Transferring the Commercial Registration	Right to Delegate				
Obtaining a replacement for a damaged or missing registration	Right to Delegate				
Obtaining a replacement for a damaged or missing registration	Right to Delegate				
Trademark registration	Right to Delegate				
Waiver of the trademark	Right to Delegate				
Waiver of the trade name	Right to Delegate				
Obtaining licenses	Right to Delegate				
Renewing licenses	Right to Delegate				
Modifying licenses	Right to Delegate				
Adding Activity	Right to Delegate				
Names Reservation	Right to Delegate				
Revocation of licenses	Right to Delegate				
Renewal of the Chamber of Commerce subscription	Right to Delegate				
Opening branches	Right to Delegate				
Following up with the Social Insurance (GOSI)	Right to Delegate				
Following up with the Civil Defense Department	Right to Delegate				
Following up with the Department of Zakat and Income	Right to Delegate				
Open a branch for a license	Right to Delegate				
Transfer of license	Right to Delegate				
Incorporation of the Company:	Right to Delegate				



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Signature of articles of association and amendment annexes	Right to Delegate				
Cancellation of articles of association and amendment annexes	Right to Delegate				
Sign partners' resolutions	Right to Delegate				
Appointment and removal of managers	Right to Delegate				
Amendment of company objectives	Right to Delegate				
Liquidation of the company	Right to Delegate				
Transferring the company from a joint stock company to a limited liability company	Right to Delegate				
Converting the company from limited liability to joint stock	Right to Delegate				
Converting the company from a joint liability company to a limited liability company	Right to Delegate				
Capital Increase	Right to Delegate				
Decrease of capital	Right to Delegate				
Entry and exit of partners	Right to Delegate				
Entering into existing companies	Right to Delegate				
Transferring shares, stocks, and bonds	Right to Delegate				
Identification of capital	Right to Delegate				
Receipt of surplus allocation	Right to Delegate				
Selling shares and receiving value	Right to Delegate				
Assignment of shares and equities in the capital	Right to Delegate				
Selling the branch of the company	Right to Delegate				



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Amend the nationality of one of the partners in the contract	Right to Delegate				
Acceptance of the assignment of shares, stocks, and capital	Right to Delegate				
Purchase Shares and payment of their value	Right to Delegate				
Closing accounts holding the Company name at banks	Right to Delegate				
Opening accounts holding the Company name at banks	Right to Delegate				
Signing Agreements	Right to Delegate				
Registration of the company	Right to Delegate				
Registration of agencies and trademarks	Right to Delegate				
Attending general assemblies	Right to Delegate				
Opening branches for the company	Right to Delegate				
Open files for the company	Right to Delegate				
Signature of memorandum of association and amendment annexes before Notary Public	Right to Delegate				
Obtaining and renewing the commercial registration of the company	Right to Delegate				
Subscription in the Chamber of Commerce and renewal of the same	Right to Delegate				
Follow up with the General Investment Authority and sign before the same	Right to Delegate				



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Follow up with the Quality Management Department and Saudi Standards, Metrology and Quality Organization (SASO)	Right to Delegate				
Follow up with CMA	Right to Delegate				
Issuance and renewal of licenses for the company	Right to Delegate				
Converting an establishment into a company	Right to Delegate				
Converting the company's branch into an establishment	Right to Delegate				
Converting the branch of the company into a company	Right to Delegate				
Publishing the articles of incorporation, amendment annexes, summaries, and articles of association in the Official Gazette	Right to Delegate				
Check with telecom companies and establish fixed or mobile phones on behalf of the company	Right to Delegate				
Respond to tender offers and receive forms	Right to Delegate				
Signing the company's contracts with others	Right to Delegate				
Assignment or cancellation of trademarks	Right to Delegate				
Amending the company's name.	Right to Delegate				



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Obtaining Visas	Right to Delegate				
Converting the company into an establishment	Right to Delegate				
Receiving visa compensation	Right to Delegate				
Update workers' data	Right to Delegate				
Opening, renewing, and canceling main and sub files	Right to Delegate				
Clearing and Cancelling the Labor	Right to Delegate				
Reporting labor escape	Right to Delegate				
Cancellation of labor escape reports	Right to Delegate				
Transfer of sponsorships	Right to Delegate				
Modifying professions	Right to Delegate				
Transferring ownership, liquidating and canceling establishments	Right to Delegate				
Follow up with the Recruitment National Offices Department	Right to Delegate				
Follow up with the computer department in the Labor Power Authority	Right to Delegate				
Issuing and renewing work permits	Right to Delegate				
Receiving Saudization certificates	Right to Delegate				
Issuance of Statement Reports (Print)	Right to Delegate				
Add and delete Saudis	Right to Delegate				
Recruitment	Right to Delegate				
Recruitment	Right to Delegate				



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Open a file	Right to Delegate				
Activate the Saudi portal	Right to Delegate				
Recruitment of overseas labor	Right to Delegate				
Ending employment procedures at Social Insurance (GOSI)	Right to Delegate				
Cancellation of Visas	Right to Delegate				
Recovery of visa fees	Right to Delegate				
Nationality adjustment	Right to Delegate				
Obtaining family visit visas	Right to Delegate				
Obtaining family recruitment visas	Right to Delegate				
Check/ follow up with the Embassy	Right to Delegate				
Extension of exit and re-entry visas	Right to Delegate				
Extension of Visit visas	Right to Delegate				
Issuance of Statement Reports (Print)	Right to Delegate				
Cancellation of visa	Right to Delegate				
Visa refund	Right to Delegate				
Modify the arrival destination	Right to Delegate				
Obtaining Residence permits	Right to Delegate				
Renewal of Residence permits	Right to Delegate				
Work exit and re-entry visa	Right to Delegate				
Final exit work visa	Right to Delegate				
Transfer of sponsorships	Right to Delegate				
Obtaining a replacement for a lost or damaged residence permit	Right to Delegate				
Completion of deceased labor procedures	Right to Delegate				
Report labor escape	Right to Delegate				



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Cancellation of labor escape reports	Right to Delegate				
Transferring information and updating data	Right to Delegate				
Settlement and assignment of workers' sponsorship	Right to Delegate				
Follow up with the deportation and expatriates	Right to Delegate				
Obtaining Worker Data Sheet (Print)	Right to Delegate				
Dropping Labor	Right to Delegate				
Managing My Business Affairs	Right to Delegate				
Transferring the worker's sponsorship to oneself	Right to Delegate				
Adding the newborn	Right to Delegate				
Termination of the deceased worker's procedures	Right to Delegate				
Department of Ports Affairs	Right to Delegate				
Obtaining repatriation certificates	Right to Delegate				
Adding dependents	Right to Delegate				
Adding children to the father's or mother's passport	Right to Delegate				
Separating children from their father's or mother's passport	Right to Delegate				
Cancellation of exit and return visas	Right to Delegate				
Cancellation of final exit visas	Right to Delegate				
Obtaining replacement visas for damaged or lost	Right to Delegate				
Obtaining an extension of visit visas	Right to Delegate				
Modifying professions	Right to Delegate				



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Obtaining Hajj permits	Right to Delegate				
Follow up with Maids Affairs	Right to Delegate				
Registering for the electronic service	Right to Delegate				
Checking with the Ministry of Agriculture and the Directorate regarding	Right to Delegate				
Follow up with the notary public or the court to accept its eviction	Right to Delegate				
Waiver of agricultural decision	Right to Delegate				
Transfer of agricultural decision	Right to Delegate				
Receiving salaries	Right to Delegate				
Receiving pensions	Right to Delegate				
Receive end-of-service benefits and accrued leave	Right to Delegate				
Salary transfer	Right to Delegate				
Receiving reward	Right to Delegate				
Issuance of salary certificates	Right to Delegate				
Receive My Dues	Right to Delegate				
Opening accounts with legal controls	Right to Delegate				
Closing and settling accounts	Right to Delegate				
Withdrawal from accounts	Right to Delegate				
Obtaining ATM cards	Right to Delegate				
Obtaining credit cards compliant with the provisions of Sharia	Right to Delegate				
Receiving and disbursing remittances	Right to Delegate				
Check cashing	Right to Delegate				
Issuance of certified checks	Right to Delegate				



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Obtaining checkbooks	Right to Delegate				
Obtaining an account statement	Right to Delegate				
Transfer between accounts	Right to Delegate				
Requesting bank loans compliant with Sharia rules and regulations	Right to Delegate				
Opening accounts with legal controls	Right to Delegate				
Depositing into the account	Right to Delegate				
Renewal of safe deposit subscription	Right to Delegate				
Open safety deposit boxes	Right to Delegate				
Safe deposit subscription	Right to Delegate				
Request for loan relieve	Right to Delegate				
Objection to checks	Right to Delegate				
Updating data	Right to Delegate				
Activate accounts	Right to Delegate				
Receiving checks	Right to Delegate				
Recovery of safe deposit boxes	Right to Delegate				
Follow up	Right to Delegate				
Rescheduling installments	Right to Delegate				
Request Points of Sale	Right to Delegate				
LC Application	Right to Delegate				
Bank Guarantee Request	Right to Delegate				
Subscriptions in joint stock companies	Right to Delegate				
Receive certificates of contributions	Right to Delegate				
Purchasing shares that comply with Sharia provisions	Right to Delegate				
Selling shares that comply with Sharia provisions	Right to Delegate				



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Receiving shares value	Right to Delegate				
Receiving Profits	Right to Delegate				
Receiving Surplus	Right to Delegate				
Opening investment portfolios according to Sharia controls and editing, modifying and canceling orders	Right to Delegate				
IPO	Right to Delegate				
Purchasing Shares	Right to Delegate				
Selling shares	Right to Delegate				
Recovery of investment fund units	Right to Delegate				
Transferring shares from the wallet	Right to Delegate				
Subscription to fund units that comply with Sharia provisions	Right to Delegate				
Investment portfolio management	Right to Delegate				
Obtaining indebtedness proof	Right to Delegate				
Liquidation of investment portfolios	Right to Delegate				
Opening a store/shop	Right to Delegate				
Obtaining health cards	Right to Delegate				
Converting agricultural lands into residential	Right to Delegate				
Follow up with the General Directorate of Urban Planning	Right to Delegate				
Open shops	Right to Delegate				
Obtaining licenses	Right to Delegate				
Renewal of licenses	Right to Delegate				
Cancellation of licenses	Right to Delegate				
Transfer of licenses	Right to Delegate				
Obtaining building	Right to Delegate				



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and renovation clearances					
Land planning	Right to Delegate				
Obtaining construction completion certificates	Right to Delegate				
Extracting fencing licenses	Right to Delegate				
Obtaining demolition licenses	Right to Delegate				
Sign lease contracts	Right to Delegate				
Waiver of the Contract	Right to Delegate				
Making a plan for the owned land	Right to Delegate				
follow up with the Municipality	Right to Delegate				
Converting agricultural lands into residential	Right to Delegate				
Construction supervision	Right to Delegate				
Signing contracts with construction establishments and contractors	Right to Delegate				
Applying to tenders and receiving forms	Right to Delegate				
Selling and emptying to the buyer	Right to Delegate				
Buy and accept emptiness and payment of the price	Right to Delegate				
Reception of instruments	Right to Delegate				
Leasing	Right to Delegate				
Receiving the	Right to Delegate				
Signing corporate contracts	Right to Delegate				
Renewing lease contracts	Right to Delegate				
Cancellation and termination of rental contracts	Right to Delegate				
Mortgage	Right to Delegate				
Release of Mortgage	Right to Delegate				



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Segmentation and sorting	Right to Delegate				
Modifying boundaries, lengths, areas, plot numbers, plans, deeds, dates, and neighborhood names	Right to Delegate				
Sale	Right to Delegate				
Mortgage Acceptance	Right to Delegate				
Updating and registering deeds (Sukuk) into the overall system	Right to Delegate				
Sell the share of	Right to Delegate				
Buy	Right to Delegate				
Buy the share from	Right to Delegate				
Leasing	Right to Delegate				
Modify the name of the owner and the civil registry number	Right to Delegate				
Gift and Conveyance	Right to Delegate				
Acceptance of the gifts and conveyance	Right to Delegate				
Waiver of Space Shortage	Right to Delegate				
Merge instruments	Right to Delegate				
Acceptance of waiver and conveyance	Right to Delegate				
Issuance of a set of missing replaced instruments and their data as follows:	Right to Delegate				
Issuance of a set of missing replaced instruments and their data as follows:	Right to Delegate				
Selling and conveying to the heirs	Right to Delegate				
Waiver of the share of	Right to Delegate				



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Prove the building	Right to Delegate				
Issuance of a damaged replacement instrument	Right to Delegate				
For real estate located	Right to Delegate				
Converting agricultural lands into residential or industrial	Right to Delegate				
Enter real estate contributions	Right to Delegate				
Purchasing real estate equity shares	Right to Delegate				
Selling real estate equity shares	Right to Delegate				
Assignment of the leased land	Right to Delegate				
Update the instrument and enter it into the comprehensive system	Right to Delegate				
Obtaining a replacement for a missing instrument	Right to Delegate				
Converting agricultural lands into residential	Right to Delegate				
Building the land	Right to Delegate				
Rent the land	Right to Delegate				
Change the legal entity of the company	Right to Delegate				
Converting the company from a simple partnership to a limited liability company	Right to Delegate				
Dividing the shares among the heirs and transferring them to their portfolios	Right to Delegate				



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The approval of the General Assembly is required by the Board of Directors when selling assets whose value exceeds fifty percent (50%) of the company's total assets, whether the sale is executed through a single transaction or multiple transactions. In this case, the transaction that causes the fifty percent (50%) threshold to be exceeded is considered the one requiring General Assembly approval. This percentage is calculated from the date of the first transaction executed within the previous twelve (12) months. Within the scope of its authority, the Board of Directors may delegate one or more of its members, or third parties, to carry out specific tasks or activities.

Article No. (20): Directors' Remuneration

1. The Board of Directors' remuneration shall consist of a fixed amount, attendance fees for meetings, in-kind benefits, a percentage of the net profits, or any other form determined by the Ordinary General Assembly.
2. The Board of Directors' report to the Ordinary General Assembly at its annual meeting shall include a comprehensive statement of all amounts received or entitled to be received by each Board member during the financial year, including remuneration, attendance fees, expense allowances, and any other benefits.

It shall also include a statement of amounts received by Board members in their capacity as employees or officers, or for technical, administrative, or consultancy services. Additionally, it shall provide a record of the number of Board meetings held and the number of meetings attended by each member.

Article No. (21): Powers of the Chairman, Vice-Chairman, Managing Director, and Secretary

At its first meeting, the Board of Directors shall appoint a Chairman from among its members. The Board may also appoint an Executive Member from among its members, and shall appoint a Vice-Chairman from among its members at its first meeting.

1. The Board of Directors appoints a CEO from among its members or others.

The Chairman of the Board is responsible for:



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Commercial Records	Main	Annual Confirmation	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Cancellation	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
	Secondary	Issuance	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Annual Confirmation	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Cancellation	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
Companies in which the company enters as a partner	Signing corporate contracts		To be exercised with the approval of someone with the same authority		
			Right to Delegate		
	Buying shares		To be exercised with the approval of someone with the same authority		
			Right to Delegate		
	Liquidation of the company		To be exercised with the approval of someone with the same authority		
			Right to Delegate		
	Selling shares		To be exercised with the approval		



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		of someone with the same authority			
		Right to Delegate			
	Representing the company in which shares are held	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
Establishing companies by the name of the company	Commercial Records	Issuance	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Annual Confirmation	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Cancellation	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
	Registration in the Ministry	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	Representation before notary public	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	Signing the company's contract	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	Signing partners' decisions	To be exercised with the approval of someone with the same authority			
		Right to Delegate			



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Banking	Open accounts	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	Open credits/ LCs	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	Depositing	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	Withdrawal	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	Issuing checks	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	Update accounts	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	Obtaining account statements	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	Applying for facilities	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	Request for guarantees	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	Signing loan contracts	To be exercised			



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		with the approval of someone with the same authority			
		Right to Delegate			
	Signing Commercial papers	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	Signing the order documents	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	Submitting any application or obtaining any service that falls under the competence of the Communications and Information Technology Commission (CITC)	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	The power to authorize any person – as per the relevant laws, to submit any application or obtain any service that falls under the competence of the CITC.	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	Issuance of commercial papers (Electronically)	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	Signing Commercial papers (Electronically)	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	Issuance of Executive Contracts (Electronically)	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	Issuance of Executive Contracts (Electronically)	To be exercised with the approval of someone with the same authority			



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	Signing guarantees and e-credits	Right to Delegate			
		To be exercised with the approval of someone with the same authority			
		Right to Delegate			
Properties' Management	Buy, sell, and empty properties	Real Estate	Purchase	To be exercised with the approval of someone with the same authority	
				Right to Delegate	
			Sale	To be exercised with the approval of someone with the same authority	
				Right to Delegate	
		Land	Empty	To be exercised with the approval of someone with the same authority	
				Right to Delegate	
			Purchase	To be exercised with the approval of someone with the same authority	
				Right to Delegate	
			Sale	To be exercised with the approval of someone with the same authority	
				Right to Delegate	
			Empty	To be exercised with the approval of someone with the same authority	



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		Shares		Right to Delegate	
			Purchase	To be exercised with the approval of someone with the same authority	
				Right to Delegate	
			Sale	To be exercised with the approval of someone with the authority	
	Mortgage of property	Right to Mortgage			
			To be exercised with the approval of someone with the same authority		
		Release of Mortgage			
			To be exercised with the approval of someone with the same authority		
		Cashing			
			To be exercised with the approval of someone with the same authority		
Issuance of commercial papers	Endorsement and signature of commercial papers				
			To be exercised with the approval of someone with the same authority		
	Creating commercial papers				
			To be exercised with the approval of someone with the same authority		
	Cancellation of commercial papers				
			To be exercised with the approval of someone with		



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			the same authority		
			Right to Delegate		
	Closing of commercial papers		To be exercised with the approval of someone with the same authority		
			Right to Delegate		
Amending the articles of association of the companies in which the company enters as a partner	Approving partners' resolutions	Changing the legal form	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Increasing or decreasing the share capital	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Accepting the assignment and acquisition of shares	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Entry and exit of partners	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Signing the partners' resolutions to merge	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Amending the remaining provisions of the Articles of Association	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
	Liquidation of the company	To be exercised with the approval			



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		of someone with the same authority			
		Right to Delegate			
	Converting the company into an establishment	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
Judiciary	Representation before Sharia courts	Hearing claims	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Reconciliation	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Refusal and acceptance of arbitration	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Refusal and acceptance of reconciliation	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Acknowledgment and denial	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Waiver rights	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Pleading	To be exercised with the approval of someone with		



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			the same authority		
			Right to Delegate		
		Advocacy	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Claiming	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Dispute	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Appointment of arbitrators	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Appointment of lawyers	To be exercised with the approval of someone with the same authority		
			Right to Delegate		
		Representation before Notary Public	To be exercised with the approval of someone with the same authority		
			Right to Delegate		



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	((Signing the loan contract agreement, its amendments and appendices, and all related documents; signing the follow-up agreement; signing the advisory agreement; signing before the notary public all instruments in relation to the industrial mortgage of all the company's property; receiving the loan value, assigning the loan; requesting loan release; repaying the loan; Signing the letter of credit Agreement))	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	(Signing corporate guarantee)	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	(Signing the obligations transfer agreement and amending the loan contract)	To be exercised with the approval of someone with the same authority			
Services of the National Center for Non-Profit Sector		Right to Delegate			
	(Signing the debt arrangement agreement on behalf of the company and shareholders)	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	(Issuing, amending, and canceling assignment declaration)	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
Services of the National Center for Non-Profit Sector	Services of collection, disbursement, marketing intermediaries, and other brokerage services in the non-profit sector	To be exercised with the approval of someone with the same authority			
	Volunteering services	To be exercised with the approval of someone with the same authority			



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		Right to Delegate			
	Services of establishing and managing non-profit entities	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
	Services of providing goods and services to non-profit entities	To be exercised with the approval of someone with the same authority			
		Right to Delegate			
Utilization and implementation of all services of the Etimad platform	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Utilize and execute all electronic services of the Ministry of Human Resources and Social Development.	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Corporation Purchase	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Signing all documents at the Chamber of Commerce	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Corporation Sale	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Following up with records management	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining registers	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Transferring Commercial Registers	To be exercised with the approval of someone with the same authority				
	Right to Delegate				



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Records and Registrations Management	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Records and Registrations Cancellation	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Supervision of Records and Registrations	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Subscription to the Chamber of Commerce	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Approval of signature at the Chamber of Commerce	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Cancellation of signature at the Chamber of Commerce	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Applying to tenders and receiving forms	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Following up with the Social Insurance (GOSI)	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Following up with the Department of Zakat and Income	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Commercial Registration Management	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Cancellation of Commercial Registration	To be exercised with the approval of someone with the same authority				
	Right to Delegate				



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Following up with the Civil Defense Department	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Modifying Records and Registrations	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Adding Activity	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Trade Name Reservation	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Renewing subscription at the Chamber of Commerce	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Modifying the Commercial Registration	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Transferring the Commercial Registration	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining a replacement for a damaged or missing registration	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining a replacement for a damaged or missing registration	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Trademark registration	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Waiver of the trademark	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Waiver of the trade	To be exercised with the				



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name	approval of someone with the same authority				
	Right to Delegate				
Obtaining licenses	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Renewing licenses	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Modifying licenses	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Adding Activity	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Names Reservation	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Revocation of licenses	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Renewal of the Chamber of Commerce subscription	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Opening branches	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Following up with the Social Insurance (GOSI)	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Following up with the Civil Defense Department	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Following up with the Department of	To be exercised with the approval of someone				



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Zakat and Income	with the same authority				
	Right to Delegate				
Open a branch for a license	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Transfer of license	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Incorporation of the Company:	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Signature of articles of association and amendment annexes	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Cancellation of articles of association and amendment annexes	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Sign partners' resolutions	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Appointment and removal of managers	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Amendment of company objectives	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Liquidation of the company	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Transferring the company from a joint stock company to a limited liability company	To be exercised with the approval of someone with the same authority				
	Right to Delegate				



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Converting the company from a limited liability to a joint stock	To be exercised with the approval of someone with the same authority Right to Delegate				
Converting the company from a joint liability company to a limited liability company	To be exercised with the approval of someone with the same authority Right to Delegate				
Capital Increase	To be exercised with the approval of someone with the same authority Right to Delegate				
Decrease in capital	To be exercised with the approval of someone with the same authority Right to Delegate				
Entry and exit of partners	To be exercised with the approval of someone with the same authority Right to Delegate				
Entering into existing companies	To be exercised with the approval of someone with the same authority Right to Delegate				
Transferring shares, stocks, and bonds	To be exercised with the approval of someone with the same authority Right to Delegate				
Identification of capital	To be exercised with the approval of someone with the same authority Right to Delegate				
Receipt of surplus allocation	To be exercised with the approval of someone with the same authority Right to Delegate				
Selling shares and receiving value	To be exercised with the approval of someone with the same authority Right to Delegate				
Assignment of shares and equities in the capital	To be exercised with the approval of someone with the same authority Right to Delegate				



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Selling the branch of the company	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Amend the nationality of one of the partners in the contract	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Acceptance of the assignment of shares, stocks, and capital	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Purchase Shares and payment of their value	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Closing accounts holding the Company name at banks	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Opening accounts holding the Company name at banks	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Signing Agreements	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Registration of the company	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Registration of agencies and trademarks	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Attending general assemblies	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Opening branches for the company	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Open files for the	To be exercised with the				



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company	approval of someone with the same authority				
	Right to Delegate				
Signature of memorandum of association and amendment annexes before Notary Public	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining and renewing the commercial registration of the company	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Subscription to the Chamber of Commerce and renewal of the same	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Follow up with the General Investment Authority and sign before the same	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Follow up with the Quality Management Department and Saudi Standards, Metrology and Quality Organization (SASO)	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Follow up with CMA	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Issuance and renewal licenses for the company	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Converting an establishment into a company	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Converting the company's branch into an establishment	To be exercised with the approval of someone with the same authority				
	Right to Delegate				



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Converting the branch of the company into a company	To be exercised with the approval of someone with the same authority Right to Delegate				
Publishing the articles of incorporation, amendment annexes, summaries, and articles of association in the Official Gazette	To be exercised with the approval of someone with the same authority Right to Delegate				
Check with telecom companies and establish fixed or mobile phones on behalf of the company	To be exercised with the approval of someone with the same authority Right to Delegate				
Respond to tender offers and receive forms	To be exercised with the approval of someone with the same authority Right to Delegate				
Signing the company's contracts with others	To be exercised with the approval of someone with the same authority Right to Delegate				
Assignment or cancellation of trademarks	To be exercised with the approval of someone with the same authority Right to Delegate				
Amending the company's name.	To be exercised with the approval of someone with the same authority Right to Delegate				
Obtaining Visas	To be exercised with the approval of someone with the same authority Right to Delegate				
Converting the company into an establishment	To be exercised with the approval of someone with the same authority Right to Delegate				
Receiving visa compensation	To be exercised with the approval of someone with the same authority Right to Delegate				



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Update workers' data	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Opening, renewing, and canceling main and sub files	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Clearing and Cancelling the Labor	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Reporting labor escape	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Cancellation of labor escape reports	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Transfer of sponsorships	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Modifying professions	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Transferring ownership, liquidating, and canceling establishments	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Follow up with the Recruitment National Offices Department	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Follow up with the computer department in the Labor Power Authority	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Issuing and renewing work permits	To be exercised with the approval of someone with the same authority				
	Right to Delegate				



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Receiving Saudization certificates	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Issuance of Statement Reports (Print)	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Add and delete Saudis	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Recruitment	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Recruitment	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Open a file	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Activate the Saudi portal	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Recruitment of overseas labor	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Ending employment procedures at Social Insurance (GOSI)	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Cancellation of Visas	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Recovery of visa fees	To be exercised with the approval of someone with the same authority				
	Right to Delegate				



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Nationality adjustment	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining family visit visas	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining family recruitment visas	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Check/ follow up with the Embassy	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Extension of exit and re-entry visas	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Extension of Visit visas	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Issuance of Statement Reports (Print)	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Cancellation of visa	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Visa refund	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Modify the arrival destination	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining Residence permits	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Renewal of	To be exercised with the				



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Residence permits	approval of someone with the same authority				
	Right to Delegate				
Work exit and re-entry visa	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Final exit work visa	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Transfer of sponsorships	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining a replacement for a lost or damaged residence permit	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Completion of deceased labor procedures	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Report labor escape	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Cancellation of labor escape reports	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Transferring information and updating data	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Settlement and assignment of workers' sponsorship	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Follow up with the deportation and expatriates	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining Worker Data Sheet (Print)	To be exercised with the approval of someone				



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	with the same authority				
	Right to Delegate				
Dropping Labor	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Managing My Business Affairs	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Transferring the worker's sponsorship to oneself	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Adding the newborn	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Termination of the deceased worker's procedures	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Department of Ports Affairs	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining repatriation certificates	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Adding dependents	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Adding children to the father's or mother's passport	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Separating children from their father's or mother's passport	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Cancellation of exit and return visas	To be exercised with the approval of someone with the same authority				



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	Right to Delegate				
Cancellation of final exit visas	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining replacement visas for damaged or lost	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining an extension of the visit visas	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Modifying professions	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining Hajj permits	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Follow up with Maids Affairs	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Registering for the electronic service	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Checking with the Ministry of Agriculture and the Directorate regarding	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Follow up with the notary public or the court to accept its emptying	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Waiver of agricultural decision	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Transfer of agricultural decision	To be exercised with the approval of someone with the same authority				



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	Right to Delegate				
Receiving salaries	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Receiving pensions	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Receive end-of-service benefits and accrued leave	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Salary transfer	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Receiving reward	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Issuance of salary certificates	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Receive My Dues	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Opening accounts with legal controls	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Closing and settling accounts	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Withdrawal from accounts	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining ATM cards	To be exercised with the approval of someone with the same authority				
	Right to Delegate				



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Obtaining credit cards compliant with the provisions of Sharia	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Receiving and disbursing remittances	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Check cashing	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Issuance of certified checks	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining checkbooks	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining an account statement	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Transfer between accounts	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Requesting bank loans compliant with Sharia rules and regulations	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Opening accounts with legal controls	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Depositing into the account	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Renewal of safe deposit subscription	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Open safety deposit	To be exercised with the				



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boxes	approval of someone with the same authority				
	Right to Delegate				
Safe deposit subscription	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Request for loan relief	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Objection to checks	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Updating data	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Activate accounts	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Receiving checks	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Recovery of safe deposit boxes	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Follow up	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Rescheduling installments	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Request Points of Sale	To be exercised with the approval of someone with the same authority				
	Right to Delegate				



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LC Application	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Bank Guarantee Request	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Subscriptions in joint stock companies	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Receive certificates of contributions	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Purchasing shares that comply with Sharia provisions	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Selling shares that comply with Sharia provisions	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Receiving shares value	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Receiving Profits	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Receiving Surplus	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Opening investment portfolios according to Sharia controls and editing, modifying, and canceling orders	To be exercised with the approval of someone with the same authority				
	Right to Delegate				



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IPO (Subscription)	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Purchasing Shares	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Selling shares	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Recovery of investment fund units	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Transferring shares from the wallet	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Subscription to fund units that comply with Sharia provisions	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Investment portfolio management	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining indebtedness proof	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Liquidation of investment portfolios	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Opening a store/shop	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining health cards	To be exercised with the approval of someone with the same authority				
	Right to Delegate				



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Converting agricultural lands into residential	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Follow up with the General Directorate of Urban Planning	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Open shops	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining licenses	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Renewal of licenses	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Cancellation of licenses	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Transfer of licenses	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining building and renovation clearances	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Land planning	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining construction completion certificates	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Extracting fencing licenses	To be exercised with the approval of someone with the same authority				
	Right to Delegate				



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Obtaining demolition licenses	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Sign lease contracts	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Wavier of the Contract	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Making a plan for the owned land	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
follow up with the Municipality	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Converting agricultural lands into residential	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Construction supervision	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Signing contracts with construction establishments and contractors	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Applying to tenders and receiving forms	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Buying and emptying to the buyer	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Buy and accept emptiness and payment of the price	To be exercised with the approval of someone with the same authority				
	Right to Delegate				



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Reception of instruments	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Leasing	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Receive the rent	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Signing corporate contracts	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Renewing lease contracts	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Cancellation and termination of rental contracts	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Mortgage	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Release of Mortgage	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Segmentation and sorting	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Modifying boundaries, lengths, areas, plot numbers, plans, deeds, dates, and neighborhood names	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Sale	To be exercised with the approval of someone with the same authority				



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	Right to Delegate				
Mortgage Acceptance	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Updating and registering deeds (Sukuk) into the overall system	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Sell the share of	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Buy	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Buy the share from	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Leasing	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Modify the name of the owner and the civil registry number	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Gift and Conveyance	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Acceptance of the gifts and conveyance	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Waiver of Space shortage	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Merge instruments	To be exercised with the approval of someone with the same authority				
	Right to Delegate				



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Acceptance of waiver and conveyance	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Issuance of a set of missing replaced instruments and their data as follows:	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Issuance of a set of missing replaced instruments and their data as follows:	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Selling and conveying to the heirs	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Waiver of share of	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Prove the building	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Issuance of a damaged replaced instrument	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
For real estate located	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Converting agricultural lands into residential or industrial	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Enter real estate contributions	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Purchasing real estate equity shares	To be exercised with the approval of someone with the same authority				
	Right to Delegate				



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Selling real estate equity shares	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Assignment of the leased land	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Update the instrument and enter it into the comprehensive system	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Obtaining a replacement for a missing instrument	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Converting agricultural lands into residential	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Building the land	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Rent the land	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Change the legal entity of the company	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Converting the company from a simple partnership to a limited liability company	To be exercised with the approval of someone with the same authority				
	Right to Delegate				
Dividing the shares among the heirs and transferring them to their portfolios	To be exercised with the approval of someone with the same authority				
	Right to Delegate				



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The Board of Directors shall appoint a secretary, chosen from among its members or from others.

The Chairman of the Board may, by written resolution, delegate some of his powers to other board members or to third parties to carry out specific tasks or activities. The Vice Chairman of the Board shall act on behalf of the Chairman in his absence, in cases where the Board of Directors has a Vice Chairman.

Article No. (22): Board Meetings

1- The Board of Directors shall meet at least four (4) times a year upon the invitation of its Chairman. The Chairman of the Board shall convene a meeting whenever any Board member submits a written request to discuss matters.

2- The Board of Directors shall determine the location of its meetings, and such meetings may be held using modern technological means.

Article No. (23): Council meeting and its decisions

1- A meeting of the Board of Directors shall not be valid unless at least 50% of the members are present in person or by proxy.

A- A Board member may delegate another member to attend Board meetings on their behalf, in accordance with the following regulations: 1. A Board member may not represent more than one member at the same meeting; 2. The delegation must be made in writing; 3. The proxy shall not vote on matters on which the delegating member is prohibited from voting.

2- Decisions of the Board of Directors shall be issued by a majority of the votes of the members present, either in person or by proxy. In the event of a tie, the side supported by the Chairman of the meeting shall prevail.

3- The Board of Directors' decision is confidential from the date of its issuance, unless it specifies another effective date or becomes confidential upon the fulfillment of certain conditions.

Article No. (24): Issuance of Board Resolutions in Urgent Matters

The Board of Directors may issue its decisions on urgent matters by circulating them to all members for approval, unless any member requests-in writing- a formal meeting of the Board to deliberate on them. These decisions shall be issued with the approval of the majority of the votes of its members and these decisions shall be presented to the Council at its first subsequent meeting, which will be recorded in the meeting minutes.



Article No. (25): Council Deliberations

1-The Board of Directors' deliberations and decisions shall be recorded in minutes prepared by the Secretary and signed by the Chair of the meeting, the attending Board members, and the Secretary.

2- The minutes shall be entered in a special register, signed by the Chairman of the Board and the Secretary.

3- Modern technological means may be used for signing, recording deliberations and decisions, and entering the minutes.

Article No. (26): Expiration of the term of the Board of Directors, retirement of its members, or vacancy of membership

1- If a position on the Board of Directors becomes vacant due to a member's death or resignation, and this vacancy does not compromise the conditions required for the Board's valid convening due to having fewer than three members, the Board may appoint a temporary member to fill the vacant position. The appointee must possess the necessary experience and competence. The appointment shall be notified to the Commercial Register and the Capital Market Authority within fifteen (15) working days from the date of appointment and submitted for approval at the first Ordinary General Assembly meeting. The new member shall complete the term of their predecessor. 2- If the conditions for convening the Board of Directors are not met due to the number of members falling below three, the remaining members must convene the Ordinary General Assembly within sixty (60) days to elect the necessary number of members. 3- If a Board of Directors is not elected for a new term or the required number of board members is not completed, in accordance with paragraphs 1 and 2 of this article, any interested party may request the competent judicial authority to appoint, from among those with experience and expertise, a suitable number of individuals to supervise the management of the company and convene the General Assembly within ninety (90) days to elect a new Board of Directors or complete the required number of board members, as the case may be, or to request the dissolution of the company. 4- In the event of the resignation of the Chairman and members of the Board of Directors, they must convene the Ordinary General Assembly to elect a new Board. The resignation shall not take effect until the new Board is elected, provided that the duration of the outgoing Board's continuation does not exceed one hundred and twenty (120) days from the date of resignation. The Board must take the necessary measures to elect a new Board to replace it before the expiry of the specified continuation period. 5- A member of the Board of Directors may resign from the Board by submitting a written notice to



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the Chairman. If the Chairman resigns, the notice must be submitted to the other Board members and the Secretary. In both cases, the resignation becomes effective on the date specified in the notice.

Article No. (27): Review Committee

A Review Committee shall be formed by a resolution of the Board of Directors, consisting of three (3) members who are not executive Board members, whether shareholders or others. The resolution shall specify the committee's duties, work regulations, and members' remuneration. For the Review Committee meeting to be valid, a majority of its members must be present. Decisions are made by a majority of the votes of those present, and in the event of a tie, the side supported by the Committee Chair shall prevail. The Review Committee is responsible for overseeing the company's operations. To this end, it has the right to examine the company's records and documents and to request any clarification or statement from the Board members or executive management. The Committee may also request the Board to convene the General Assembly if the Board obstructs its work or if the company suffers significant damages or losses. The Committee shall review the company's financial statements, reports, and observations provided by the external auditor and express its opinions, if any. It is also responsible for preparing a report on the adequacy of the company's internal control system and on any other matters within its scope of authority. The Board of Directors must deposit a sufficient copy of this report at the company's head office at least twenty-one (21) days before the General Assembly meeting to provide a copy to any shareholder who requests it. The report shall be read during the General Assembly meeting.

Article No. (28): Additional Provisions on the Powers of the Board of Directors

The Board of Directors shall have the authority to: Form committees from among its members or from others as deemed appropriate for the company's operations and needs, and grant these committees such powers as the Board considers suitable, as well as coordinate among them, to expedite decisions on matters presented to the Board within its scope of authority. Delegate or authorize one or more of its members or others to carry out specific tasks or certain powers, in whole or in part, and to revoke such delegation or authorization, in whole or in part. The delegates may also be granted the right to further delegate the powers assigned to them. Appoint a Chief Executive Officer (CEO) by a Board resolution specifying their remuneration, powers, and term of appointment. The Board has the right to dismiss the CEO while retaining the right to



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compensation if the dismissal occurs at an inappropriate time or without justification. Appoint a Secretary of the Board, chosen from among its members or others, who shall be responsible for recording the minutes of Board meetings, documenting the resolutions issued by these meetings, safeguarding them, and performing other tasks assigned by the Board. The Secretary's remuneration shall be determined by the Board. The Vice Chairman of the Board shall act on behalf of the Chairman in their absence. The Chairman may delegate a representative from among the Board members during the absence of both the Chairman and the Vice Chairman. The terms of the Chairman, Vice Chairman, and Secretary shall not exceed their respective terms as Board members. They may be re-elected, and the Board may dismiss any of them at any time without prejudice to the right to compensation if the dismissal occurs for an unjustified reason or at an inappropriate time.

Article No. (29): Additional Provisions on the Remuneration of Board Members

The remuneration of the Board of Directors shall consist of a fixed amount, attendance fees for meetings, in-kind benefits, or a specific percentage of the net profits, as determined by the General Assembly or the regulations approved by it, in accordance with the laws and regulations applicable in the Kingdom of Saudi Arabia. Such remuneration shall be based on the recommendation of the Remuneration Committee, provided that the remuneration of independent Board members shall not be a percentage of the company's profits, nor shall it be directly or indirectly linked to the company's profitability.

Article (30): Additional Provisions on the Powers of the Chairman, Vice Chairman, and Managing Director

The Board of Directors shall appoint from among its members a Chairman and a Vice Chairman, and may appoint a Managing Director. The positions of Chairman of the Board and Chief Executive Officer (CEO) of the company shall not be held by the same person. The Board shall issue a resolution specifying the powers and authorities of the Managing Director, if appointed.

Article No. (31): Additional Provisions on the Powers of the Chairman of the Board

The Chairman of the Board has the authority to delegate part of his powers to the Chief Executive Officer (CEO). The CEO, within the scope of the powers granted to them, may further delegate or authorize others, and the delegates may also have the right to further delegate. The Chairman of the Board has the authority to grant and/or revoke



any such delegation or authorization, in whole or in part, and may permit the delegate to further delegate powers, with the delegate also retaining the right to further delegate.

Chapter Four: Shareholders' Assemblies

Article No. (32): Assemblies Invitation

1- General and special assemblies shall be convened by a resolution of the Board of Directors. The Board must convene the Ordinary General Assembly within thirty (30) days from the date of a request by the external auditor or by one or more shareholders representing at least ten percent (10%) of the company's shares with voting rights. The external auditor may convene the Ordinary General Assembly if the Board fails to invite within thirty (30) days from the auditor's request.

2- The request referred to in paragraph (1) of this article must specify the matters on which the shareholders are to vote.

3- The invitation to convene the General Assembly shall be issued at least twenty-one (21) days before the scheduled date, in accordance with the provisions of the law, taking into account the following:

A- Shareholders shall be notified by registered letters sent to their addresses listed in the shareholders' register, or by announcing the invitation through modern technological means.

B- A copy of the invitation and the agenda shall be sent to the Commercial Register, as well as a copy to the Capital Market Authority if the company is listed on the financial market at the time of announcing the invitation.

4- The invitation to the General Assembly meeting must include at least the following:

A- A statement of the person entitled to attend the General Assembly meeting and their right to appoint a proxy of their choice from non-Board members, along with a statement of the shareholder's right to discuss the matters on the Assembly's agenda, submit questions, and exercise their voting rights.

B- The place, date, and time of the meeting.

C- The type of assembly, whether it is a General Assembly or a Special Assembly.

D- The meeting agenda, including the items on which shareholders are required to vote.



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Article No. (33): Quorum for the Ordinary General Assembly Meeting

1- The Ordinary General Assembly meeting shall not be validly convened unless shareholders representing at least one-quarter (25%) of the company's voting shares are present.

2- If the quorum required for the Ordinary General Assembly meeting is not met in accordance with paragraph (1) of this article, an invitation shall be issued for a second meeting to be held under the same conditions stipulated in Article (91) of the Companies Law, within thirty (30) days following the date set for the previous meeting. However, the second meeting may be held one hour after the expiry of the scheduled time for the first meeting, provided that the invitation to the first meeting indicates the possibility of holding such a meeting. In all cases, the second meeting shall be valid regardless of the number of voting shares represented.

Article No. (34): Quorum for the Extraordinary General Assembly Meeting

1- The Extraordinary General Assembly meeting shall not be validly convened unless shareholders representing at least one-half (50%) of the company's voting shares are present.

2- If the quorum required for the Extraordinary General Assembly meeting is not met in accordance with paragraph (1) of this article, an invitation shall be issued for a second meeting to be held under the same conditions stipulated in Article (91) of the Companies Law. However, the second meeting may be held one hour after the scheduled time for the first meeting, provided that the invitation to the first meeting indicates the possibility of holding such a meeting. In all cases, the second meeting shall be valid if attended by shareholders representing at least one-quarter (25%) of the company's voting shares.

3- If the quorum required for the second meeting is not met, an invitation shall be issued for a third meeting to be held under the same conditions stipulated in Article 91 of the Companies Law. The third meeting shall be valid regardless of the number of voting shares represented.

Article No. (35): Voting in Assemblies

1- The election of the Board of Directors' members shall be conducted by cumulative voting. Board members shall not participate in voting on General Assembly decisions related to transactions or contracts in which they have a direct or indirect interest, or that involve a conflict of interest.



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Article No. (36): Association Decisions

1- Decisions of the Ordinary General Assembly are issued with the approval of the majority of voting rights represented at the meeting.

2- Decisions of the Extraordinary General Assembly shall be issued by the approval of two-thirds (2/3) of the voting rights represented at the meeting, except for decisions related to increasing or decreasing the capital, extending the company's term, dissolving it before the expiry of its statutory term, merging it with another company, or dividing it into two or more companies, which shall only be valid if approved by three-quarters (3/4) of the voting rights represented at the meeting.

Article No. (37): Preparation of General Assembly Minutes

1- Minutes of the General Assembly meeting shall be prepared, detailing the number of shareholders present in person or by proxy, the number of shares they hold in person or by proxy, the voting rights allocated to them, the decisions taken, the number of votes in favor or against each decision, and a comprehensive summary of the discussions that took place during the meeting. The minutes shall be regularly recorded after each meeting in a special register signed by the chairman of the assembly, its secretary, and the vote collectors.

Article No. (38): Attendance of Assemblies

Every shareholder has the right to attend the General Assemblies and may appoint another person, whether a shareholder or otherwise, excluding Board members, to attend on their behalf through a written proxy in the form issued by the Ministry and certified by one of the authorities stipulated in the Companies Law, including the Chamber of Commerce, a notary public, a licensed bank, or a person authorized by the Capital Market Authority. A shareholder may also issue a legal or statutory power of attorney explicitly granting the proxy the right to attend the company's General or Extraordinary Assembly and vote on the items of its agenda.

The shareholder or their proxy must provide the company with a copy of the proxy at least two (2) days prior to the scheduled date of the General or Extraordinary Assembly meeting, and the proxy must present the original proxy before the meeting is held.

The company may accept proxies submitted before the completion of the shareholder registration procedures for the General or Extraordinary Assembly. The General Assembly meeting may be held, and shareholders may participate in discussions and vote on decisions using modern technological means, in compliance with the relevant laws and regulations.



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Article No. (39): Powers of the Ordinary General Assembly

Except for matters reserved for the Extraordinary General Assembly, and in addition to the powers provided for by the relevant laws and regulations, the Ordinary General Assembly shall have authority over all matters related to the company, including: a- Electing and dismissing the members of the Board of Directors. b- Appointing one or more external auditors for the company in accordance with the applicable law, determining their fees, reappointing them, and dismissing them. c- Reviewing and discussing the company's financial statements and the Board of Directors' report. d- Discussing the external auditor's report, if any, and making a decision thereon. e- Deciding on the Board of Directors' proposals regarding the method of profit distribution. f- Establishing the company's reserves and determining their uses. g- Authorizing a member of the Board of Directors to have a direct or indirect interest in contracts and transactions conducted on behalf of the company. The Ordinary General Assembly shall convene at least once a year within six (6) months following the end of the company's financial year. Additional Ordinary General Assemblies may be convened whenever necessary.

Article (40): Powers of the Extraordinary General Assembly

The Extraordinary General Assembly shall have the authority to: 1- Amend the company's Articles of Association, except for matters relating to the following: A. Depriving a shareholder of, or amending any of, their fundamental rights derived from their status as a shareholder, taking into account the nature of the rights associated with the type or class of shares held by the shareholder, particularly including the following: 1- Receiving a share of the profits determined for distribution, whether distributed in cash or through the issuance of bonus shares, for non-employee shareholders and subsidiaries of the company. 2- Receiving a share of the company's net assets upon liquidation. 3- Attending the company's General or Extraordinary Assemblies, participating in their deliberations, and voting on their resolutions. 4- Disposing of their shares, except in accordance with the provisions of the law. 5- Requesting access to the company's records and documents, monitoring the Board of Directors' activities, filing liability claims against Board members, and challenging the validity of decisions made by the General or Extraordinary Assemblies. B. Amendments that would increase the financial burden on shareholders, unless all shareholders agree. 2- A report on the continuation or dissolution of the company. 3- Approving the company's purchase of its own shares by the Extraordinary General Assembly, in addition to its authority to make decisions on matters originally within the jurisdiction of the Ordinary General



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Assembly, under the same conditions and procedures applicable to the Ordinary General Assembly.

Article No. (41): Agenda and Management of the Ordinary General Assembly

1- When preparing the agenda of the General Assembly, the Board of Directors must take into account the matters that shareholders wish to include. Shareholders representing at least ten percent (10%) of the company's voting shares have the right to add one or more items to the agenda during its preparation. 2- Every shareholder has the right to discuss the items listed on the General Assembly agenda and to direct questions regarding them to the Board members and the external auditors. The Board of Directors or the external auditors shall respond to shareholders' questions to the extent that it does not harm the company's interests. If a shareholder considers the response insufficient, they may refer the matter to the General Assembly, whose decision in this regard shall be binding.

Article No. (42): Chairing of the Assemblies

The General Assembly meetings of shareholders shall be chaired by the Chairman of the Board, or by the Vice Chairman in their absence, or by a person delegated by the Board from among its members in their absence. If this is not possible, the Assembly shall be chaired by a person appointed by a vote of the Board members or others. Minutes of the Assembly meeting shall be prepared, including the number of shareholders present or represented, the number of shares they hold in person or by proxy, the voting rights allocated to them, the decisions taken, the number of votes in favor or against each decision, and a comprehensive summary of the discussions held during the meeting. The minutes shall be regularly recorded after each meeting in a special register, signed by the Chairman of the Assembly, its Secretary, and the vote collector.

Chapter Five: Auditor

Article No. (43): Appointing an Auditor

1- The Company shall have one or more auditors licensed in the Kingdom, appointed by the General Assembly based on the Board of Directors' nomination, which shall also determine their fees, term of engagement, and scope of work. Reappointment of the auditor(s) is permitted. The regulations shall set the maximum term of service for the individual auditor or the auditing firm, as well as for the partner supervising the audit. 2- The General Assembly may dismiss the external auditor, without prejudice to their right to compensation for any damage incurred, if applicable. The Chairman of the



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Board must notify the competent authority of the dismissal decision and its reasons within no more than five (5) days from the date of issuance of the decision.

Article No. (44): Powers and authorities of the auditor

The external auditor shall have the right, at any time, to examine the company's documents, accounting records, supporting vouchers, and other relevant documents, and may request any data or clarifications deemed necessary to verify the company's assets, liabilities, and other matters within the scope of their work. The Board of Directors shall enable the auditor to perform their duties. If the auditor encounters any difficulties in this regard, they shall document them in a report submitted to the Board. If the Board of Directors does not facilitate the auditor's work, the auditor must request the Board to convene the General Assembly to address the matter. The auditor may issue this invitation themselves if the Board fails to do so within thirty (30) days from the auditor's request.

Chapter Six: Company Finances and Dividend Distribution

Article No. (45):

The company's financial year shall consist of twelve (12) Gregorian months, beginning on January 1 and ending on December 31.

2. A separate financial statement shall be prepared for any transitional period resulting from a change in the financial year.

Article No. (46): Financial Documents

1- At the end of each financial year, the Board of Directors must prepare the company's financial statements and a report on its activities and financial position for the concluded financial year. This report shall include the proposed method of profit distribution. The Board shall make these documents available to the external auditor, if any, at least forty-five (45) days before the scheduled date of the annual Ordinary General Assembly meeting.

2- The Chairman of the Board, the Chief Executive Officer, and the Chief Financial Officer, if any, must sign the documents referred to in paragraph (1) of this article. Copies shall be deposited at the company's head office for shareholders' access.

3- The Chairman of the Board shall provide shareholders with the signed financial statements of the company, the Board of Directors' report, and the external auditor's report, if any, unless they are published through any modern technological means, at least twenty-one (21) days prior to the scheduled date of the annual Ordinary General



Assembly meeting. The Chairman must also deposit these documents in accordance with the provisions of the Executive Regulations of the Companies Law.

Article No. (47): Dividend Entitlement

1- A shareholder shall be entitled to their share of the profits in accordance with the decision of the General Assembly issued in this regard, specifying the entitlement date and the distribution date. Profit entitlement shall be for the owners of shares registered in the shareholders' records at the end of the specified entitlement date. The Board of Directors must implement the General Assembly's decision regarding the distribution of profits to shareholders.

Article No. (48): Distribution of Dividends

Distribution of the company's annual net profits shall be as follows: 1. A certain percentage of the net profits may be set aside to form a reserve allocated for purposes proposed by the Board of Directors and approved by the General Assembly. 2. The Ordinary General Assembly, when determining the shareholders' share of the net profits, may decide to establish additional reserves to the extent that serves the company's interests or ensures the distribution of as stable a dividend as possible to the shareholders. The aforementioned Assembly may also allocate amounts from the net profits to fund social purposes for the company's employees. 3. The General Assembly shall determine the percentage of net profits to be distributed to shareholders after deducting any reserves, based on the Board of Directors' recommendation. 4. The Company may also distribute interim dividends on a semi-annual or quarterly basis in accordance with the regulations issued by the competent authorities, based on an authorization granted by the Ordinary General Assembly to the Board of Directors to distribute interim dividends.

Article No. 49: Dividend Distribution for Preferred Shares

If the Company fails to pay the specified percentage of net profits to the holders of preferred shares, after deducting any reserves, for three consecutive years, the Special Assembly of the holders of these shares—convened in accordance with Article 89 of the Companies Law—may decide to grant them the right to attend the company's General Assembly meetings and participate in voting until the company can pay all profits due to these shareholders for those years. Each preferred share shall carry one vote in the General Assembly meeting, and the holder of a preferred share shall, in this case, have



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the right to vote on all items of the Ordinary General Assembly agenda without exception.

Article (50): Company Losses:

Taking into account the procedures and instructions applicable to a company whose shares are listed on the market and whose accumulated losses have reached 20% or more of its capital, if the company's losses reach half of the issued capital, the Board of Directors must disclose this and provide its recommendations regarding those losses within sixty (60) days from the date it became aware of their magnitude, and convene the Extraordinary General Assembly within one hundred eighty (180) days from that date to consider the continuation of the company and take any necessary measures to address those losses or to dissolve the company.

Chapter 7: Company Dissolution and Liquidation

Article No. 51: Termination of the Company

1- The Company shall dissolve for any of the reasons outlined in Article 243 of the Companies Law. Upon dissolution, it shall enter into liquidation in accordance with the provisions of Chapter Twelve of the Companies Law. If the company is dissolved and its assets are insufficient to cover its debts or it is insolvent under the Bankruptcy Law, it must apply to the competent judicial authority to initiate the appropriate liquidation procedures in accordance with the Bankruptcy Law.

Chapter (8): Final Provisions

Article (52): Final Provisions

1- The Company shall be subject to the applicable laws and regulations in the Kingdom of Saudi Arabia.

2- Any provision that contradicts the Companies Law in these Articles of Association shall be deemed void, and the relevant provisions of the Companies Law shall apply. For any matter not explicitly addressed in these Articles, the Companies Law and its Executive Regulations shall apply.

3- The founders acknowledge the accuracy of the information and provisions contained in these Articles of Association and their compliance with the Companies Law issued by Royal Decree (M/132) dated 1/12/1443 H and its Executive Regulations, as well as their fulfillment of all requirements and instructions issued by the Ministry of Commerce in accordance with the provisions of the law. The founders shall bear all legal and financial responsibilities arising therefrom and are aware of the Ministry's



right to take the necessary regulatory actions in the event of any violation or conflict in the provisions of these Articles of Association.

Article (53): Liability Claim

1. The Company may file a liability lawsuit against the CEO or members of the Board of Directors for violating the provisions of these Articles of Association or the Companies Law, or for any errors, negligence, or shortcomings in the performance of their duties that cause damage to the company. The General Assembly shall decide on filing such a lawsuit and appoint a representative to act on behalf of the company in pursuing it. If the Company is in liquidation, the liquidator shall file the claim. In the event that any liquidation procedures are initiated against the company under the Bankruptcy Law, filing such a lawsuit shall be carried out by the person legally representing the company. 2. One or more shareholders representing five percent (5%) of the company's capital may file the company's liability lawsuit if the company fails to do so, provided that the primary purpose of filing the lawsuit is to protect the company's interests, the lawsuit is based on valid grounds, the plaintiff acts in good faith, and is a shareholder of the company at the time of filing. 3. To file the lawsuit referred to in paragraph (2) of this article, it is required to notify the members of the Board of Directors of the intention to file the lawsuit at least fourteen (14) days before the filing date. 4. A shareholder may file a personal lawsuit against the members of the Board of Directors if their actions or errors cause personal harm to the shareholder.

The Articles of Association have been reviewed by the incorporators and approved by the Ministry's authorized representative. The Articles have been published in the My Business Portal, and the validity of the Articles can be verified through the following link:

<https://emagazine.aamaly.sa>

And Allah is the Grantor of success,

A copy of the Articles of Association has been issued based on the decision of the Extraordinary General Assembly / the Capital Owner's resolution dated 05/01/1447 AH.

The Articles of Association do not require the official seal of the Ministry of Commerce.



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Annex to the Articles of Association

1- Amendment of Company's Objectives:

Category	Activity
Construction	Construction of buildings
Construction	Completion and finishing of buildings
Real estate activities	Real estate activities in owned or leased properties
Real estate activities	Real estate activities based on fees or contracts
Administrative and support services	Integrated facilities support activities

2 - After amendment:

Category	Activity
Construction	Construction of buildings
Construction	Completion and finishing of buildings
Wholesale and retail trade; repair of motor vehicles and motorcycles	Retail sales in other types of non-specialized stores
Real estate activities	Real estate activities in owned or leased properties
Real estate activities	Real estate activities based on fees or contracts
Administrative and support services	Integrated facilities support activities

2. Amendment of (Directors)

Name	Nationality	Designation	Procedure
Ahmed Demerdash Badrawi	UK	Board Member	Addition
Abdul Majeed Abdullah Mohammed Al-Basri	Saudi Arabia	Board Member	Deletion
Turki Saud bin Abdul Rahman Al-Dayel	Saudi Arabia	Board Member	As-is
Fawaz Abdulaziz Fahad Alhokair	Saudi Arabia	Chairman of the Board of Directors	As-is
Salman Abdulaziz Fahad Alhokair	Saudi Arabia	Deputy Chairman of the Board of Directors	As-is



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Mohamed Mourad	Lebanon	Board Member	As-is
Johan Brand	Netherlands	Board Member	As-is
Kamel Badi Qalam	United States	Managing Director	As-is
Abdul Rahman Abdul Aziz Abdullah Al-Tuwaijri	Saudi Arabia	Board Member	As-is
Khalid bin Abdullah bin Abdulaziz Al-Suwailem	Saudi Arabia	Board Member	As-is

3- Amendment of (Capital)

Before the amendment:

1. The authorized capital is set at an amount of: 0.0 SAR (Zero Saudi Riyals). 2. The Company's issued capital is set at 4,750,000,000.0 SAR (Four billion seven hundred fifty million Saudi Riyals).

The paid-up capital amounts to 4,750,000,000.0 SAR (Four billion seven hundred fifty million Saudi Riyals).

After the amendment:

1. The authorized capital is set at an amount of: 0.0 SAR (Zero Saudi Riyals) 2. The Company's issued capital is set at 4,750,000,000.0 SAR (Four billion seven hundred fifty million Saudi Riyals).

2. The paid-up capital amounts to 4,750,000,000.0 SAR (Four billion seven hundred fifty million Saudi Riyals)..

4- Amendment of (Textual Items):

Textual Items were amended

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Founders' resolution to elect the management

Arabian Centers Company, a Listed Joint Stock Company (Listed Joint-Stock Company)

Based on the decision of the General Assembly of Arabian Centers Company, a listed joint-stock company in Riyadh, and as the General Assembly decided to appoint a Board of Directors in accordance with the provisions of the (company's Articles regarding the appointment of a Board under a separate contract), the General Assembly has resolved to appoint a Board of Directors consisting of no fewer than three (3) members as follows:

Name	Nationality	Designation
Fawaz Abdulaziz Fahad Alhokair	Saudi Arabia	Chairman of the Board of Directors
Salman Abdulaziz Fahad Alhokair	Saudi Arabia	Deputy Chairman of the Board of Directors
Abdul Rahman Abdul Aziz Abdullah Al-Tuwaijri	Saudi Arabia	Board Member
Turki Saud bin Abdul Rahman Al-Dayel	Saudi Arabia	Board Member
Khalid bin Abdullah bin Abdulaziz Al-Suwailem	Saudi Arabia	Board Member
Kamel Badi Qalam	United States	Managing Director
Johan Brand	Netherlands	Board Member
Mohamed Mourad	Lebanon	Board Member
Ahmed Demerdash Badrawi	UK	Board Member

They shall have, for that purpose, all the powers granted in the Articles of Association.

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