المراكز العربية
Arabian Centres

FY2021
Annual Report

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Lifestyle
Builders

For nearly two decades, Arabian Centres has been Saudi Arabia's leading owner, developer and operator of lifestyle shopping centres. ACC's properties combine a world-class retail offering with an integrated range of leisure, entertainment and F&B experiences. Millions visit Arabian Centres' locations each year to make memories with families and friends.

Introduction

Arabian Centres' long track record of providing world-class organized retail space, combined with its extensive geographic reach and distinctive leisure and entertainment offerings provide an unmatched exposure to Saudi Arabia's dynamic retail and commercial real estate sectors.

ACC at a Glance

Arabian Centres Company is Saudi Arabia's premier developer of lifestyle destinations, with a portfolio of 21 malls built and operated according to international standards and a presence covering the Kingdom's urban geographies.

Arabian Centres Company (ACC) is the leading owner and operator of shopping centres in the Kingdom of Saudi Arabia. ACC owns, operates and manages a portfolio of 21 shopping centres and complexes located strategically throughout the Kingdom of Saudi Arabia's 11 largest cities. Boasting a total gross leasable area (GLA) of 1.2 million square metres, the Company's centres provide Saudi shoppers with their preferred point of access to the full range of global and local brands, an unmatched array of retail, F&B, and leisure and entertainment offerings. ACC's premium tenant mix allows it to offer a lifestyle experience of the highest quality, with brands such as Zara, Sephora, Massimo Dutti, Michel Kors, Hugo Boss, Marks & Spencer, Nike and Lefties, all making their homes at ACC destinations. Arabian Centres made its entry into the e-commerce space in FY2021 with the acquisition of VogaCloset, a UK-based online platform providing the latest in women's, men's, and children's fashions to millions of consumers in Saudi Arabia and the broader Middle East.

Since its establishment in 2005, ACC has effectively leveraged shopping malls' growing popularity as integrated leisure destinations. The Company's malls offer a wide array of entertainment concepts, as well as calibrated selections of mid- and high-end dining and beverage options. Among other initiatives, Arabian Centres has pioneered the rollout of premium cineplexes across its portfolio, inaugurating Saudi Arabia's largest single theater complex at the Company's Mall of Dhahran property in FY2021. Along with a retail offering that blends comprehensiveness and exclusivity, the large-scale provision of such 'lifestyle' options affords ACC exposure to a wide cross-section of Saudi Arabia's young and growing consumer base, with more than 63 million visits made to the Company's malls in FY2021.*

ACC recorded a market share of 16% at the close of FY2021, more than double the share of its nearest competitor. In the Riyadh and Jeddah Metropolitan areas, home to 60% of the Kingdom's population, ACC held market shares of 15% and 27%, respectively. Unmatched scale and local positioning make ACC's facilities the destinations of choice for retailers seeking to penetrate or expand their presence in the Saudi market

** It should be noted that footfall at ACC's centres was adversely affected by the COVID-19 pandemic and associated mobility restrictions during FY2021, with the effects concentrated in Q1-FY21.*

Mission

Create lifestyle destinations that enhance the quality of life of citizens and become the strategic partner of tenants looking to expand their footprint across the Kingdom.

Vision

Remain the leading owner, developer and operator of shopping malls through Saudi Arabia while generating sustainable value for shareholders and providing service excellence to both tenants and visitors.

SAR 1.86 bn
Revenues in FY2021

SAR 486.7 mn
Net Profit in FY2021

63.2 mn
Visitors in FY2021

SQM 1.208 mn
GLA in FY2021

+4,100
Leased Units

+1,100
Brands

Chairman's Statement

Mr. Fawaz Abdulaziz Al Hokair
Chairman of the Board of Directors

Our priority during FY2021 was to safeguard the health and wellbeing of our people and our more than 63 million visitors across the Kingdom

It is my pleasure to present to you Arabian Centres' Annual Report for FY2021. The year brought many milestones and will likely prove transformative for the Company's business.

Arabian Centres has mounted an impressive recovery from the COVID-19 crisis. ACC closed FY2021 with annual revenues of SAR 1,856.4 million, 85% of the pre-pandemic level. Our strong top line came despite the restriction of activity of our centres for much of the first quarter, while the Company's net profit recorded SAR 486.7 million for the year, representing a solid net profit margin of 26.2%. This is a testament to Arabian Centres' strong leadership position in Saudi Arabia's retail market, the Company's commitment to innovation and service excellence, as well as its ability to engender and maintain efficiencies across its operations.

Our priority during FY2021 was to safeguard the health and wellbeing of our people and our more than 63 million visitors across the Kingdom. We note with pride our success in fulfilling this obligation. Administrative staff were quickly and successfully transitioned to a remote work regime during the year, while centres' staff and third-party service providers were provided with a safe working environment that adhered to strict health and safety measures. Arabian Centres played its part in keeping communities safe, closely cooperating with the Ministry of Health to implement comprehensive safety measures at all our centres. Additional social distancing measures have been enforced at all retail units and hallways, while mandatory temperature checks have been installed at all of our centres' entrances. Voluntary capacity limitations have been set at cinemas and other entertainment facilities across our portfolio. I would like to take this opportunity to reiterate our Company's full and unstinting support for measures taken by the government of Saudi Arabia to stem the spread of the COVID-19 virus under the decisive leadership of His Majesty the Custodian of the Two Holy Mosques and His Royal Highness the Crown Prince.

The Company is now firmly focused on providing its visitors and tenants with ever greater value, guaranteeing a future of strong, sustainable, and profitable growth. This will be achieved through the implementation and continuous development of our calibrated, multipronged growth strategy. Despite the challenges faced in our operating environment in FY2021, Arabian Centres successfully delivered on each of its strategic objectives during the year.

A key plank of our strategy involves maximizing the value generated from our existing assets. Arabian Centres achieves this by optimizing its portfolio and the distribution of GLA at its properties, as well as through the provision of integrated lifestyle experiences unmatched by competitors. The Company continued to profitably shift its tenant mix in FY2021, with the GLA devoted to entertainment facilities climbing by 13.3% year-on-year. Arabian Centres launched five cineplexes in FY2021, including the Kingdom's largest single cinema complex at our Mall of Dhahran centre.

We continue to target new lifestyle categories that will further optimize our GLA distribution, including F&B outlets, gyms, spas, beauty salons, and other service providers. Meanwhile, the Company added 237 new brands at its centres in FY2021, expanding the range of brand categories available to visitors. Moving forward Arabian Centres will work to secure additional partnerships with franchise retailers representing global lifestyle brands, introducing large key accounts which will accelerate the sale of unoccupied GLA and bring us closer to our target of 94-95% GLA occupancy.

In FY2021, ACC began to develop an asset-light model with an increased focus on partnerships and lease-manage-operate agreements. This is reflected in the revised agreement we have concluded with our landlord at ACC's pipeline Jeddah Park project, which commits the Company to lease, manage, and carry out operations at the centre in accordance with generally accepted professional standards, in return for a percentage of Jeddah Park's annual net revenues. By minimizing the costs and risks associated with holding large asset positions, such agreements will boost Arabian Centres' flexibility and ability to rapidly scale operations moving forward.

Despite the challenging operational environment, Arabian Centres continued to make rapid progress on its near- and medium-term project pipelines during FY2021. The Company's strong liquidity position supported sustained investments in FY2021, with ACC booking SAR 518.2 million in total CAPEX spending for the year. In September 2020 we launched an extension to our flagship Riyadh project, Nakheel Mall. The extension brought online 16 thousand square meters of additional GLA and includes 73 commercial outlets and a large cineplex, boasting 13 screens and more than 1,500 seats.

At the close of FY2021, we had two near-term projects in the pipeline: Jeddah Park and Khaleej Mall Riyadh. Construction works were 89% complete at the former and 88% at the latter, with pre-leasing rates recording 68% and 75%, respectively. Combined, these projects will bring online approximately 180 thousand square meters of new GLA in FY2022. Meanwhile, our six medium-term projects remain on schedule and are slated to bring online 457 thousand square meters of additional GLA by FY2024. The makeup of ACC's medium-term pipeline reflects our strong commitment to innovation. Arabian Centres is the leader in introducing new retail concepts to Saudi Arabia. Having introduced the open-air boulevard concept in Riyadh with our highly successful U-Walk property, ACC is replicating the approach at multiple pipeline projects in Jeddah and Madinah.

Similar strides were made on the digital front during FY2021. In March, we announced the acquisition of Vogacloset, a UK-based online fashion platform which operates through www.vogacloset.com, offering the latest women's, men's, and children's fashions to consumers in the Middle East. The acquisition will accelerate the implementation of our digitization strategy and augment our ability to serve the growing demand for omnichannel retail experiences that reflect Saudi consumers' evolving preferences. Arabian Centres will leverage Vogacloset's proposition to provide its visitors with a specialized and advanced loyalty program and an innovative suite of simplified consumer finance solutions. ACC's tenants will benefit from a more holistic proposition as their brands enjoy an improved online presence. In parallel, we have rolled out a unified digital interface for managing tenant requests and sharing information. ACC has also introduced personalized marketing and highly quality e-service programs with applications across the B2C, B2B, and B2B2C spaces. These investments display our commitment to providing tenants with the finest experience in the Saudi market.

In conclusion, the Board of Directors notes its confidence in ACC's unique value proposition, a confidence which has been reinforced by the Company's strong financial and operational results in FY2021 and its continued ability to meet its strategic objectives and create value for shareholders in a sustainable manner. Looking forward, Arabian Centres will continue to stand firmly with the government of Saudi Arabia in its battle against the COVID-19 pandemic and to fully comply with any and all directives from the authorities with the aim of safeguarding the health and safety of our communities. Our thoughts go out to all those who have suffered during this pandemic and to the Kingdom's heroic medical personnel, who have provided an example of courage and dedication to us all.

Mr. Fawaz Abdulaziz Al Hokair
Chairman of the Board of Directors

Chief Executive's Review

Faisal Abdullah Al Jedaie
Chief Executive Officer

Thanks to the skill and dedication of our employees, Arabian Centres has successfully weathered the unprecedented crisis posed by the pandemic and is looking to a future of sustainable growth with renewed strength and vision

FY2021 has redoubled our confidence in Arabian Centres. We began the year convinced that the Company's competitive advantages, its unrivalled network and scale, and its strategic relationships would enable it to withstand the headwinds blown by the COVID-19 pandemic. And so it has proven. Thanks to the skill and dedication of our employees, Arabian Centres has successfully weathered the unprecedented crisis posed by the pandemic and is looking to a future of sustainable growth with renewed strength and vision.

The final quarter of the previous year saw all ACC centres temporarily and partially closed in compliance with government efforts to contain the spread of COVID-19 and safeguard public health and safety. In Q1-FY21, our centres began to reopen on a partial basis, although certain services remained restricted. By May 2020, our centres' operating hours were at 80% of their pre-COVID levels, and by June the authorities had removed all curfews and other mobility restrictions, with all ACC's locations operating according to the normal pre-COVID schedule. The Company's operating environment in Q2-FY21 and Q3-FY21 was thus largely normalized, although Q4-FY21 saw a temporary limitation on indoor entertainment.

Arabian Centres' leadership of the Saudi Arabian retail sector was on clear and decisive display throughout FY2021. The Company views its tenants as strategic partners. We recognize that we have a stake in their success just as they have a stake in ours. With this in mind, and with the aim of alleviating the commercial impact of COVID-19, ACC moved to provide all of its tenants with a waiver on contractual base rent and service charges for a period of six weeks from 16 March 2020, with additional support provided to tenants affected by the pandemic. Lease escalations were suspended for 2020 and 2021, and the Company continued to extend support and further rent relief to its tenants on a case-by-case basis subject to the severity of COVID-related impacts. Arabian Centres recognized a total of SAR 241.2 million in nonrecurring discounts in FY2021, with the cash impacts of the discounts having been fully recognized by the close of the year.

Despite the extension of COVID-related discounts and the restriction of activity at ACC's centres for much of the first quarter, which is typically the period of peak annual footfall, the Company booked revenues of SAR 1,856.4 million in FY2021, down by just 15.5% year-on-year. This resilience is an indication of the scale and diversity of the Company's portfolio, the constant enhancement of its lifestyle offering, and the robustness of consumer confidence in the Saudi market.

Besides the insulation offered by the Company's value proposition, the Company mitigated the effects of elevated discounts during FY2021 through a number of avenues. We generated SAR 96 million in cash from the disposal of our noncore investments in Aswaq Al Mustaqbal and Amlak International. The Company received SAR 131.1 million in dues from its sister company, FAS Holding for Hotels, settled partly in cash and partly in strategically located assets. We have also phased CAPEX outlays and works schedules at our eight pipeline projects in synchronicity with prevailing market conditions: CAPEX spend booked SAR 518.2 million for FY2021 against SAR 256.5 million one year previously.

To further mitigate the impact of nonrecurring COVID-related discounts, Arabian Centres was proactive in negotiating rental concessions on lease agreements with its landlords in FY2021, securing SAR 76.7 million in such concessions during the year. Most notable in this regard was our agreement with ACC's landlords at the site of the U-Walk Jeddah Centre to reduce the total value of land rent over the lifetime of the lease contract by SAR 620 million, combined with a reduction of SAR 314.1 million in the contract's lease liability. On the ground, strong cost-control and a favorable cost profile enabled the Company to reduce its cost of revenue by 0.4% y-o-y during FY2021.

On the operational front, like-for-like (LFL) footfall recorded 57 million against 111 million one year previously. Counting visits to the three locations newly launched in FY2021 and FY2020, footfall records 63 million for FY2021. Occupancy rates registered 92.9% in LFL terms at year-end FY2021, down only slightly from the 93.1% and up strongly from the average of 90.7% recorded for the first nine months of FY2021. As of FY2021, the cineplex rollout had been completed at 11 of ACC's 21 portfolio centres, with works ongoing for cineplexes at eight additional centres in the near term. Meanwhile, Arabian Centres sustained its momentum on the leasing front, renewing 1,767 leases during FY2021, representing nearly all leases due to expire during the year.

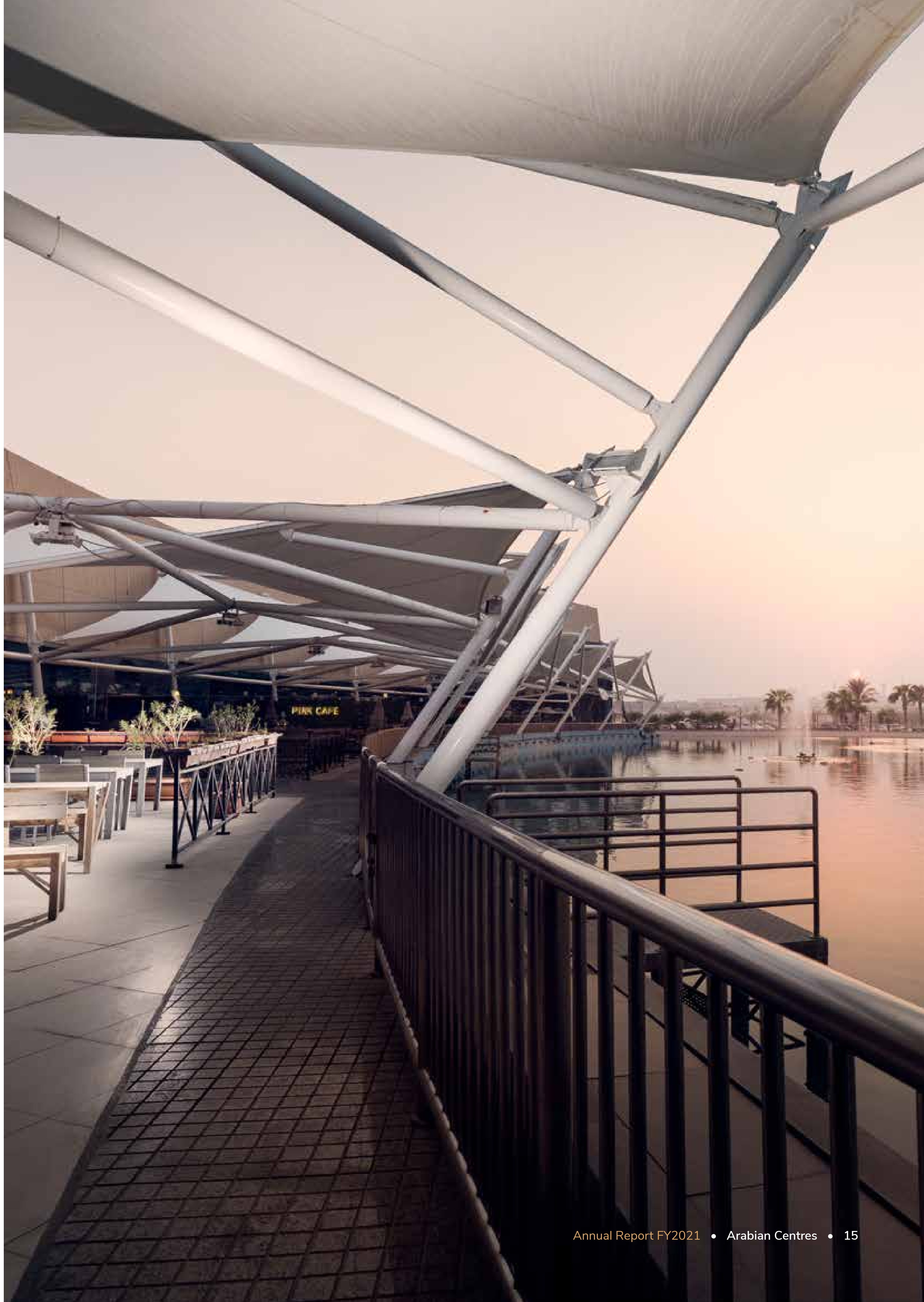
We also continued to make progress on the development of an integrated lifestyle offering that transcends the traditional focus on retail. The revenue contributions from entertainment, F&B, and grocery tenants all grew year-on-year in FY2021, and we closed the year with the GLA dedicated to entertainment up by 13.3% y-o-y. Arabian Centres is intensively targeting new lifestyle categories to further optimize its tenant mix, including F&B, gyms, spas, beauty salons, and other service providers. The Company continuously expands the range of brands and brand categories offered at its centres, adding 237 new brands during the year. Among the notable names welcomed to the portfolio in FY2021 were Starbucks, Dior Backstage, and Lego.

Given these strong operational indicators, the bottom-line pressure seen during the year stemmed purely from nonrecurring items. Net profit fell by 24.3% y-o-y to record SAR 486.7 million in FY2021. However, ACC's net profit margin booked a solid 26.2% in FY2021. The absolute decline in net income during the year reflects the impact of nonrecurring COVID-related discounts disbursed during the year and an increase in impairment losses on accounts receivable. The increase in impairment losses on accounts receivable in turn reflects the adoption of a more conservative approach on receivables following the impact of COVID-related centre closures in Q1-FY21 and an update to the Company's model for internal credit loss (ICL) estimates.

Management remains committed to optimizing ACC's capital structure, extending the maturity profile of the Company's debt, and providing ACC with the liquidity and financial flexibility required to pursue our long-term expansion plans and develop a world class lifestyle product fit for the sophisticated Saudi consumer. Accordingly, in the first quarter of FY 2022, Arabian Centres issued USD 650 million in international Sukuk, with a maturity of 5.5 years. The issuance further bolstered ACC's financial position, settling a large portion of the Company's existing loans, freeing up several assets that had previously been mortgaged with its partner banks. Moody's and Fitch assigned the issuance ratings of Ba2 and BB+ (EXP), respectively. The Sukuk was two times oversubscribed, with non-GCC international investors accounting for 65% of the total transaction allocation. The strength and depth of the book demonstrated the continuing strength of global investors' appetite for Saudi exposure and Arabian Centres' lifestyle offering, as well as confidence in the sector's ability to bounce back strongly moving forward.

Heading into FY2022, we see exciting new times ahead. Our strategy of building an omnichannel platform will go into overdrive as we integrate our newly acquired e-commerce platform, VogaCloset. The rollout of innovative lifestyle brands will continue across our portfolio, which will welcome 180 thousand square meters of new GLA with the inauguration of Khaleej Mall and Jeddah Park. As the Saudi Arabian economy recovers and decisive progress is made against the virus, we expect a marked enhancement in top- and bottom-line performance over the course of FY2022.

Faisal Abdullah Al Jedaie
Chief Executive Officer



FY-2021 Highlights

Responding to COVID-19

ACC's market leadership was on full display in its response to the effects of the COVID-19 pandemic.

Footfall Impact

Arabian Centres recorded 63.2 million visitors for FY2021, down from 114.7 million in FY2020. The decline was driven primarily by the closure of ACC's centres during Q1, typically the peak annual footfall season, in compliance with public COVID-19 containment measures.

Relief Program

ACC offered tenants a waiver on base rent and service charges for a period of 6 weeks from 16 March 2020, and additional discounts for tenants whose stores were mandatorily closed by government order, extending SAR 241.2 million in nonrecurring, COVID-related discounts during FY2021. The cash impact of the disbursals had been fully realized by the close of FY2021.

Mitigation Initiatives

The Company successfully pursued multiple avenues for mitigating the effects of heightened discounts, negotiating SAR 76.7 million in landlord discounts, receiving SAR 54.9 million from the disposal of noncore investments, and fostering cost efficiencies.

Focus On Long-Term Growth

The Company marked a number of strategic milestones during FY2021, maintaining its commitment to investing for growth.

Progress on Digitization

FY2021 saw the Company finalize its acquisition of VogaCloset, a UK-based online fashion platform with millions of customers in the MENA region. ACC began to integrate tenant brands' online offerings with the platform in FY2021;

A Growing Portfolio

Arabian Centres inaugurated a major extension to its flagship project in Riyadh, Nakheel Mall, bringing online an additional 16,000 sqm of GLA during the period. ACC recorded a stable total GLA of 1.208 million sqm in FY2021;

Project Pipeline

With SAR 518.2 million in CAPEX outlays for FY2021, ACC's near-term pipeline is projected to bring online c.180 thousand sqm in additional GLA. Approximately 456 thousand sqm of GLA are projected in ACC's medium-term pipeline. ACC's CAPEX program is being phased to reflect prevailing market conditions;

Building Lifestyle Experiences

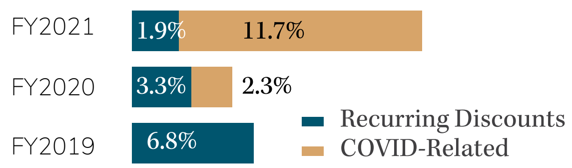
The Company continued to shift its tenant mix during FY2021, with GLA allocated to entertainment up by 13.3% y-o-y. ACC had completed the rollout of cinemas at 11 of its 21 centres by end-FY2021, including the Kingdom's largest cineplex to date at Mall of Dhahran. More than 230 new international and local brands were onboarded in FY2021.

Continued Financial Resilience

ACC's financial performance for FY2021 was highly resilient in the face of the pandemic's adverse operational impacts.

SAR1.856.4mn

Revenues in FY2021, down by 16% y-o-y



Factoring out COVID-related discounts, ACC's weighted average discount rates remain on the downward trajectory observed since FY2018

SAR1,023.1mn

Gross Profit in FY2021, down by 29% y-o-y, with a GPM of 55.1% (FY2020: 65.5%)

SAR1,586.4mn

Recurring EBITDA* in FY2021, down 7% y-o-y, with an EBITDA margin of 85.5% (FY2020: 77.3%)

SAR486.7mn

Net Profit in FY2021, down by 24% y-o-y, with a NPM of 26.2% (FY2020: 29.2%)

An Optimized Balance Sheet

Arabian Centres continued to enhance its capital structure while transitioning to an asset-light business model.

Second Sukuk Issuance

ACC successfully issued USD 650 million in international Sukuk. Proceeds from the 5.5-year issuance were used to settle USD 460 million in existing debt, freeing a number of assets previously posted as collateral. The Sukuk was 2x oversubscribed, receiving heavy interest from international investors and ratings of BB+ (EXP) and Ba2 from Fitch and Moody's, respectively.

Reduced Related Party Balance

FY2021 saw a decrease in related parties balances, reflecting the increased rental collections, as well as the partial receipt of dues from FAS Holding for Hotels, a related party. Amounts due from related parties closed FY2021 down by 35.8% y-o-y, recording SAR 379.4 million.

Asset-Light Model

Arabian Centres held 12 of its 21 centres on leasehold lands at the close of FY2021, providing financial flexibility to scale operations. FY2021 saw ACC sign Saudi Arabia's first fully-fledged lease-manage-operate agreement with its landlords at the Jeddah Park pipeline project.

** Recurring EBITDA normalizes for the effects of non-recurring items booked during FY2021 and FY2020*

Overview of ACC

Arabian Centres is the go-to partner for local and international retail brands seeking to expand or deepen their footprints in the Saudi market

Our Market

Saudi Arabia is the largest economy in the GCC and MENA region. Its young population, underserved retail market and dynamic program of reforms provide for a strong growth opportunity as the Kingdom modernizes the sector.

Robust Fundamentals

According to IMF Figures, Saudi Arabia recorded a nominal GDP of USD 701 billion in 2020, making it the world's nineteenth largest economy.[1] The Kingdom's economic heft is underpinned by a population of 34 million, the largest in the GCC. Approximately 67% of Saudi nationals are below the age of 34, while approximately 40% are younger than 25.[2] Saudi Arabia's youthful population, which continued to grow at a rapid annual rate of 1.49% in 2020, provides a valuable economic resource for domestic and international businesses. A large and growing working-age cohort supplies the Kingdom with a steady flow of entrants to the labor force while supporting strong household consumption, which accounts for more than 40% of Saudi GDP.[3] Additionally, nearly all of Saudi Arabia's overwhelmingly urban population enjoys access to smartphones and broadband internet, forming a solid platform for the dissemination of data-driven business models.

Saudi Arabia's GDP contracted by 4.1% in 2020, reflecting the impact of the global COVID-19 pandemic and its impact on oil prices and production. However, strong fiscal and monetary interventions by the authorities have greatly mitigated the economic impacts of the pandemic, and the IMF projects a rebound in economic growth to 2.6% in 2021. The Kingdom's Public Investment Fund (PIF) plans to invest SAR 150 billion annually between 2021 and 2024, and authorities have announced SAR 27 trillion (USD 7 trillion) in domestic projects over the coming decade. Cash-liquidity M3 money supply reached an all-time high during the year, reflecting heavy monetary stimulus. Meanwhile, listed companies have received a targeted SAR 10 billion stimulus through the Projects Fund Initiative.

Saudi Arabia was one of only 10 markets to see a significant increase in consumer confidence during the year, despite a tripling of the VAT rate from 5% to 15% during the year, and household spending is projected to expand by 2.9% in 2021 following a contraction in 2020. Residential real estate transactions were exempted from this increase in VAT, boosting household purchasing power and spurring rapid growth in real estate loan origination by banks and generating strong construction activity in Jeddah and Riyadh, the latter of which is slated to receive USD 800 billion in urban development investments to accommodate an expected doubling of population by 2030. Consumer confidence is set to receive further boosts from the Kingdom's ongoing COVID-19 vaccination campaign, which has administered more than 17 million doses.

An Underpenetrated Retail Space

Saudi Arabia is the GCC's largest retail market, accounting for 65.9% of retail sales in the region for 2017, nearly double the share represented by the United Arab Emirates (23.8%), its closest peer. According to a Euromonitor study, sales by the Kingdom's retail sector are expected to grow from USD 106 billion for 2019 to USD 119 billion by 2023.[4] Despite its relative size, Saudi Arabia's retail market remains largely underpenetrated, with significant room for growth and lucrative opportunities for the creation of further value in the sector. A high share of Saudi retail activity remains unorganized and is carried out beyond the reach of modern retail facilities. According to the International Council of Shopping Centres, Saudi Arabia had just 0.4 square meters of mall-based retail space per capita as of 2020, lagging behind certain GCC peers. This macro-level profile leaves significant untapped potential for quality modern retail spaces, yielding prospects for rapid and sustainable long-term growth.

Longer-term growth continues to be sustained by the Kingdom's highly favorable cultural dynamics. As in its GCC and other MENA peers, Saudi Arabian consumers show a cultural predisposition towards shopping as a key leisure activity, particularly in family settings, and there exists a strong culture of gift-giving. Meanwhile, the arid climate supports a high level of demand for air-conditioned mall environments as leisure destinations.

In the nearer term, Saudi Arabia is better positioned than peer markets to withstand the effects of the COVID-19 crisis on retail and shopping centre activity, and to adapt to the longer-term changes likely to be brought about by pandemic-related risks. Unlike its fellow GCC economies, mall footfall and visitor demand in Saudi Arabia is driven largely by locals and residents as opposed to tourists. This low dependence on tourism and the consequent stickiness in demand compared to regional peers should facilitate a more rapid recovery. Meanwhile, as the pandemic drives greater dependence on online retail, Arabian Centres has expedited the rollout of its online and omnichannel retail platforms.

VISION 2030

Vision 2030

Since 2016, Saudi Arabia has implemented a comprehensive reform package aimed at reducing the Kingdom's dependence on oil, diversifying its economy and developing the country's service sector, with large investments made in infrastructure, tourism, recreation, health and education. These broad-based reforms have been instituted under the Vision 2030 Program introduced by His Royal Highness Prince Mohammed bin Salman bin Abdulaziz, the Crown Prince of Saudi Arabia.

Besides reducing the economy's reliance on oil revenues and instituting sustainable development practices, Vision 2030 aims to leverage the energy and talents of the Kingdom's youthful population to enrich Saudis' quality of life. With the establishment of a dedicated General Entertainment Authority, significant investments have been made in the Kingdom's leisure and entertainment sectors in effort to develop the Kingdom into a global entertainment destination and enhance the global ranking of Saudi cities.

[1] The IMF, Saudi Arabia and the IMF (2021) https://www.imf.org/en/Countries/SAU.
[2] CIA World Factbook, Saudi Arabia https://www.cia.gov/library/publications/the-world-factbook/geos/sa.html
[3] CIA World Factbook, Saudi Arabia https://www.cia.gov/library/publications/the-world-factbook/geos/sa.html
[4] Euromonitor, Country Report: Retail in Said Arabia (2018).

A related objective is to boost domestic and international tourism in the Kingdom, tapping into this underdeveloped sector by fostering more balanced and sustainable demand.

The Program envisions continuous improvements to the Kingdom's public transportation infrastructure, enhancing mobility, with similar investments being made in Saudi Arabia's IT capabilities with an eye to developing the Kingdom into a regional and international IT hub. A budget of USD 426 billion has been allocated to infrastructure development under Vision 2030.

Vision 2030 has already yielded tangible benefits to Saudi Arabia's retail sector, particularly the organized segments with a heavy presence in modern shopping centres. Investments in leisure and entertainment, and particularly the introduction of cineplex chains, have proven to be significant generators of incremental footfall at shopping centres. The proximity of shopping centres to the Kingdom's budding complex of leisure facilities has had a similar effect.

These developments are allowing the Kingdom's retail sector to retain a greater share of retail spending which otherwise would have been disposed by Saudi tourists travelling abroad. Meanwhile, Saudization and policies aimed at enhancing female mobility are expected to enhance aggregate purchasing power while enabling the Saudi retail sector's target demographic, a trend supported by the Kingdom's investments in public transport infrastructure. The latter development is expected to further boost footfall at shopping centres, particularly those readily accessible to newly built metro and bus stations. Meanwhile, as domestic and international tourist flows intensify, the Saudi retail sector will aim to capture a greater share of tourist retail expenditure.

Women Empowerment

Under Vision 2030, the government of Saudi Arabia has made far-reaching efforts to further the social and economic empowerment of women. The granting of driver's licenses to females has significantly boosted mobility and facilitated an increase in female labor force participation. The Kingdom has equalized women's access to the labor market, lifted restrictions on female employment in certain sectors, and lifted restrictions on night work. The government aims to raise female labor force participation to 30% by 2030 from its current level nearer 22%, a development which is expected to boost total discretionary expenditures by 7% per annum. Approximately 80% of visitors to ACC's shopping centres are female, leaving the Company and the wider Saudi retail industry in a strong position to benefit from the economic shifts being brought about by Saudi Arabia's efforts at women empowerment.

Our Business Model

Arabian Centres Company is Saudi Arabia's leading retail platform, with a host of competitive advantages and unmatched reach and scale

A World-Class Mall Operator

Arabian Centres is Saudi Arabia's leading owner, developer and operator of lifestyle shopping centres. The Company launched its first location at Sahara Plaza in Riyadh in 2002. Since then, Arabian Centres' portfolio has expanded to include 21 distinct properties covering eleven cities across the Kingdom of Saudi Arabia. ACC has established a leading position as Saudi Arabia's premier provider of organized retail space, with a strong and expanding presence in each of the Kingdom's three main regions: Western, Central, and Eastern. Today, ACC's portfolio includes some of the most iconic shopping and leisure locations in Saudi Arabia, including Mall of Arabia in Jeddah, Mall of Dhahran, and Nakheel Mall in Riyadh. The Company operates 1.2 million square meters of gross leasable area (GLA) covering more than 60% of the Kingdom's population, with its centres welcoming upwards of 100 million visitors each year.

ACC's competitive advantages and dominant position have made it the go-to partner for local and international retail brands seeking to expand or deepen their footprints in the Saudi market. Arabian Centres offers visitors an unmatched array of leading brands, including Zara, Sephora, Massimo Dutti, Michel Kors, Hugo Boss, Marks & Spencer, Nike and Lefties, and a host of global F&B labels. Tenants benefit from ACC's unique ability to leverage scale effects, centres characterized by unique and appealing building designs, central locations and ease of access to target demographics, a welcoming environment, and superior levels of tenant and visitor service. Arabian Centres continually enhances its offering through the introduction of unique lifestyle concepts, optimized dining, entertainment and leisure offerings, as well as a continuing rollout of cineplexes across its portfolio. Since FY2020, the Company has introduced cineplexes at 11 of its locations, including the Kingdom's largest such facility at Mall of Dhahran. By the close of FY2023, the Company expects to have installed cineplexes at 19 of its centres across Saudi Arabia.

Pioneering an Asset-Light Model

Arabian Centres has pioneered an asset-light model of mall management and operation. At the close of FY2021, twelve of ACC's portfolio centres were located on lands leased by the Company from landlords, with the remaining nine centres built on lands held by Arabian Centres in freehold. Three of the Company's eight pipeline projects are similarly located on leasehold properties, with a further one project to be managed under an operational agreement.

Such arrangements enable Arabian Centres to optimize the costs and mitigate the risks associated with holding operating assets fully on the Company's own balance sheet, enhancing the Company's financial and operational flexibility to scale its operations and roll out further locations in a rapid and efficient manner. The enhanced flexibility afforded by leasehold structures aids the Company's efforts to optimize leasing activity and facilitates innovation in the area of shopper loyalty programs.

Moving forward, ACC will work to secure operational arrangements such as that concluded for its pipeline Jeddah Park project in FY2021, Saudi Arabia's first fully-fledged mall lease-management-operations agreement. Under the terms of this arrangement, Arabian Centres will lease, manage, operate and carry out maintenance works at Jeddah Park in accordance with generally accepted professional standards, in return for a percentage of the centre's annual net revenues.

An Unmatched Value Proposition for Tenants

ACC offers its tenants the widest geographic coverage of any mall operator in the Kingdom of Saudi Arabia, combined pricing across various locations, consistently high footfall, and proximity to other leading brands. The quality of ACC's portfolio has driven the development of long-term, strategic partnerships with tenants: the Company maintains strong relationships with more than 30 large key account tenants, each of which holds leases at several ACC locations.

Strategic partnerships with key account tenants allow Arabian Centres to successfully pre-lease a significant portion of new shopping malls prior to their official launch. The Company typically pre-leases approximately 50% of GLA three to six months prior to the official launch of pipeline assets, allowing such malls to achieve an average first-year occupancy of 70% to 75%. This provides the Company with a significant margin of flexibility to profitably expand its centre network, while mitigating certain risks associated with the introduction of new developments. Relative to the wider market, Arabian Centres achieves the quickest occupancy ramp-up of new developments, driving rapid increases in footfall.

Arabian Centres charges its tenants a base rental fee and an additional turnover charge calculated as a percentage of tenant sales, with lease terms subject to periodic renegotiation. ACC's competitive advantages, scale, and network effects allow the Company to negotiate favorable price points and tenancy terms, as evidenced by positive progression in the Company's weighted average discount rate across tenants and its weighted average lease term. Arabian Centres consistently maintains like-for-like occupancy rates at levels above 90% and positive leasing spreads, rapidly and efficiently completing lease renewals at profitable terms. Management targets a long-term overall GLA occupancy rate of between 94% and 95%.

A Dynamic Related Parties Ecosystem

Arabian Centres is a member of the Fawaz Abdulaziz Alhokair Group of companies. The Company derives significant synergistic benefits from its relationship with other organizations in Alhokair Group ecosystem.

Downstream, ACC benefits substantially from its relationship with Fawaz Abdulaziz Alhokair & Co. (Alhokair Fashion Retail), a publicly listed company and a leading franchise retailer with approximately 1,600 retail units in 13 countries. As at year-end FY2021, Alhokair Fashion Retail had 729 retail units across ACC's 21 shopping centres, accounting for 21.2% of the Company's total occupied GLA. Al Hokair Fashion Retail typically pre-leases between 20-25% of the GLA at each new pipeline asset launched by Arabian Centres, locking in demand and serving as a major attraction for other prospective tenants while enhancing footfall. Key Alhokair Fashion Retail brands operating in the ACC portfolio include Zara, Massimo Dutti, Aldo, Gap, New Yorker and Banana Republic, among other leading brands.

The food and beverage franchises held by Alhokair Fashion Retail, in addition to those under the Food and Entertainment Company, provide Arabian Centres with a differentiated ability to create integrated shopping, entertainment and dining experiences at its locations. ACC has further differentiated its offering through an exclusive agreement with Muvi, Saudi Arabia's first domestic cineplex brand, to roll out cineplexes throughout the Company's portfolio over the medium term.

Arabian Centres also enjoys access to a reliable construction partner in Lynx Contracting Company (formerly known as FARE Construction), another Alhokair company. A provider of specialist mall design and construction services, Lynx enjoys over 25 years of engineering, procurement, project management experience. The company has developed and constructed 18 of ACC's 21 existing shopping centres. As at year-end FY2021, ACC has contracted Lynx to develop seven new sites.

Innovative Design and Development Practices

Arabian Centres' Design and Development Department leverages in-house capabilities and longstanding partnerships with global firms to design and plan ACC's innovative shopping centre offerings. Nearly two decades of experience in design and development have given Arabian Centres an unmatched ability to rapidly and efficiently move projects from design to development.

The Design and Development Department is responsible for monitoring and supervising construction works at the Company's shopping centres, which is typically executed by ACC's sister company, Lynx, a specialized commercial real estate development and construction concern. ACC also enjoys a longstanding strategic partnership with ECHO Architecture, which offers the full range of architecture and interior design services.

ACC's expertise and capabilities in the mall development space enable it to introduce innovative and unique lifestyle centre concepts with differentiated designs and brand offerings, further driving footfall. Arabian Centres pioneered the outdoor lifestyle centre concept in Saudi Arabia with its U-Walk centre in Riyadh, launched in FY2020 and combining a unique spatial configuration and tenant mix to provide families with a unique shopping and dining experience. The Company is replicating this innovative concept with similarly branded pipeline projects in the cities of Jeddah and Madinah.

Peerless Leasing Activities

Arabian Centres' Leasing Department is responsible for ensuring that each of the Company's retail units is leased as promptly and profitably as possible while maintaining

certain lease quality standards. Its operations are at the heart of ACC's business. The Department works to maintain a target occupancy rate set by Company management, implements various marketing and promotion efforts to attract new tenants where needed, ensures prompt and consistent collection and consistently inspects the Company's properties while responding to tenant queries and requests. ACC's Leasing Department constantly reevaluates practices and outlays to engender further efficiencies, identifying optimal arrangements with third-party service providers and ensuring that expenditures remain within budget.

A Diversified and Expanding Brand Portfolio

More than 1,000 global, regional, and local brands are represented in ACC's portfolio, which houses more than 4,100 commercial units. GLA at the Company's centres is apportioned between five tenant categories: retail, grocery, entertainment, F&B and, others. Arabian Centres works to optimize the distribution of GLA by tenant category, in keeping with the Company's strategic objective of providing integrated lifestyle experiences that drive sustainable footfall growth across all target demographics and geographies.

FY2021 saw significant year-on-year increases in the net rental revenue contributions from entertainment, F&B, and grocery tenants. Arabian Centres onboarded 237 new brands in FY2021, including well-known international labels such as Starbucks, Dior Backstage, and Lego. The Company onboarded 31 new F&B tenants during FY2021, in addition to 34 new health & personal care outlets and seven service providers, reflecting the Company's commitment to the progressive diversification of its brand portfolio.

Focus on Operational Excellence

The Operations Sector is responsible for the onsite direct operational management of every shopping centre in ACC's portfolio. To ensure the smooth running of each asset, the Sector effectuates and executes all operating and service contracts by coordinating all teams on-site (internal and third party) in tackling all related issues. It monitors the roll-out of marketing action plans, the execution of events and activities within each shopping centre and the activation of specialty leasing. Operations also leads the introduction and exit of all tenants who take a lease at ACC's shopping centres on a timely basis, while collecting all individual tenant rental dues on a regular basis, and collecting all tenants' sales data to enable the Company to evaluate their performance against the agreed upon KPIs, in addition to ensure the full adherence to lease contracts terms by all tenants.

Ultimately, the Operations team are responsible for the safety of all visitors and tenants. Compliance with health & safety rules and regulations is maintained 24/7. Customer service is provided throughout our shopping centres to meet all visitor needs. As a team, Operations builds positive and long-lasting relations with ACC's tenants and external stakeholders, including local authorities, to promote and develop each shopping centre within a given community. Operations department also conduct workshops with all related governmental sectors including Civil Defense, Municipalities and Ministry of Health to secure all related licenses and approved layouts for each facility as per the local and international standards. Furthermore, it gives those governmental sectors the opportunity to showcase their updates through advertorial space to be used as a window to increase social awareness.

In FY2021, ACC's Operations Department took the lead in the Company's on-the-ground response to the COVID-19 pandemic. With the aim of ensuring the safety and health of all visitors and mall employees, the Department successfully ensured compliance with all Ministry of Health guidelines in the area of public health. Comprehensive

health and safety measures were strictly implemented at all centres, including mandatory temperature checks and distribution of face masks and hand sanitizer at centre entrances, where heat tunnels were also installed during the year. The Operations Department further enforced additional social distancing measures at all commercial units and monitored compliance with capacity limits and leisure and entertainment facilities as required.

فوغا كلوسيت
VOGACLOSET

An Expanding Omnichannel Capability

Arabian Centres is constructing an integrated digital platform that provides visitors with a fully connected lifestyle experience while providing tenants with a more holistic value proposition. The Company is pioneering an omnichannel retail model that combines digital shopping with in-store experiences, partnering with tenants to enable click-and-collect and other digitized features. FY2021 saw a major milestone in ACC's efforts to construct a differentiated omnichannel model, with the Company's acquisition of VogaCloset Limited. VogaCloset is the owner and operator of the online fashion platform www.vogacloset.com. Based in the UK, VogaCloset offers the latest women's, men's, and children's fashions to consumers across Saudi Arabia and the Middle East. The platform served more than 12 million customers in 2020, providing more than 80,000 items from over 400 fashion brands.

Through VogaCloset, Arabian Centres has gained access to a leading regional e-commerce platform, with strong recognition and operational presence in the Company's market. Arabian Centres will leverage the acquisition to profitably service Saudi consumers' growing demand for omnichannel retail experiences and to provide visitors at its centres with specialized and advanced customer loyalty programs, in addition to a simplified and innovative range of consumer finance solutions. Meanwhile, integration with the VogaCloset platform will provide ACC's tenants with an improved online presence for their brands, further bolstering the Company's value proposition.

> "ACC is pioneering an omnichannel retail model that combines digital shopping with in-store experiences

Digitization

Digital Customer Experience

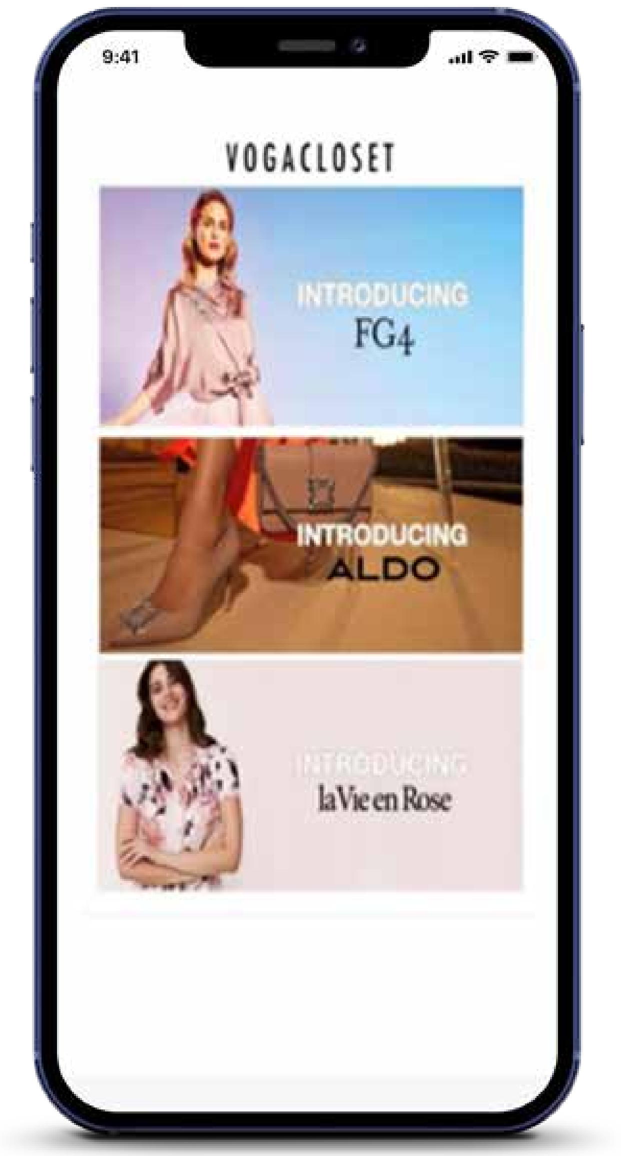
- Omni-Channel
- E-Mall
- Loyalty Program

Digital Infrastructure

- Tenant POS Integration
- Digital Footfall Counters

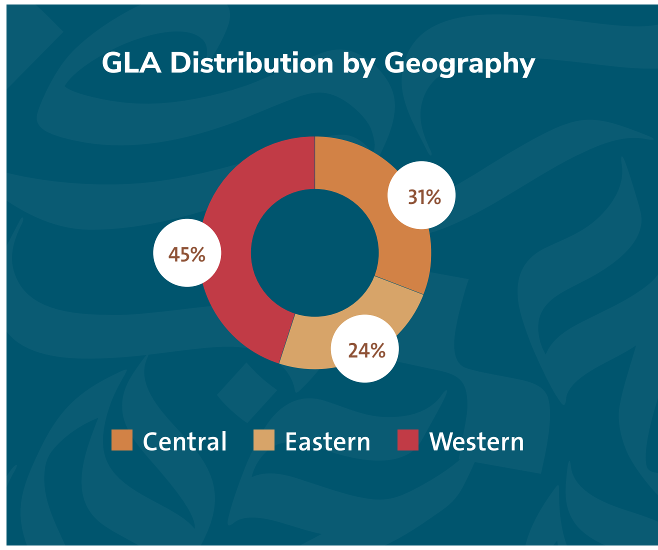
Data Analytics & Insights

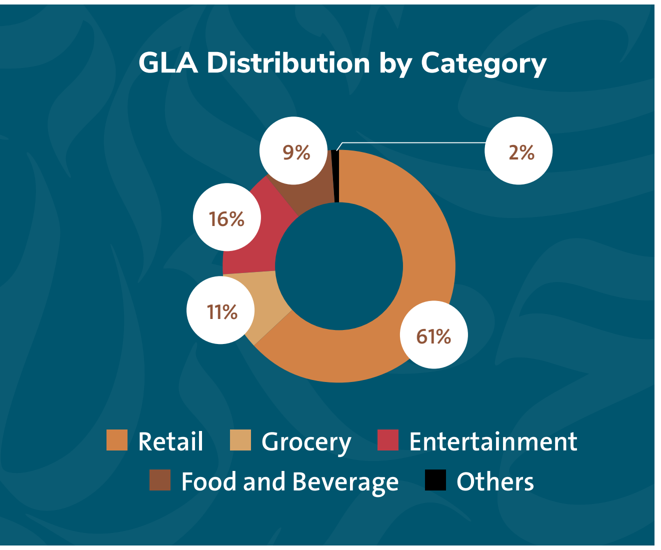
- Customer E-Profiling
- Data Management Platform



Our Portfolio

ACC's shopping centre portfolio includes Super-Regional (GLA ≥ 74,000 sqm), Regional (37,000 ≤ GLA < 74,000 sqm) and Community Malls (GLA < 37,000 sqm), where each development is uniquely positioned in terms of location, size, design and offering. ACC maintains a broad and varied retail unit mix within its shopping malls, optimizing for each mall's target demographic. As at FY2021, Arabian Centres maintains a leading market position across Saudi Arabia's major urban geographies. Its combined GLA of 1.208 million square meters leaves ACC the largest shopping mall owner-operator in the Kingdom by area. Arabian Centres has pioneered an asset-light model of mall management and operations, allowing the Company to effectively mitigate a range of business and other risks. Of ACC's 21 shopping centres, 12 operate on leased lands while 9 operate on lands owned directly by the Company. Meanwhile, three of Arabian Centres' eight pipeline projects are held in leasehold, with an additional project falling under an innovative lease-operations-maintenance agreement. ACC maintains an ongoing dialogue with its landlords with a view to extending or renewing leases on terms favorable to the Company, boosting efforts at cost optimization. Management engages in active negotiations with landlords and typically commences leasehold extension negotiations approximately 8-10 years prior to expiry of a lease. Lease renewal agreements are structured such that the enhanced revenue streams from long-term leases offset the effects of any rental rate increase. The Company's centres enjoy smaller average GLAs compared to peers in the broader market. Arabian Centres' recorded an average GLA of 54,925 square meters across all portfolio locations at the close of FY2021. More than 62% of the Company's 21 locations sit on a GLA below 70 thousand sqm. Meanwhile, a larger overall number of locations provides ACC with a highly nimble and resilient operating model compared to peers, who typically operate a smaller number of locations with average GLAs exceeding 300 thousand sqm. Besides providing a replicable plug-and-play standard and the flexibility to rapidly scale operations, the Company's asset-light model enables a high degree of top-line diversification, with the largest single revenue contribution from one portfolio centre recording 14.6% for FY2021 (Mall of Dhahran).





Riyadh

Nakheel Mall (Regional)

Year Opened	2014	Occupancy (FY21)	91.1%
GLA (FY21), SQM	75,353 (incl. 21,449 sqm ext.)	% of Revenue (FY21)	10.8%
GLA (FY20), SQM	56218	% of Revenue (FY20)	9.0%
BUA, SQM	126,249	Lease Expiry	July 2034

Riyadh

Hamra Mall (Regional)

Year Opened	2016	Occupancy (FY21)	95.7%
GLA (FY21), SQM	56,122	% of Revenue (FY21)	5.2%
GLA (FY20), SQM	55,598	% of Revenue (FY20)	5.5%
BUA, SQM	77,969	Lease Expiry	Freehold

Riyadh

Salaam Mall (Regional)

Year Opened	2005	Occupancy (FY21)	98.4%
GLA (FY21), SQM	51,634	% of Revenue (FY21)	3.1%
GLA (FY20), SQM	48,423	% of Revenue (FY20)	3.2%
BUA, SQM	67,421	Lease Expiry	Freehold

Riyadh

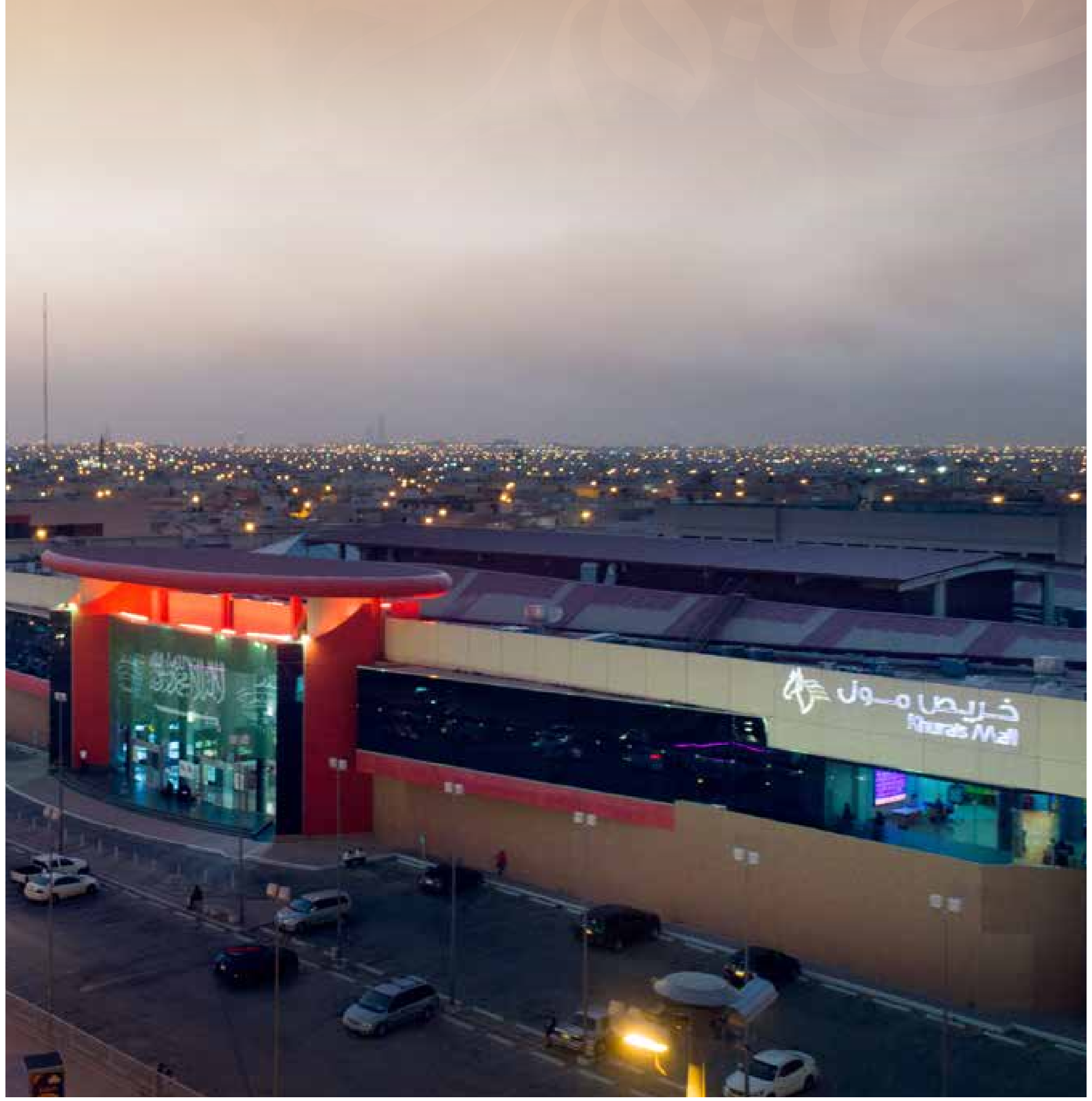
Riyadh - U-Walk (Regional)

Year Opened	2019	Occupancy (FY21)	90.1%
GLA (FY21), SQM	59,410	% of Revenue (FY21)	3.4%
GLA (FY20), SQM	63,679	% of Revenue (FY20)	1.4%
BUA, SQM	68,254	Lease Expiry	July 2046

Riyadh

Khurais Mall (Regional)

Year Opened	2004	Occupancy (FY21)	87.5%
GLA (FY21), SQM	41,803	% of Revenue (FY21)	1.7%
GLA (FY20), SQM	41,618	% of Revenue (FY20)	2.2%
BUA, SQM	60,230	Lease Expiry	January 2022



Riyadh

Tala Mall (Community)

Year Opened	2014	Occupancy (FY21)	81.6%
GLA (FY21), SQM	22,814	% of Revenue (FY21)	1.5%
GLA (FY20), SQM	22,636	% of Revenue (FY20)	1.7%
BUA, SQM	46,292	Lease Expiry	April 2029

Riyadh

Sahara Plaza (Community)*

Year Opened	2002	Occupancy (FY21)	100.0%
GLA (FY21), SQM	14,722	% of Revenue (FY21)	0.3%
GLA (FY20), SQM	14,722	% of Revenue (FY20)	0.3%
BUA, SQM	28,364	Lease Expiry	Freehold

** Sahara Plaza is leased to a single tenant who utilizes the building as a single branded discount store*

Dammam

Nakheel Mall Dammam (Regional)

Year Opened	2019	Occupancy (FY21)	91.9%
GLA (FY21), SQM	60,881	% of Revenue (FY21)	5.3%
GLA (FY20), SQM	62,452	% of Revenue (FY20)	1.6%
BUA, SQM	92,229	Lease Expiry	Freehold

Dhahran

Mall of Dhahran (Super-Regional)

Year Opened	2005	Occupancy (FY21)	96.3%
GLA (FY21), SQM	162,177	% of Revenue (FY21)	14.6%
GLA (FY20), SQM	159,482	% of Revenue (FY20)	15.0%
BUA, SQM	220,550	Lease Expiry	February 2025

Jeddah

Salam Mall (Super-Regional)

Year Opened	2012	Occupancy (FY21)	88.2%
GLA (FY21), SQM	114,879	% of Revenue (FY21)	7.1%
GLA (FY20), SQM	121,642	% of Revenue (FY20)	8.5%
BUA, SQM	212,825	Lease Expiry	July 2032

Jeddah

Aziz Mall (Regional)

Year Opened	2005	Occupancy (FY21)	96.1%
GLA (FY21), SQM	72,842	% of Revenue (FY21)	5.8%
GLA (FY20), SQM	73,237	% of Revenue (FY20)	6.2%
BUA, SQM	93,310	Lease Expiry	November 2046

Jeddah

Mall of Arabia (Super-Regional)

Year Opened	2008	Occupancy (FY21)	96.4%
GLA (FY21), SQM	112,080	% of Revenue (FY21)	11.4%
GLA (FY20), SQM	113,059	% of Revenue (FY20)	12.6%
BUA, SQM	247,848	Lease Expiry	Freehold

Jeddah

Yasmin Mall (Regional)

Year Opened	2016	Occupancy (FY21)	93.4%
GLA (FY21), SQM	54,523	% of Revenue (FY21)	6.1%
GLA (FY20), SQM	54,716	% of Revenue (FY20)	6.5%
BUA, SQM	101,672	Lease Expiry	November 2034

Jeddah

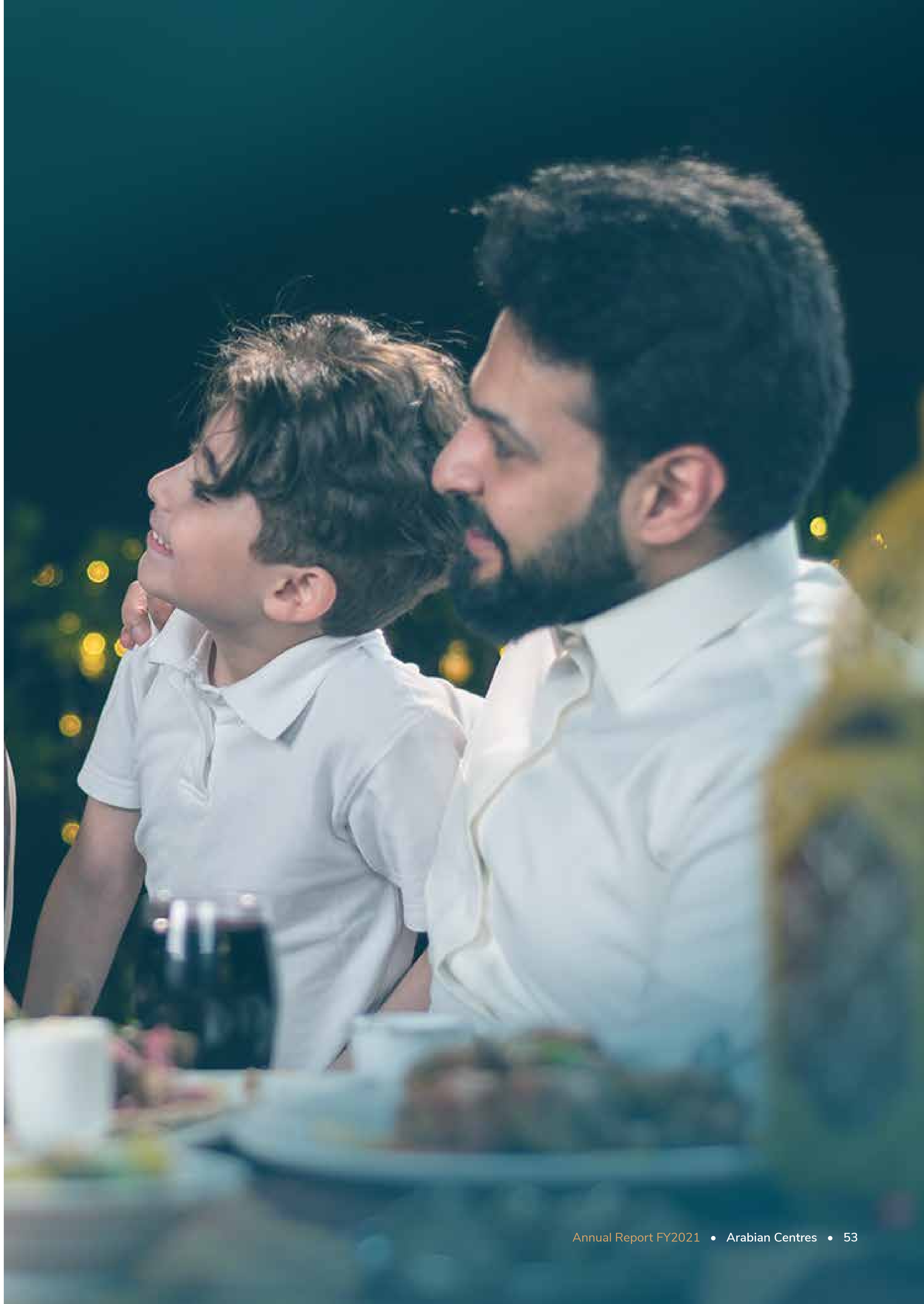
Haifa Mall (Community)

Year Opened	2011	Occupancy (FY21)	79.0%
GLA (FY21), SQM	33,384	% of Revenue (FY21)	1.4%
GLA (FY20), SQM	33,698	% of Revenue (FY20)	2.7%
BUA, SQM	50,161	Lease Expiry	April 2032

Madinah

Noor Mall (Regional)

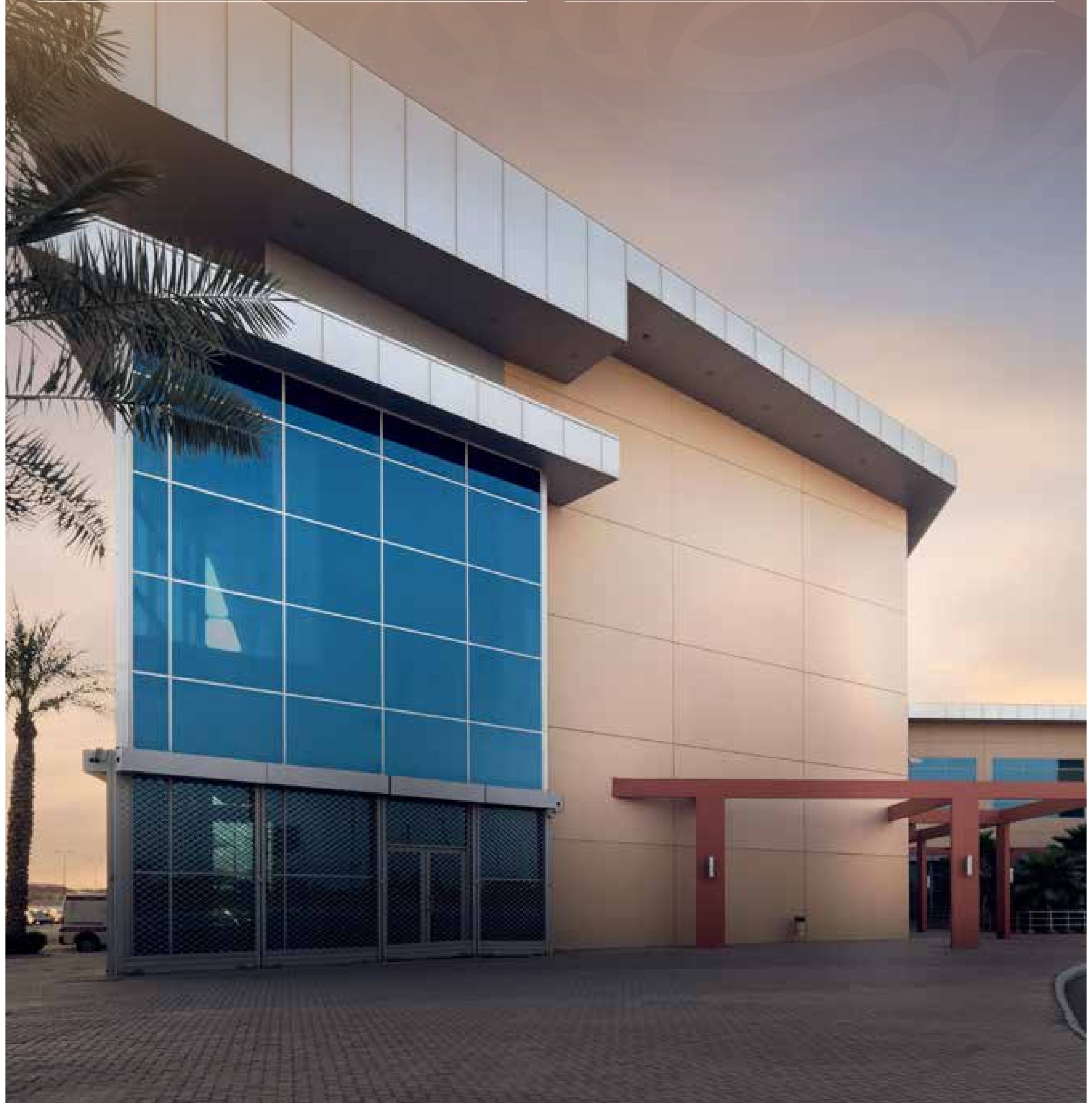
Year Opened	2008	Occupancy (FY21)	95.0%
GLA (FY21), SQM	66,374	% of Revenue (FY21)	6.1%
GLA (FY20), SQM	67,552	% of Revenue (FY20)	6.2%
BUA, SQM	93,917	Lease Expiry	Freehold



Hofuf

Ahsa Mall (Regional)

Year Opened	2010	Occupancy (FY21)	79.4%
GLA (FY21), SQM	47,050	% of Revenue (FY21)	1.6%
GLA (FY20), SQM	49,987	% of Revenue (FY20)	1.7%
BUA, SQM	65,800	Lease Expiry	Freehold



Taif

Jouri Mall (Regional)

Year Opened	2015	Occupancy (FY21)	97.9%
GLA (FY21), SQM	48,194	% of Revenue (FY21)	5.0%
GLA (FY20), SQM	48,077	% of Revenue (FY20)	4.9%
BUA, SQM	92,663	Lease Expiry	March 2035

Makkah

Makkah Mall (Regional)

Year Opened	2011	Occupancy (FY21)	97.3%
GLA (FY21), SQM	37,486	% of Revenue (FY21)	6.3%
GLA (FY20), SQM	37,473	% of Revenue (FY20)	6.9%
BUA, SQM	56,720	Lease Expiry	Freehold

Qassim

Nakheel Plaza (Community)

Year Opened	2004	Occupancy (FY21)	93.0%
GLA (FY21), SQM	40,152	% of Revenue (FY21)	2.0%
GLA (FY20), SQM	50,306	% of Revenue (FY20)	1.9%
BUA, SQM	49,985	Lease Expiry	December 2029

Jubail

Jubail Mall (Community)

Year Opened	2015	Occupancy (FY21)	86.7%
GLA (FY21), SQM	21,186	% of Revenue (FY21)	0.7%
GLA (FY20), SQM	22,679	% of Revenue (FY20)	1.4%
BUA, SQM	37,366	Lease Expiry	Freehold

Hail

Salma Mall (Community)

Year Opened	2014	Occupancy (FY21)	68.4%
GLA (FY21), SQM	15,292	% of Revenue (FY21)	0.5%
GLA (FY20), SQM	16,959	% of Revenue (FY20)	0.7%
BUA, SQM	22,378	Lease Expiry	March 2022

Pipeline Projects

Arabian Centres' project pipeline includes two near-term projects with a combined GLA of c.180 thousand sqm and six medium-term projects with an expected GLA of c.457 thousand sqm. The pipeline will see the addition of three Super-Regional, four Regional, and one Community centre, deepening the Company's strong presence in the key Riyadh and Jeddah markets while establishing the second ACC locations in each of Madinah and Qassim, two rapidly expanding urban areas.

FY2022

Jeddah Park (Super-Regional)

Location	Ownership	Completion	Pre-Leasing Rate	Land Area ('000 sqm)
Jeddah	Operational Agreement	89.0%	68.0%	91.9
Land Cost (SAR mn)	**GLA ('000 sqm)**	**Retail Units, No.**	**Remaining CAPEX**	**Launch**
Self-Managed	128.7	350	--	September 2021

Khaleej Mall (Super-Regional)

Location	Ownership	Completion	Pre-Leasing Rate	Land Area ('000 sqm)
Riyadh	Freehold	88.1%	75.0%	107.1
Land Cost (SAR mn)	**GLA ('000 sqm)**	**Retail Units, No.**	**Remaining CAPEX**	**Launch**
290.0	51.0	160	SAR 106.0 mn	September 2021

FY2023

Madinah Walk (Regional)

Location	Ownership	Land Area ('000 sqm)	Land Cost (SAR mn)
Madinah	Leasehold	221.9	Leasehold
GLA ('000 sqm)	Retail Units, No.	Budget (SAR mn)	Launch
57.2	95	320.0	H1-FY23

Qassim Mall (Regional)

Location	Ownership	Land Area ('000 sqm)	Land Cost (SAR mn)
Qassim	Freehold	399.0*	91.8
GLA ('000 sqm)	Retail Units, No.	Budget (SAR mn)	Launch
65.1	135	415.0	H1-FY23

** Includes areas allocated for future expansion.*

U-Walk Jeddah (Regional)

Location	Ownership	Land Area ('000 sqm)	Land Cost (SAR mn)
Jeddah	Leasehold	161.5	Leasehold
GLA ('000 sqm)	**Retail Units, No.**	**Budget (SAR mn)**	**Launch**
60.0	180	340.0	H1-FY23

Najd Mall (Community)

Location	Ownership	Land Area ('000 sqm)	Land Cost (SAR mn)
Riyadh	Leasehold	103.1	Leasehold
GLA ('000 sqm)	**Retail Units, No.**	**Budget (SAR mn)**	**Launch**
35.3	80	170.0	H2-FY23

FY2024

Jawharat Riyadh (Super -Regional)

Location	Ownership	Land Area ('000 sqm)	Land Cost (SAR mn)
Riyadh	Freehold	524.5	1,500.0
GLA ('000 sqm)	**Retail Units, No.**	**Budget (SAR mn)**	**Launch**
158.9	370	1,480.0	H2-FY24

Jawharat Jeddah (Regional)

Location	Ownership	Land Area ('000 sqm)	Land Cost (SAR mn)
Jeddah	Freehold	170.8	1,100.0
GLA ('000 sqm)	**Retail Units, No.**	**Budget (SAR mn)**	**Launch**
80.4	190	1,080.0 – Project Finance	H2-FY24

Growth Strategy

Arabian Centres implements a three-pillar growth strategy that leverages existing strengths and capabilities to pioneer innovative retail and lifestyle experiences across physical and digital channels while covering a continuously expanding geographic base.

Arabian Centres' vision is to remain the leading owner, developer and operator of shopping centres throughout Saudi Arabia, while generating sustainable value for shareholders and providing service excellence to both tenants and visitors. To this end, Arabian Centres has adopted a three-pillar strategy which will allow the Company to grow effectively, quickly identify and make the most of opportunities in the Kingdom's dynamic retail and leisure spaces, and successfully meet threats and challenges while maintaining its competitive advantage.

The Company's key strategic focus areas include: (1) the development of innovative and integrated lifestyle experiences, (2) efforts to unlock significant value from ACC's existing operating portfolio, (3) the establishment of a leading omnichannel retail model that caters to evolving preferences, and (4) profitable expansion of the Company's geographic footprint.

Building Lifestyle Experiences

Arabian Centres works to optimize the offerings at its portfolio through the introduction of innovative lifestyle and F&B destinations across existing and pipeline centres. The Company is committed to pioneering the lifestyle centre paradigm in the Kingdom of Saudi Arabia. Lifestyle centres are not purely retail-focused, offering instead a unique mix of retail, dining and entertainment options attractive to a wide range of target demographics. ACC targets the profitable adjustment of its tenant mix towards a greater focus on lifestyle categories, including entertainment, F&B, gyms, spas, clinics, and other service providers.

The Company introduced its first fully-fledged lifestyle destination in 2015 at Nakheel Mall in Riyadh. Over the coming years, ACC aims to introduce several different types of lifestyle destination. Arabian Centres enjoys a proven track record in introducing new concepts to the Saudi market, most recently pioneering the open-air boulevard concept in Riyadh with U-Walk. The Company is currently replicating this innovation with pipeline projects in Jeddah and Madinah, with the offering at each location specifically tailored to suit the surrounding area and demographic. Arabian Centres is also working to introduce a new, hybrid concept at Jawharat Riyadh, a pipeline project scheduled for launch in H2-FY2024.

Meanwhile, management recognizes the important opportunities posed by Saudi Arabia's growing investment in the Kingdom's leisure and entertainment spaces under the Vision 2030 Program. These efforts aim to redirect a portion of the USD 20 billion recreation expenditure spent annually by Saudi tourists to the domestic leisure industry. Arabian Centres is working to place itself at the epicenter of the dynamic movement in Saudi Arabia's leisure and entertainment industries, hosting associated recreational events at its locations, locating pipeline assets in close proximity to entertainment centres and rolling out cinemas across the Company's portfolio. Management is confident that such measures will materially support Arabian Centres' efforts to generate increasing footfall and ensure sustainable growth.

A key objective of ACC's strategy is to cement the Company's position as the strategic partner of choice for retail tenants looking to expand their commercial footprints across the Kingdom of Saudi Arabia. A vibrant and diversified portfolio boosts the attractiveness of ACC locations to existing and prospective key account clients. On this front, the Company remains active in securing additional partnerships with franchise retailers and works to attract large key accounts which profitably expand the brand representation at ACC's portfolio.

Digitization

Management at Arabian Centres views the growing penetration of e-commerce in Saudi Arabia and the region as a major opportunity. Arabian Centres believes that e-commerce and shopping centres will grow and evolve side-by-side in the post-COVID environment. In the longer term, shopping centres could eventually become full e-commerce participants, with the proliferation sophisticated websites, in-store digital interfaces with consumers, and mobile communications to shoppers within the shopping centre and beyond its boundaries.

The new model will also combine traditional retail options with physical distribution points designed to fulfill both in-store and e-commerce orders. Shopping centres will merge physical retail with e-commerce while transitioning from simple retail properties into shopping, dining, and entertainment centres that are central to, and fully integrated with, the communities that surround them, with a focus on engaging younger customers.

To leverage these developments, Arabian Centres is pioneering an omnichannel model that combines digital shopping with the in-store experience, working with tenants to enable click-and-collect and other digitized features. Arabian Centres' digitization efforts include the rollout of an e-Mall where ACC tenants will be able to sell products online, a smartphone app, a tenant portal, increased social media engagement and the introduction of loyalty programs.

Furthermore, Arabian Centres is committed to building an unrivalled connectivity infrastructure across its portfolio, installing digital interactive screens, WiFi beacons, IoT functionality, footfall counters, and 5G and fiber optic connections. Coupled with the insights provided by the digital platform, these efforts will ensure capture of critical consumer data, allowing the Company to take an ever-more data-driven approach to analyzing and anticipating changes in customer demand and to act accordingly and rapidly. This data-driven approach will further enable the provision of personalized marketing services to ACC tenants. Arabian Centres expects its omnichannel model to generate increases in footfall by further enriching the visitor experience, improving engagement and generating additional revenue channels. Such revenues will be generated with minimum cost, thanks to ACC's ability to tap into omnichannel streams with minimal initial investments or overheads.

Key Developments during the Year

Despite the operational difficulties posed by the COVID-19 pandemic, particularly during the opening quarter of the year, FY2021 saw Arabian Centres onboard 237 additional brands, expanding the range of brands and brand categories represented at its locations, with strong additions in the F&B, health & personal care, and service areas. The Company continued to profitably shift its tenant mix during the year, with the total GLA devoted to entertainment facilities climbing by 13.3% year-on-year in FY2021. In partnership with MUVI Cinemas, ACC had introduced cineplexes at 11 of its 21 locations by the close of FY2021, with six cineplexes rolled out in FY2021 alone. The cineplex launched at ACC's Mall of Dhahran in October 2020 is the Kingdom's largest and most technologically advanced such facility. Arabian Centres aims to launch an additional 8 cineplexes over the course of FY2022.

FY2021 also marked a major milestone in ACC's digitization efforts, with the acquisition of VogaCloset, owner and operator of the online fashion platform www.vogacloset.com. VogaCloset offers the latest women's, men's, and children's fashions to consumers across Saudi Arabia and the Middle East, serving more than 12 million customers in 2020 and providing more than 80,000 items from over 400 fashion brands.

Integration with the VogaCloset platform will provide ACC's tenants with an improved online presence for their brands, further bolstering the Company's value proposition. Meanwhile, Arabian Centres will leverage the acquisition to profitably service Saudi consumers' growing demand for omnichannel retail experiences and to provide visitors at its centres with specialized and advanced customer loyalty programs, in addition to a simplified and innovative range of consumer finance solutions.

Unlocking Value from Operating Portfolio

Management recognizes the importance of fostering efficiencies and continuously enhancing yields from ACC's existing developments. To maximize returns from its existing portfolio, the Company focuses on active asset management. Under a rubric of space and yield optimization, the Company works to enhance GLA occupancy and efficiency rates. In the near term, Arabian Centres is working to accelerate sale of unoccupied GLA across all its portfolio locations. ACC periodically refreshes its stock of temporarily unleasable spaces. Such spaces typically undergo renovation for future allocation to cineplexes and entertainment facilities. The Company has set a long-term target for GLA occupancy of 94-95%, an optimal range which leaves ACC with a strategic GLA reserve, facilitates efforts to optimize its cost base, and is in line with the highest standards of shopping centre operation and management.

To further boost efficiencies, Arabian Centres works to optimize lease rates, increase non-GLA revenues from media sales, kiosks and other services, while curtailing the growth of its operating costs by negotiating favorable terms with third-party service providers. Besides engendering efficiencies and enhancing yields from the Company's key properties, such efforts are core to Arabian Centres' plans to turn around relatively underperforming assets, including Haifa, Jubail, Al Ahsa, and Salam Malls, a process which will be aided by targeted shifts in the tenant mix and the ongoing diversification of the brand portfolio.

ACC places particular focus on renewing tenant leases in an optimal manner that preserves the mutual benefit to the Company and its tenants. Prior to the onset of the COVID-19 pandemic, Arabian Centres had seen a long-term downward trend in the weighted average discount rates agreed with its tenants, a trend which began in FY2018. Besides base rent, since FY2018 Arabian Centres has charged tenants an additional turnover charge calculated as a percentage of sales, with lease terms subject to periodic renegotiation. As the market recovers from the COVID-19 crisis, Arabian Centres aims to profitably control pricing on lease renewals as they come up for negotiation each quarter. Management continues to negotiate flexible new arrangements with its landlords at locations where leases are due to expire in the near term, while optimizing pricing for tenants at each of its locations, with a particular focus on leases at C-category (Community) centres.

Key Developments during the Year

ACC's strategy to unlock value yielded significant benefits in FY2021, helping to partially offset the effects of heightened tenant discounts disbursed as part of the Company's response to COVD-19. ACC's weighted average lease terms rose to 5.7 years in FY2021 from 5.0 one year previously, illustrating consistently positive lease spreads and management's proactive approach to asset management. Nearly all leases due to expire in FY2021 were successfully renewed during the year. Approximately 90% of ACC's lease contracts with tenants included a turnover rent clause at the close of FY2021.

Like-for-like occupancy (across 19 malls only) recorded 92.9% at the close of FY2021, up from the average level of 90.7% registered for the first nine months of 9M-FY21. LFL occupancy was slightly down from the rate of 93.1% recorded at year-end FY2020, reflecting a slight decrease in renewal rates following the COVID-related closure of shopping centres in Q1-FY2021, with exits concentrated at C-class centres. Meanwhile, occupancy rates were up strongly on a quarterly basis, climbing to 92.9% for Q4-FY2021 from the 90.2% booked at the close of Q3-FY2021 as commercial activity continued to recover.

Solidifying Leadership Position

Expanding the Company's centre portfolio widens ACC's retail footprint, providing exposure to untapped demographic catchments, with insights from the Company's database on the Kingdom's urban areas informing expansion decisions, helping consolidate ACC's leading position in the Saudi retail sector. ACC leverages its expertise in the development and operation of shopping centres and its strategic relationship with Lynx Contracting Company (formerly known as "FARE Construction"), a specialized shopping centre developer, to continuously add to the GLA in its portfolio.

Management at ACC is committed to achieving maximum efficiency in all aspects of the Company's CAPEX program. To ensure the financial flexibility required to invest in long-term growth, Arabian Centres has prioritized the preservation of its strong liquidity position and is committed to phasing its CAPEX program in a manner that reflects evolving market dynamics.

Key Developments during the Year

Arabian Centres launched one key project in its near-term pipeline during FY-2021, a large extension to its Nakheel Mall property in Riyadh. The extension brings online an additional 16 thousand square meters of GLA, hosting several global and local F&B and retail brands, as well as a state-of-the-art cineplex and entertainment centre. ACC had launched two major projects during the previous year, U-Walk in Riyadh and Nakheel Mall Dammam, introducing 120 thousand sqm in GLA. Arabian Centres recorded a total CAPEX spend of SAR 518.2 million for FY-2021.

In the near term, Arabian Centres aims to continue its successful track record of shopping centre expansion through the introduction of two new shopping centres in Jeddah and Riyadh (Jeddah Park and Khaleej Mall). These two projects are expected to be operational during FY-2022 and will bring online an additional 180k sqm of GLA, deepening ACC's exposure to two of the Kingdom's key urban markets.

ACC is also implementing a medium-term project pipeline, which includes six additional developments that will add c.457 thousand sqm of GLA and over one thousand new commercial units. Besides deepening the Company's dominance in traditionally key geographies such as Riyadh, Jeddah, and Dammam, the medium-term pipeline will see ACC add its second locations in each of Madinah and Qassim, two rapidly growing markets.

> A key objective of ACC's strategy is to cement the Company's position as the strategic partner of choice for retail tenants looking to expand their commercial footprints across the Kingdom of Saudi Arabia

The following table shows the expected launch of the eight pipeline projects:

H2-FY2022	H1-FY2023	H2-FY2023	H2-FY2024
Jeddah Park Launch	Madinah Walk Launch	Najd Mall Launch	Jawharat Riyadh Launch
Khaleej Mall Launch	Qassim Mall Launch		Jawharat Jeddah Launch
	U-Walk Jeddah Launch		

Our People

Arabian Centres' employees are a key pillar of the Company's success, with ACC's human resources department focused on empowering our people through continuous engagement activities, investment in training and development and building a healthy and supportive work environment

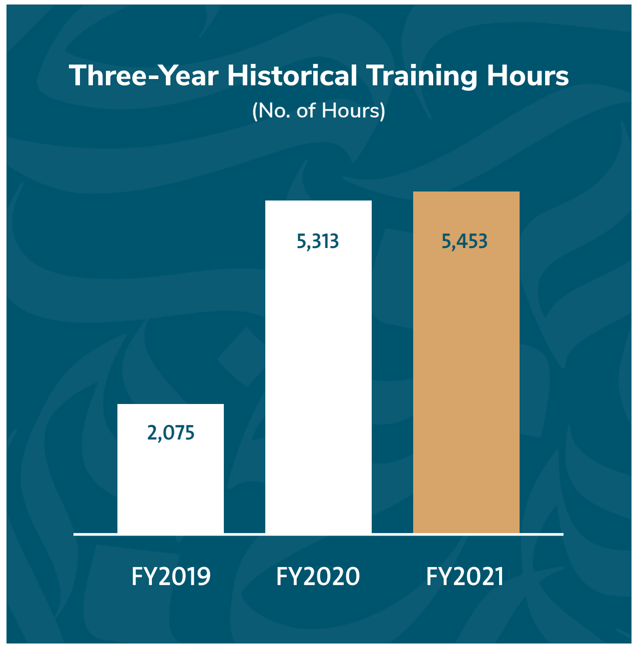
Developing Human Capital

Human capital is the main cog in ACC's operations. The Company places particular emphasis on supporting its employees and continuously enhancing their ability to provide top-quality service to ACC's customers and stakeholders. Arabian Centres strives to provide its people with suitable opportunities for learning and development, with an eye to ensuring that they are armed with the requisite knowledge, experience and capabilities to shape Saudi Arabia's corporate ecosystem and the wider economy.

In FY2021, the Company cooperated with a variety of institutions to provide a range of training programs to local youth across its operational footprint:

- A full professional experience program was developed to provide Saudi students across different communities where ACC operates with specialized summer trainings on job preparedness;
- A Mall Proof of Concept program was delivered to young Saudi entrepreneurs. The program offers insight on experimental entrepreneurial concepts in shopping centres and dedicates platforms and spaces for Saudi startups that enable them to present new ideas;
- Collaboration efforts with Al-Eradah Society for Talented Special Needs Individuals saw ACC provided spaces inside all of its shopping centres to host the society's events and activities;
- In cooperation with the General Authority of Sports and Ministry of Health Awareness, multiple programs and events were hosted in ACC's shopping centres to promote welfare and improved quality of life;
- FY2021 saw ACC provide mall staff with sign language training and English language instructions, enhancing their ability to communicate with the Company's visitors;
- Fresh graduate programs were instituted for leasing and FM employees, with ACC hiring freshly graduated students and providing them with intensive training designed to provide them with careers as FM mangers and leasing executives.

ACC continuously strives to provides its employees with training and development opportunities that help enhance their skills and allow them to progress in their careers. Investing in our people is a sure shot strategy to improve efficiencies and generate long term sustainable value. Training and development initiatives provide for a collaborative environment and motivate employees to meet company targets.



Empowering Saudis

Arabian Centres has adopted various initiatives to assist Saudi nationals in obtaining fulfilling employment opportunities, paving their way for their professional development and accession to high-ranking positions.

In FY2021, ACC recorded one of the highest rates of Saudi employees in a real estate company, as it reached the 73% mark by year-end. As such, the Company has been classified as platinum grade, as per the framework of the Saudi Nationalization Scheme (Saudization) policy, which aims to reduce the number of unemployed Saudi nationals and increase their capabilities to assume future leading roles in companies across the Kingdom. The Company also adopts the Saudi Leaders initiative to have seven out of 10 executives as local nationals. This aims to future generation of leaders who will drive long-term growth not just for ACC but for the Saudi economy as a whole.

A Comprehensive Recruitment Campaign

The year saw ACC participate in several direct recruitment programs across many of the Kingdom's regions, collaborating with some of the country's top educational institutions to provide opportunities to their graduates:

- **Institute of Public Administration – Riyadh:** ACC provided training programs for the institute's students and participated in the graduate job day fair, attracting its graduates to administrative jobs at the Company;
- **Taqat Center:** The Company utilized research conducted by female beneficiaries of "Hafiz", a national employment program;
- **King Abdullah Economic City – Jeddah:** ACC successfully worked to hire graduates from the institution ;
- **Recruitment Channels Bayt.com and LinkedIn:** ACC looked to widen its search scope and attract male and female researchers using digital recruitment networks;
- **The United Kingdom's Cultural Mission:** ACC participated in career fair organized by Saudi government conducted in London;
- **Human Resources Development Fund (HRDF)** ACC partnered with Saudi government to quality, train and employ Saudi nationals.

ACC also looked to attract graduates from top-tier Saudi universities such as Princess Nourah University, King Saud University, Imam Mohammed Bin Saud University, Prince Sultan National University, Al Yamamah University and Dar Al Uloom University. In recognition of its diligent efforts to secure job opportunities and promote fair employment for Saudi nationals, ACC has received awards from several prestigious public entities, including King Abdullah Economic City, Princess Nourah University, Glowork and the Institute of Public Administration.

Securing Opportunity

ACC's General Department of Human Resources has devised a comprehensive plan to provide Saudi nationals with concrete opportunities to further their professional development. This plan has allowed the Company to provide more graduates each year with the means to expand on their skills and capabilities, securing a future workforce capable of elevating its potential. Leveraging its partnerships with a variety of institutions, funds, universities and NGOs, in FY2021, the Company provided its current and potential employees with a wide range of training programs, including best-in-class management workshops.

A World-Class Management Team

Arabian Centres enjoys a highly qualified management team with decades of experience in the commercial real estate and retail industries.

Eng. Salman Abdulaziz Al Hokair
Vice Chairman and Managing Director

Previous positions

Co-founder of Alhokair Fashion Retail, an ACC sister company and the leading franchise retailer in Saudi Arabia and beyond. Eng. Al Hokair also holds executive positions and board memberships at multiple companies, with interests across various industries such as real estate, investment and technology.

Qualifications

Bachelor's degree in Architecture, King Saud University, Saudi Arabia, 1990.

Experience

Over 28 years of business experience in investment management, fashion and real estate development. He also sits on several Boards of almost 60 companies and sole proprietorships.

Mr. Faisal Abdullah Al Jedaie
Chief Executive Officer

Previous positions

Prior to joining Arabian Centres, Mr. Al Jedaie held the Managing Director position at Fawaz Abdulaziz Al Hokair & Co. And prior to that, Mr. Al Jedaie held the position of Chief Executive Manager at NESK Group, which held the franchises of many international brands (such as Mango, Stradivarius and Okaidi). He also held the position of General Manger of Al Jedaie Men's Fabrics Company.

Qualifications

Bachelor's in business administration from King Saud University, Riyadh, Saudi Arabia, in 1994.

Experience

Mr. Al Jedaie has a distinguished career with a wide-ranging experience in the field of Business Management, spanning over 30 years in the field of Retail and Fashion. Mr. Al Jedaie is the Chairman of Thobe Al Aseel Company and Al Jedaie Fabrics Co., and he also sits on other boards, including at Fawaz Abdulaziz Al Hokair & Co., and Al Mubark Real Estate Fund managed by Arab National Bank.

Mr. Walead Al Rebdi
Chief Financial Officer

Previous positions

Prior to joining ACC, Mr. Walead held the position of Chief Financial Officer at Gasco – a Saudi listed company, and prior to that he was Chief Financial Officer at Amnco. He also held several financial managerial positions at a number of organizations, including Daikin Air Conditioning, DISH Network, and the Saudi Central Bank (previously Saudi Arabian Monetary Agency "SAMA").

Qualifications

MBA in 2006 and a master's degree in finance in 2007 from University of Colorado.

Experience

Over 18 years of experience in the field of financial management.

Mr. Ghassan Abu Mutier
Chief Development & Delivery Officer

Previous positions

From 2002 to 2015, Mr. Abu Mutier held the position of Supply Chain Group Manager at Fawaz Alhokair Real Estate Company. He had previously held positions at General Electric and at the Saudi Bin Laden Group.

Qualifications

Bachelor's degree in Geology and Environmental Sciences, Yarmouk University, Jordan, 1997.

Experience

Over 23 years of experience in Project Management and Architectural design fields.

Mr. Turki Saleh Al Zahrani
Chief Support Services Officer

Previous positions
Mr. Al Zahrani joined the Company in 2009 as its Director of Human Resources. 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 the trade sector, and Head of Human Resources and Administration at Al Othaim Holding Company, a closed joint stock company established in the KSA and operating in the commercial, real estate and industrial sectors.

Qualifications
Bachelor's degree in Business Administration, King Abdulaziz University, Saudi Arabia.

Experience
Over 15 years of experience in Human Resources and Administrative Management fields.

Mr. Khalid Al Janahi
Chief Leasing officer

Previous positions
Mr. Al Janahi has held several positions in Real Estate Development and Financial advisory fields. Prior to joining Arabian Centres Company, he was Leasing Director at SHUROOQ (Investment and Development Authority of Sharjah), and prior to that he was employed by MERAAS Dubai as Manager of Retail Leasing. Additionally, Mr. Al Janahi worked as a consultant in the Financial Advisory arm of Ernst & Young Bahrain.

Qualifications
Master's in Business Administration from University of Incarnate Word in 2011 and bachelor's in Business Finance from University of Texas in 2010.

Experience
Over eight years of experience in Retail Leasing, Real Estate Development and Financial Advisory.

Mr. Mubarak Al Enazi
Operations Sector Director

Previous positions
Prior to his appointment as the Operations Sector Director, Mr. Mubarak held the position of leasing Department Director at Arabian Centres Company, and Prior to that he held the position of Tenant Relations Manager. He also held many other positions previously at ACC, such as Business Unit Manager, Central Regional Operations Manager, Nakheel Mall-Riyadh Manager, Quality Assurance Manager and Collection Team Leader.

Qualifications
Bachelor's in literature from King Saud University, Riyadh, in 2000. Finance for Non-Finance Certificate, Diploma in Business Communication from Berlitz in 2012. And an Advanced PMP Certification obtained in 2019 and Certified Property Management Professional "CPMP" Certificate in 2021.

Experience
Over 18 years of experience in Leasing, Collections and Operations fields, as he started his career with Al Hokair Group in 2002.

Mr. Naji Fayad
Internal Audit Director

Previous positions
Prior to joining ACC, Mr. Fayad spent a decade at Arabia Insurance Company, a Lebanon-based joint-stock company where he served in many positions including Director of Internal Audit, Chief Financial Officer and acting Chief Risk Officer. Mr. Fayad was also Audit Director at Deloitte and Touche, Canada.

Qualifications
Master's degree in Business Administration from the American University of Beirut; Postgraduate degree in Public Accounting from McGill University, Canada; he is also a Chartered Accountant (CA), a Certified Internal Auditor, a Certified Information Systems Auditor and a Certified Risk Management Auditor.

Experience
Over 20 years of experience in Internal Audit, Internal control and compliance management.

Mr. Abdullah Al Harbi
Information Technology Director

Previous positions
Mr. Al Harbi held many positions in different sectors of Government, ICT, Banking and Manufacturing in leading Saudi organizations such as National Information Centre, SBM, Alrajhi Bank and Advanced Electronics Company.

Qualifications
Master of Science in Information Systems Management from De Montfort University in UK, a Bachelor of Science in Computer Information Systems from Applied Sciences Private University in Jordan, and an Associate Degree in Programming from College of Communication and Information in Riyadh.

Experience
Over 13 years of experience in IT, Business and Corporate Strategy. He has previous experience and strong knowledge in ERP Systems, Business Applications, Project & Portfolio Management Systems, Business Relationship Management, Business Analysis and IT-Business Strategy.

Mr. Faris Al Gahtani
Head of Investor Relations

Previous positions
Prior to joining Arabian Centres Company, Mr. Al Gahtani held the position of Investor Relations Manager in Dur Hospitality Company. And prior to that, Mr. Faris held the position of Investor Relations Team Leader at Zain Saudi Arabia. He also held couple of positions at KPMG Saudi Arabia over five years, where the last position was Senior Financial Analyst.

Qualifications
Bachelor's in Finance from King Fahad University of Petroleum & Minerals, Dhahran, Saudi Arabia, in 2006.

Experience
Over 14 years of experience in the fields of Investor Relations, Financial Advisory, Public Relations, Corporate Governance.

Performance

Arabian Centres mounted an impressive recovery from the COVID-19 crisis, closing FY-2021 with annual revenues of SAR 1,856.4 million, 85% of the pre-pandemic level.

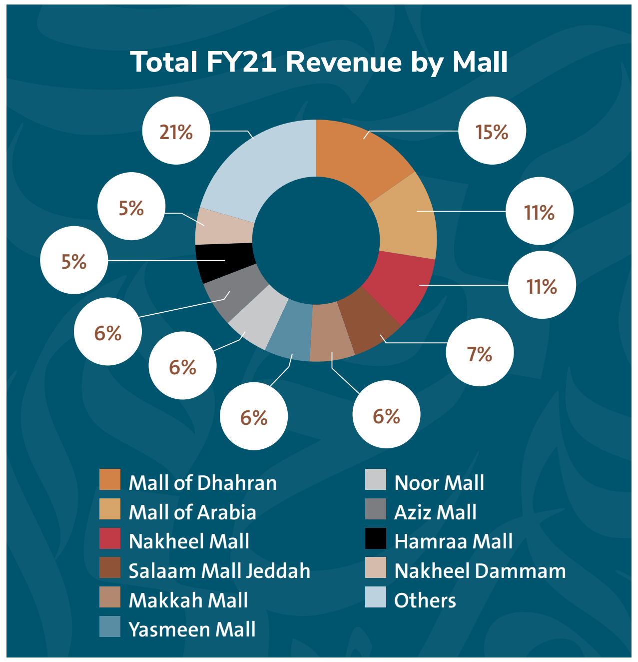
Management Discussion and Analysis

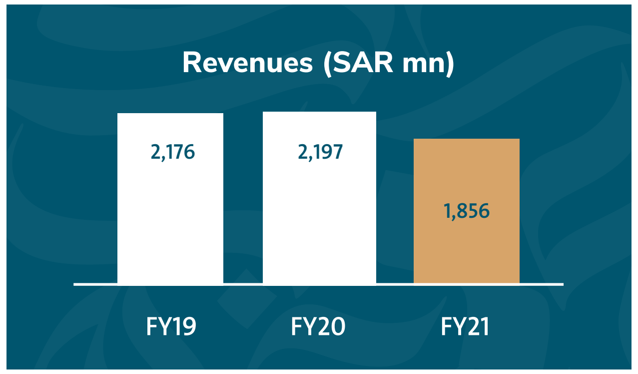
Summary Income Statement (SAR Mn)	FY2021	FY2020	% Change
Total Revenue	**1,856.4**	**2,197.3**	**-15.5%**
Gross Profit	**1,023.1**	**1,438.4**	**-28.9%**
Gross Profit Margin	55.1%	65.5%	-10.3 pts
Net Profit	**486.7**	**642.6**	**-24.3%**
Net Profit Margin	26.2%	29.2%	-3.0 pts
Key Profitability Metrics			
EBITDA	**1,366.8**	**1,625.5**	**-15.9%**
EBITDA Margin	73.6%	74.0%	-0.4 pts
Recurring EBITDA	**1,586.4**	**1,698.4**	**-6.6%**
Recurring EBITDA Margin	85.5%	77.3%	8.2 pts
FFO	**825.2**	**959.8**	**-14.0%**
FFO margin	44.5%	43.7%	0.8 pts
Key Operational Metrics			
Total GLA (Mn sqm)	**1.208**	**1.214**	**-0.5%**
Period-End Occupancy Rate LFL (19 malls only)	**92.9%**	**93.1%**	**-0.2 pts**
Average Footfall (Mn)	63.2	114.7	-44.9%

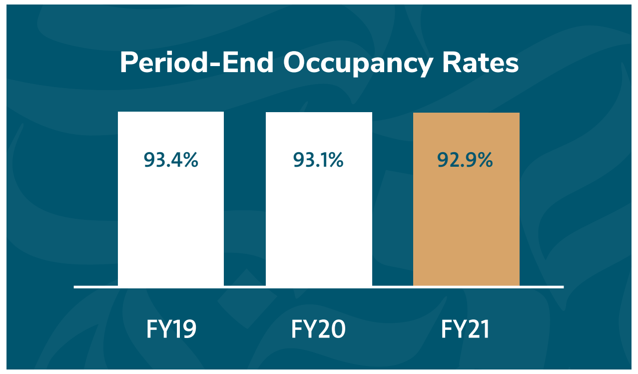
Financial Review

Revenues

Total revenues decreased by 15.5% y-o-y in FY2021, booking SAR 1,856.4 million for the year, a resilient performance considering the unprecedented challenges faced during the first half of the fiscal year. Arabian Centres' resilience was reflected in a year-end like-for-like (LFL) occupancy rate of 92.9%, up from an average of 91.1% during 9M-FY21. The top-line decrease was driven primarily by ACC's amortization of nonrecurring, COVID-19-related discounts disbursed to tenants during the year. Revenues were further affected by a reduction in the rental rates applied to contracts renewed during FY2021, with the reduction concentrated at C-class centres. Arabian Centres estimates a total COVID-19 exposure on revenues amounting to SAR 579.0 million, to be realized over the term of outstanding lease contracts. The Company extended SAR 241.2 million in nonrecurring, COVID-19-related discounts during FY2021, following on the extension of SAR 20.4 million in such discounts during Q4-FY20. The cash impact from the recognition of said discounts had been fully recognized by the close of FY2021. On a like-for-like (LFL) basis, revenues were down by 21.3% y-o-y for FY2021.







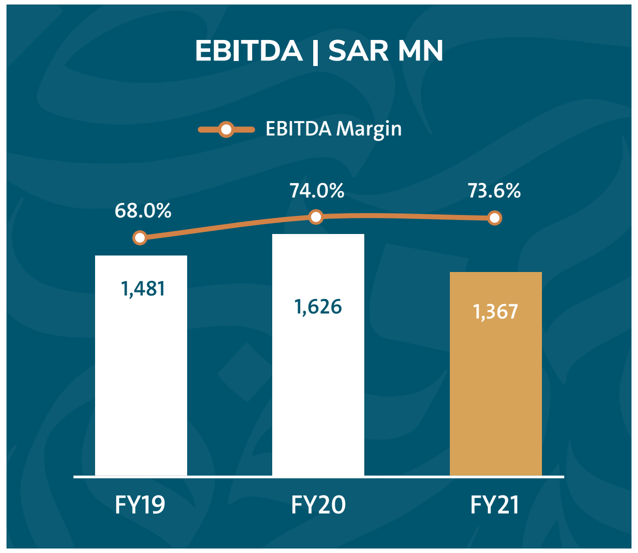
ACC's weighted average discount rate recorded 13.6% (SAR 271.1 million) for FY2021, up from the 5.6% (SAR 119.5 million) registered for FY2020. Nonrecurring, COVID-19-related discounts represented 89.0% (SAR 241.2 million) of all discounts granted during FY2021 against 17.1% (SAR 20.4 million) for the previous year, during which COVID-19-related impacts were restricted to the final weeks of the fourth quarter. It is worth noting that, when COVID-19-related discounts are factored out, ACC's weighted average discount rate maintains the downward trajectory recorded since FY2018 following the rationalization of Arabian Centres' discount policy.

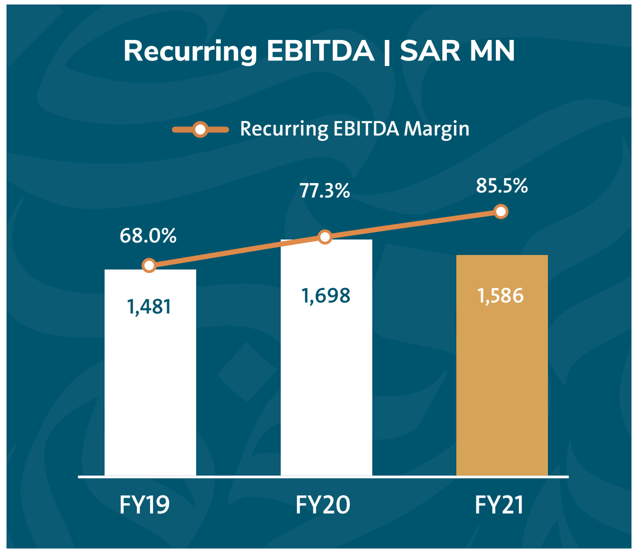
Gross Profit

Gross profit came in at SAR 1,023.1 million for FY2021, down by 28.9% y-o-y. The y-o-y decrease in gross profit reflects slower top-line performance on account of the COVID-19-related discounts, as well as higher depreciation expenses on investment properties and right-of-use assets. Depreciation of investment properties increased by 8.8% y-o-y to record SAR 311.7 million in FY2021, mainly due to the ramp-up of operations at assets inaugurated in FY2020 (U-Walk and Nakheel Mall Dammam) and the launch during FY2021 of an extension at ACC's flagship Riyadh property, Nakheel Mall. Meanwhile, depreciation of right-of-use assets rose by 32.4% y-o-y to book SAR 206.3 million for FY2021, reflecting ACC's ramp-up of operations at assets introduced during FY2020 and FY2021, including U-Walk and the extension at Nakheel Mall, both in Riyadh. ACC's gross profit margin (GPM) fell by 10.3 percentage points to record 55.1% for the year.

EBITDA

EBITDA contracted by 15.9% y-o-y in FY2021, booking SAR 1,366.8 million and yielding a stable EBITDA margin of 73.6% despite the COVID-related pressure on the Company's top-line. ACC recorded a stable EBITDA margin, reflecting the Company's successful pursuit of several initiatives to safeguard core profitability and offset increased G&A and advertisement and promotion expenses and impairments on accounts receivable. Such initiatives included the negotiation of SAR 76.7 million in rental relief with the Company's landlords, as well as the disposal of a noncore investment in Aswaq Almustaqbal Company for Trading, yielding a total income of SAR 42.8 million. In





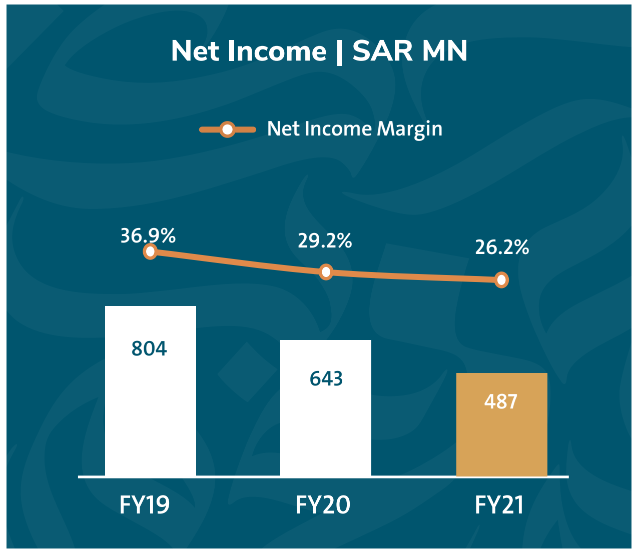
total, initiatives to mitigate the effects of pandemic-related disruptions offset declining revenues to the tune of SAR 151.1 million during FY2021, with an additional SAR 54.5 million recognized under other comprehensive income (OCI) and generated from the disposal of another noncore investment in Amlak International Company. The EBITDA margin was further bolstered by an improvement in ACC's year-end occupancy rate to 92.9% from an average of 91.1% for the first nine months of FY2021.

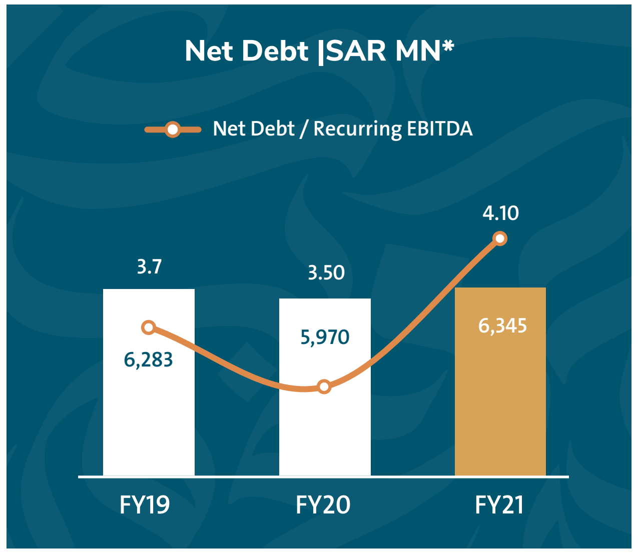
Impairment losses on accounts receivable reached SAR 138.4 million for FY2021, up from SAR 119.3 million in FY2020. Approximately 86.6% (SAR 119.9 million) of the impairments recorded in FY2021 were classified as nonrecurring. The increase in impairment losses on accounts receivable during FY2021 reflects the adoption of a more conservative accounting approach on receivables following the COVID-19-related closure of ACC's shopping centres in Q1-FY21. The Company also initiated a comprehensive update of the model for internal credit loss (ICL) estimates. When excluding the nonrecurring write-offs recorded in FY2021, total impairment losses for FY2021 were down year-on-year.

Recurring EBITDA, which normalizes for the effects of nonrecurring items , declined by only 6.6% y-o-y in FY2021, recording SAR 1,586.4 million. Meanwhile, the Company's recurring EBITDA margin expanded by 8.2 percentage points to 85.5% for FY2021, reflecting the successful management of operating costs during the year.

Net Profit

Net profit fell by 24.3% y-o-y to book SAR 486.7 million in FY2021, with the net profit margin (NPM) contracting to 26.2% in FY2021 from 29.2% FY2020. The decline in ACC's bottom line for the year reflects primarily the impact of nonrecurring COVID-related discounts disbursed to tenants during FY2021, an increase in impairment losses on accounts receivable, and increases in depreciation and G&A expenses. ACC partially mitigated bottom-line impacts during the year with a decrease of 50.8% y-o-y in financial expenses to SAR 172.9 million for FY2021. The fall in financial expenses in FY2021 reflects favorable base effects: Q3-FY20 saw a write-off of transaction costs amounting to SAR 59.9 million following the completion of a refinancing operation in November 2019. The y-o-y decrease in finance costs was further driven by the higher capitalization assigned to projects under construction during FY2021 as compared with FY2020. Costs for FY2021 were further mitigated by the disposal of a noncore investment in Aswaq Almustaqbal Company, the rental relief received from Company's landlords, and the reversal of a provision for excess zakat in FY2021, yielding a positive zakat income for the year versus an expense in FY2020. In total, initiatives to address the effects of pandemic-related disruptions mitigated bottom-line impacts to the tune of SAR 151.1 million during FY2021, with an additional SAR 54.5 million recognized under other comprehensive income (OCI) and generated from the disposal of another noncore investment in Amlak International Company.





Funds From Operations

Funds from operations (FFO) contracted by 14.0% y-o-y to SAR 825.2 million in FY2021. However, ACC's FFO margin rose slightly during the year, climbing by 0.8 percentage points to record 44.5% for FY2021.

Balance Sheet

Net debt booked SAR 6,345.0 million at year-end FY2021 (31 March 2021) against SAR 5,970.1 million at the close of FY2020 (31 March 2020). Cash and cash equivalents on ACC's balance sheet recorded SAR 635.7 million as at 31 March 2021, down from the SAR 1,045.7 booked one year previously and reflecting the distribution of SAR 475.0 in dividends for the second half of FY2020 and the first half of FY2021. Arabian Centres settled an amount of SAR 45.0 million on its outstanding Islamic facility during FY2021.

ACC recorded total CAPEX outlays of SAR 518.2 million in FY2021, including investments in shopping centres in its project pipeline and maintenance and refurbishment outlays on existing shopping centres. In FY2021, Arabian Centres sought to phase its geographic expansion in line with prevailing market conditions while maintaining solid progress on its investment plan. Total maintenance CAPEX booked on existing shopping centres recorded SAR 161.2 million for FY2021, with the associated works occurring largely at Salaam Mall in Jeddah and at Al Ahsa Mall.

Amounts due from related parties booked SAR 379.4 million for FY2021, down sharply from the SAR 591.2 million booked one year previously. This decrease reflects increased rental collections, as well as the partial receipt of dues from FAS Holding for Hotels (FAS Hotels) during Q4-FY21. ACC's Board of Directors approved the full receipt of all dues from FAS Hotels, amounting to SAR 350.3 million, during Q4-FY21. The dues will be settled partly in cash and partly in-kind, with the Company receiving four strategically located plots of land and a building in the cities of Jeddah, Dammam, Al Ahsa, and Al Kharj. The assets concerned are strategically situated, with two of the plots being adjacent to the Company's centres, complementing ACC's strategic efforts at introducing differentiated lifestyle destinations. As agreed by the parties, ACC will consolidate these assets at a 9% discount from the valuation median. During Q4-FY21, FAS Hotels settled an amount of SAR 131.3 million by transferring lands and a building to Arabian Centres. As of 31 March 2021, title to the transferred lands remained in the name of the ultimate parent company and the transfer of title deeds was in progress.

Sukuk Issuance

Arabian Centres issued USD 650 million in international Sukuk during Q1-FY2022, further optimizing the Company's capital structure and bolstering liquidity in a manner that provides the flexibility to invest in geographic expansion while maintaining the efficiency of operations. The Sukuk hold a maturity of 5.5 years, and proceeds from the issuance were used during Q1-FY22 to settle an amount of USD 200 million (SAR 750 million) on

** This chart displays net debt in absolute terms as well as net debt as a percentage of recurring EBTIDA, which normalizes for one-off nonrecurring expenses.*

the Company's revolving credit facility and an amount of USD 260 million (SAR 975 million) on its existing Murabaha/Ijara facility. A further USD 40 million (SAR 150 million) on the Murabaha/Ijara facility will be settled using Sukuk proceeds, in accordance with the facility repayment plan. The Sukuk received ratings of Ba2 and BB+ (EXP) from Moody's and Fitch, respectively, while the issuance was two times oversubscribed, with non-GCC international investors accounting for 65% of the total transaction allocation. In accordance with ACC's financial strategy of transitioning from a fully secured capital structure towards unsecured financing, the Company's latest Sukuk issuance has released a number of ACC's assets which had been posted as collateral in previous agreements with ACC's partner banks.

Dividends

On 27 April 2021, ACC's Board of Directors approved the distribution of a cash dividend of SAR 0.75 per share (SAR 356.3 million) for the second half of FY2021, to be distributed to shareholders on 15 July 2021. The Board had previously approved a cash dividend of SAR 0.50 per share (SAR 237.5 million) for the first half of FY2021. This dividend was distributed to shareholders on 14 January 2021.

Covid-19 Relief Program

Arabian Centres has offered all tenants a waiver on contractual base rent and service charges for a period of six weeks from 16 March 2020. Tenants whose stores were mandatorily closed by government have received further relief. Since Q4-FY20, ACC has recognized a cumulative SAR 261.6 million in nonrecurring, COVID-related discounts to tenants. ACC extended SAR 241.2 million in Covid-related discounts during FY2021. ACC recognized SAR 49.9 million in such discounts during Q4-FY21, down by 16.6% from the SAR 59.8 million extended during Q3-FY21, and from the SAR 68.7 million and SAR 62.8 million extended in Q2-FY21 and Q1-FY21, respectively. The continuous decline in quarterly COVID-related discount disbursals indicates the ongoing recovery in commercial activity following the government-mandated closure of shopping centres during Q4-FY20 and Q1-FY21. Meanwhile, the Company has suspended all escalations on lease contracts for 2020 and 2021. Arabian Centres anticipates the reactivation of lease contract escalations beginning from Q4-FY2022.

Arabian Centres has reached a number of mutually beneficial agreements with landlords at its leasehold lands and shopping centres, ameliorating the Company's rent expense. ACC received SAR 76.7 million in landlord discounts during FY2021. The year saw ACC reach an agreement with the Company's landlords at its under-construction U-Walk Jeddah Centre, formerly named Zahra Mall, to reduce the total value of rent over the lifetime of the lease contract from SAR 1.79 billion to SAR 1.08 billion – a reduction of SAR 620 million. The Company also began transitioning to a more asset-light business model during the year, signing a new management, operation and maintenance agreement with landlords at the Jeddah Park pipeline project. The agreement replaces stipulations outlined for the first ten years of the initial lease contract, which had been signed on 4 March 2019 for a binding period of 20, with an optional 10 further years upon the Company's request. Under the terms of the new agreement, the Company will lease, manage, and carry out operations at the centre in return for a percentage of the facility's annual net revenues.

Arabian Centres has pursued multiple other paths for mitigating the effects of elevated discounts during the period, generating SAR 21.3 million in cost efficiencies and making SAR 178.4 million in interest expense savings for FY2021 as a result of lower interest rates and a higher capitalization assigned to projects under construction during FY2021 as compared with FY2020.

Operational Review

Occupancy

Like-for-like period-end occupancy (across 19 malls only) recorded 92.9% as at 31 March 2021, up from the average level of 91.1% registered for the first nine months of 9M-FY21. LFL occupancy was slightly down from the rate of 93.1% recorded at year-end FY2020, reflecting a slight decrease in renewal rates following the COVID-related closure of shopping centres in Q1-FY2021, with exits concentrated at C-class centres. Meanwhile, occupancy rates were up strongly on a quarterly basis, climbing to 92.9% for Q4-FY2021 from the 90.2% booked at the close of Q3-FY2021 as commercial activity continued to recover.

Portfolio and Gross Leasable Area

ACC counted 21 shopping centres in its portfolio at the close of FY2021. The Company launched an extension to Nakheel Mall in Riyadh during the second quarter, bringing online an additional c.16,000 square meters in gross leasable (GLA). As at 31 March 2021, almost the entirety of GLA at the extension had been pre-let. ACC's portfolio-wide gross leasable area (GLA) recorded 1.208 million square meters at year-end FY2021, down by 0.5% y-o-y as the Company replenished its stock of presently unleasable areas. These areas are undergoing renovations with an eye to allocating them for the construction of cineplex or entertainment facilities.

Footfall

ACC welcomed 63.2 million visitors during FY2021, down by 44.9% from the 114.7 million recorded one year previously. Decreased footfall stems from the closure of the Company's shopping centres during Q1-FY21 in compliance with public efforts to arrest the spread of COVID-19. Peak annual footfall typically coincides with the months from April to June (Q1), so that restrictions during the period produced a sharp decline in footfall compared to the seasonal average. Annual footfall was secondarily affected by the implementation of short-term COVID-19 containment measures during Q4-FY21, including a 30-day limitation on social gatherings and indoor entertainment. The effects of these measures were restricted to cineplexes and F&B outlets.

Footfall fell by 16.2% quarter-on-quarter (q-o-q), recording 16.7 million in Q4-FY21 versus 20.0 million in Q3-FY21. The q-o-q decrease in footfall was led by centres located in the Kingdom's Central region, where visits fell by 16.2% between the third and fourth quarters of FY2021. It should be noted that footfall at ACC's newly launched properties (U-Walk, Nakheel Mall Dammam, and the extension at Nakheel Mall in Riyadh) is included in the footfall figure reported for Q4-FY21. LFL footfall, which excludes visitors at these properties, recorded 15.1 million in Q4-FY2021, down from the 18.0 million recorded for Q3-FY2021. The decrease in footfall between Q3-FY21 and Q4-FY21 was driven by the 30-day limitation imposed on social gatherings and indoor entertainment during Q4-FY21. Despite the decrease in footfall quarter-on-quarter, a survey of major tenant sales during the quarter indicates tenant sales remaining largely flat for Q4-FY21.

Lease Renewals

ACC renewed 1,767 leases during FY2021, sustaining its momentum on the leasing front. Approximately 100% leases due to expire during FY2021 had been successfully renewed by year-end. However, pressure on rental rates resulted in a decrease in the rental rates applied to contracts renewed during the period, particularly at B- and C- category shopping centres.

Digitization

In Q4-FY21, Arabian Centres announced the acquisition of UK-based online fashion platform VogaCloset, marking a major milestone for the Company's realization of its digitization strategy. Operating through www.vogacloset.com, VogaCloset offers the latest women's, men's, and children's fashions to millions of consumers in Saudi Arabia and the broader Middle East. VogaCloset has begun to integrate online offerings from brands owned by a related party (Alhokair Fashion Retail) onto its platform. The Company will leverage VogaCloset's large and established online presence to offer end-consumers a host of value-added services. The acquisition is a key component of ACC's efforts serve Saudi consumers' growing demand for omnichannel retail experiences.

Cineplex Rollout

At the close of FY2021, Arabian Centres had inaugurated cineplexes at 11 of its 21 portfolio locations, including the Kingdom's largest such facility, located at the Company's Mall of Dhahran property. ACC expects to launch cineplexes at a further nine centres by December 2021.

Sustainability

In line with the Kingdom's vision to grow sustainable practices across public and private sector operations, ACC continues to increase its adherence to environmental, social and governance (ESG) practices that will further its development and contribute to national advancement and wellbeing.

Informed, responsible and sustainable approaches to business operations have become part and parcel of ACC's strategy for long-term business growth. The Company is an advocate of the undeniable role that private sector companies play in boosting sustainability agendas and their implementations. It is constantly improving operational frameworks across its facilities to maintain its provision of high-quality services while increasing positive contributions and reducing negative impact. The Company is also planning to align with the Smart KSA vision and inaugurate its digital transformation strategy across all of its shopping centres, using global standards and best practices of international shopping centres as its frame of reference.

ESG Strategy

Next to addressing environmental concerns that usually accompany wide-scale operations, ACC remains mindful of its duty towards the Saudi community, and heavily invests in the rising generation of young Saudi nationals. It is committed to providing equitable access to well-paying and fulfilling employment across its operations, and enhancing workplace environments for safe, productive and satisfying results.

Moreover, and as it continues to grow its frameworks and policies for sustainable business practices, ACC also maintains a robust governance 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, maintain tight internal controls, ensure compliance with all relevant laws and regulations and govern the Company through risks and against corruption.

Through its combined efforts and dedication to improvements, ACC looks to lead by example in the way of innovative sustainable progress. It will continue to expand on its efforts and push for increasingly positive results on operational, environmental and social fronts.

We at ACC are looking forward to FY2022, as we are committed to establish and develop our first sustainability strategy and three-year implementation plan in alignment with the ambitions and expectations of global, regional and national peers; prestigious ESG indices; credit rating agencies; international sustainability standards and initiatives; and the Saudi Vision 2030.

Environment

A fundamental portion of ACC's ESG efforts lies within its commitment to reduce the effects of its operations on the environment. Arabian Centres continues to uphold and expand on initiatives that help it reduce its carbon footprint, maximize the efficient use of renewable and recyclable energy sources, optimize the use of raw construction materials, improve its waste management and disposal policies and structures, among others. As it continues to expand its efforts in ESG compliance, ACC will parallelly improve its policies to increase its mitigation of health and safety concerns using global best practices and by way of specialized consultants. The Company will also launch a comprehensive recycling program across all of its shopping centres and businesses, further boosting its efforts in reducing its waste, and will continue exploring strategies by which it can reduce its negative impact on surrounding communities.

A. Recycling Rainwater

ACC took an innovative approach to utilizing natural resources and installed a utility network for rainwater gathering, which feeds into a centralized collection tank. The system has largely minimized municipal water use across all of the Company's present shopping centres and is utilized for irrigation and cooling purposes across premises. Meanwhile, condensate water is centrally collected by air conditioning equipment and utilized for domestic uses and irrigation.

B. Wastewater Management

To optimize its wastewater management systems and optimize the use of recyclable waste materials, ACC is inaugurating a two-pipe waste management system at its Mall of Arabia pipeline project. The system segregates into a soil-water through soil pipe (SP) type and a wastewater through waste pipe (WP) type, ensuring that wastewater/grey water collected through the WP is effectively gathered in a centralized tank to undergo treatment that will produce non-potable water fit for use as irrigation water, flushing water and other industrial uses.

C. Energy Efficiency

ACC's strategy to improve energy use across its operations is multi-pronged. The Company has installed Building Management Systems (BMS) across its entire portfolio of shopping centres to efficiently monitor its power and lighting systems, heating, ventilation and air conditioning (HVAC) systems, plumbing and firefighting networks and its state-of-the-art security systems. This has allowed the Company the capacity to decrease its power use and increase the efficient allocation of energy resources. Additionally, the Company's installation of wide-ranging low u-value skylights across its shopping centres has decreased heat penetrating through their structures, thereby decreasing the need for excess cooling and preserving more energy. In further adoption of alternative, renewable energy sources, ACC will also be installing photovoltaic solar panels across all upcoming pipeline projects for power storage purposes, acting as an emergency reserve in case of contingencies.

D. Air Quality

Paying thorough attention to the air quality within its shopping centres and the gases it omits through its ventilation systems remains among ACC's top priorities. Next to executing infrastructure and building designs that take regulation-compliant ventilation into accounts, the Company mandates the installation of ecology air filtration systems as a standard practice across all its food and beverages business units. As such, it is considered compliant with the Environmental Protection Agency (EPA)'s index for air quality standards, which aims to reduce harmful pollutants and protect public health.

E. Construction Standards

As it continues to grow its operations, ACC has increased its efforts in using environmentally friendly construction materials that largely decrease the potential of contamination. Building materials selected must score low volatile organic compound (VOC) figures, and plumbing materials must be lead-free, in compliance with the International Association of Plumbing and Mechanical Officials' (IAPMO) standards and regulations.

Social

A. Investing in Education

Arabian Centres is fully committed to leveraging the power of education to help young Saudis carve pathways to professional development, fulfilling employment and healthy living. The Company cooperates with a variety of institutions to provide a range of training programs to local youth across its operational footprint:

- A full professional experience program was developed to provide Saudi students across different communities where ACC operates with specialized summer trainings on job preparedness.
- A Mall Proof of Concept program was delivered to young Saudi entrepreneurs. The program offers insight on experimental entrepreneurial concepts in shopping centres and dedicates platforms and spaces for Saudi startups that enable them to present new ideas.
- Collaboration efforts between Al-Eradah Society for Talented Special Needs Individuals took place as ACC provided spaces inside all of its shopping centres to host the society's events and activities.
- In cooperation with the General Authority of Sports and Ministry of Health Awareness, multiple programs and events were hosted in ACC's shopping centres to promote welfare and improved quality of life.

B. Upcoming Developments

To further capitalize on its accomplishments and continue to propel the Kingdom's youth forward, ACC plans to continue investing in human capital on the long-term. On a Company-wide scale, ACC will set up soft loan programs in cooperation with local banks, as well as saving funds for employees to increase financial assistance and boost job security. It will also build an internal training program for the benefit of all its employees and will develop a comprehensive professional experience program that offers specialized internship opportunities to Saudi students at its businesses and shopping centres. Moreover, and to empower Saudi females aspiring for leadership positions, the Company plans on inaugurating the Applied Diploma Program for Excellent Leadership (I-Lead), in cooperation with local and international business administration universities and colleges in the Kingdom.

Governance

A. Responsible Business Practices

ACC operates its business under the guidance of its Board of Directors (BoD) and specialized board committees, who support the Company in upholding regulations set by the Saudi Capital Market Authority (CMA) and relevant provisions of the Saudi Companies' Law. They also ensure that the Company continuously evolves to meet standards of international best practices in governance, compliance, anti-corruption efforts and risk-mitigation strategies and planning.

ACC's BoD continues to showcase a steadfast commitment to best-in-class corporate governance. As such, a corporate governance manual was prepared in line with CMA regulations and benchmarked against globally-recognized governance frameworks and best practices. The manual was approved by the Company's general assembly and includes the following policies, procedures and regulations:

- Board of Directors policies and procedures;
- Board of Directors conflict of interest policy;
- Board of Directors committees' principles and policies;
- 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.

B. Governance Manual & Framework

ACC Board, and through the Governance Manual, has established a framework that regulates the various relationships between the Board, executive directors, shareholders and other stakeholders. It established rules and procedures that facilitate decision-making processes, with the objective of protecting the rights of all stakeholders while championing credibility, fairness, competitiveness and transparency. Additionally, and most prominently, the framework ensures that the Board acts in the best interest of shareholders while presenting a clear, fair and transparent view of the financial and operational condition of the Company. The Board also developed a Related Parties Transactions Policy to properly manage business conducted with related parties, maintain arm's length principles and protect ACC shareholders' interests. In FY2021, compliance measures to avoid conflicts of interest and competing interests were also instated.

Looking forward into FY2022, we have already initiated the planning and implementation of establishing a sustainability committee to lead and govern our ESG strategy and direction within ACC, as well as a sustainability policy that caters to the requirements of the DJSI and ESG rating agencies and index providers. Additionally, ACC will be publishing its first sustainability report to cover FY2021's sustainability efforts and initiatives, which will also provide our stakeholders with a transparent, realistic and balanced view of what Arabian Centers have worked on in FY2021.

C. FY2021 Developments

ACC saw through a variety of planned governance initiatives in FY2021. One new board member joined the ranks of the company's BoD, bringing in his industry experience. The Board is now composed of nine members, a majority of whom are non-executive members, with four independent directors constituting 45% of the board members which is higher than the percentage required by CMA regulations (i.e. 33%).

Additionally, the BoD, and as part of its commitment to improve its effectiveness and uphold the highest level of corporate governance, the BoD conducted a self-evaluation of the board and committees' performance, using the anonymous survey functionality in its board governance platform. The process was administered by the Nomination and Remuneration Committee, and its results were compiled, analyzed, shared, and discussed at the board level with areas of improvement prioritized for immediate action. The self-assessment was an opportunity for open and constructive group and peer feedback.

In addition, the Board initiated a Governance Review project and retained an external consulting firm to perform an assessment of the current corporate governance model and practices at ACC, to ensure we are adopting leading best practices in governance standards and frameworks and to highlight any improvement areas. The project is sponsored and overseen by the Corporate Governance Committee. The analysis will take into consideration all local regulatory requirements (CMA/MOCI), as well as leading global practices and includes updating the current Governance Manual as well as the current Delegation of Authorities Matrix (DOA).

A more detailed overview of ACC's corporate governance frameworks and policies is provided in the "Governance & Disclosures" section from this report.

ACC Enterprise Risk Management

Uncertainty gives rise to both risk and opportunity and may have either a negative or positive impact on any company. Enterprise Risk Management enables management to effectively deal with uncertainty and associated risk and opportunity, enhancing the capacity to create and preserve value. ERM is also fundamental to effective corporate governance.

To further improve shareholder value and achieve company's strategic objectives, ACC has adopted an ERM framework that led to a more formal risk management process.

ACC ERM Framework

ACC ERM framework encompasses:

- Aligning risk appetite and strategy: considering the entity's risk appetite in evaluating strategic alternatives, setting related objectives, and developing mechanisms to manage related risks.
- Enhancing risk response decisions: providing the rigor to identify and select among alternative risk responses (avoidance, reduction, sharing, and acceptance).
- Reducing operational surprises and losses: gaining enhanced capability to identify potential events and establish responses, reducing surprises and associated costs or losses.
- Seizing opportunities: By considering the full range of potential events, management is positioned to identify and proactively realize opportunities.

Arabian Centres has also adopted a Risk Management Policy to proactively identify and understand risks facing the company, evaluate the size of their impact on our performance, and take preventive measures to control them, allowing the company to manage risks effectively and efficiently and supporting the achievement of short-term and long-term objectives. The methodology has been developed and aligned with recognized international risk management standards, namely COSO and ISO 31000.

The risk management policy calls for proactively identifying and understanding the factors and events that may impact the achievement of strategic and operational objectives, then reporting, managing, and monitoring these risks, accepting some, transferring some, while mitigating others depending on the company's risk appetite set by the Board of Directors.

Culture and Board oversight:

The Board role in the ERM was crucial by establishing policies and guidelines to build a strong control environment and set the right tone at the top.

The Board risk appetite enabled a risk governance culture to be cascaded throughout the company promoting the identification and mitigation of material strategic, operational, compliance and financial risks. The Board has a major role in ensuring that robust ongoing and periodic monitoring functions are in place to provide accurate and timely risk reporting to relevant committees and the BoDs.

Risk Management Policy

ACC Risk Management Policy objectives include:

- Ensuring the ongoing capacity of ACC to fulfil its mission, perform its key functions, meet its objectives, and serve its customers.
- Implementing and maintaining an effective, efficient, and transparent system of risk management
- Ensuring ACC's risk management philosophy is communicated to all employees to promote a proper risk culture and for risk management to be integrated into the strategic and business planning processes.
- Defining risk in the context of ACC and its operations
- Protecting ACC from adverse incidents and reducing its exposure to losses.

The responsibility of implementing the risk management policy rests with the Chief Executive Officer and his management team, assisted by the risk management department, while the oversight responsibility is with the Board of Directors, supported by the Audit Committee which mandate includes monitoring reports on the risks facing the company submitted by internal audit and risk management teams and recommending to the Board of Directors on the efficiency of measures taken to limit the impact of these risks.

Risk Management Function

ACC has also set up a Risk management function to provide ongoing monitoring of actual performance against agreed metrics and timely reporting to risk owners and those in charge of governance. The following are its main duties:

- Working with the Executive Management to implement the risk management policy in order to achieve ACC's objectives and strategy.
- Overseeing the risk management systems and mechanisms of identifying, measuring, and monitoring risks and assessing their effectiveness.
- Preparing reports containing risk-exposures and proposed steps to manage these risks while monitoring any deviation from company's risk appetite.
- Promoting a risk culture and increasing risk awareness among ACC employees.
- Contributing to the Business Continuity Management (BCM) and spearheading the development of a Business Continuity Plan (BCP).
- Ensuring corrective actions taken by the management are adequate to address the Internal Audit findings.

Compliance Function

ACC has also set up a compliance function to ensure that the Company has taken appropriate measures to comply with the relevant laws, regulations, policies and procedures. Compliance will review, identify, and report non-compliance violations, submit periodic reports detailing cases of non-compliance, and promote compliance awareness by providing compliance training to management and staff.

Scope of compliance functions covers:

- External compliance: Ensuring compliance with all Regulatory/Legal requirements including governance regulations issued by the Capital Market Authority and related Laws especially the Companies Law and any other regulations managed and supervised by CMA and the Ministry of Commerce.
- Internal compliance: Ensuring company policies, internal regulations, business model, processes, and Delegation of Authority matrix, are implemented.

Risk Categories

Arabian Centres faces the conventional set of risks associated with the large-scale development and operation of modern retail spaces. The Company's strategy fully accounts for the presence of such risks and is calibrated to mitigate them as the business continues to expand.

Risks are either "strategic", affecting our ability to achieve our strategic objectives, "operational" resulting from the nature of our operations, or "financial" which affect our profitability. Below is a list of some of the major risks facing the Company:

Risk Category	Risk	Mitigating Factors and Controls
Strategic	Reliance on Key Account tenants	• Continued development of shopper services to adapt to new customer expectations and shopper preferences. • Maintaining an optimal mix of internal and external tenants and continuously negotiating enhanced lease terms.
	Dependence on related party transactions	• Continue building a network of national and international brands. • Develop sales team skills to attract additional companies. • Adoption of a Related Party Transactions Policy to regulate Contracts and transactions with related parties and comply with relevant Saudi laws. Transactions are also subject to review by the Audit Committee.
	Concentration of the Company's revenues among its largest malls	• Dedicated redevelopment plan for malls including development of event spaces, digital infrastructure, and modular tenant spaces. • Leveraging proprietary retail database to optimize the balance of Super-Regional, Regional and Community offerings across our portfolio.
	Risks associated with expansion plans	• Third-party specialist advisors and consultants are employed throughout the pre-development phase to assist in identifying potential hurdles and developing action plans to successfully navigate the issue. • Cost and quality control by internal team and external consultants to ensure design specifications, control of construction and renovation costs and comply with any regulations. • Proper budgeting and project financing through internal and external funding sources.
Financial	Impact of visitor traffic and spending on the Company's business.	• Maintaining and driving continuous increases in visitors' footfall through continued development of shopper services to adapt to new customer expectations and shopper preferences. • Rolling out of cinema complexes across all our malls, introducing lifestyle concepts, continuous improvement in the quality of services offered to visitors, and hosting of cultural and entertainment events at ACC destinations to improve customer journey and enhance customer shopping experience. • Expansion of leasing into new types of tenants, including more Food & Beverage, Entertainment, Health & Wellness, and Luxury stores.
	Impact of delays in rent collection on the Company's working capital	• Robust debt collection strategy with collection of rent in advance. • Launch partnership with Quara finance company to support tenants. • Maintain good relationship with premier financial institutions enabling the company to acquire working capital financing at competitive rates. • Selectively tap into global debt capital markets to meet our business needs and optimize our capital structure (e.g. Sukuk).
	Risks associated with the Company's renewal of its existing leases and entry into new leases	• Leasing targets (e.g. prices, deadlines and prospective tenants) are defined within each mall. • Pre-leasing 50% of GLA at its recently opened malls approximately three to six months prior to launch, giving it clarity and enabling it to maintain a positive lease spread.
Operational		• Maintaining proper building and equipment maintenance protocols to minimize the risk. • Regular inspections of technical facilities that could have an impact on personal safety, property and/or the environment. • Acquired a stake in an online website to redefine shopping experience.
		• Risk transferred to insurance with a compensation period of between 14 and 21 days depending on the asset. • Business continuity standards established to maintain resiliency in responding rapidly to interruptions and to recover with minimum downtime.
		• ACC has in-house lawyers as well as a network of external counsel and experts as required to protect company interests. • Deployment of a legal policy, a set of internal procedures and standards to secure contractual framework, reduce litigation exposure and ensure compliance with applicable regulations.

Governance & Disclosures

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Corporate Governance Report

1. Corporate Governance

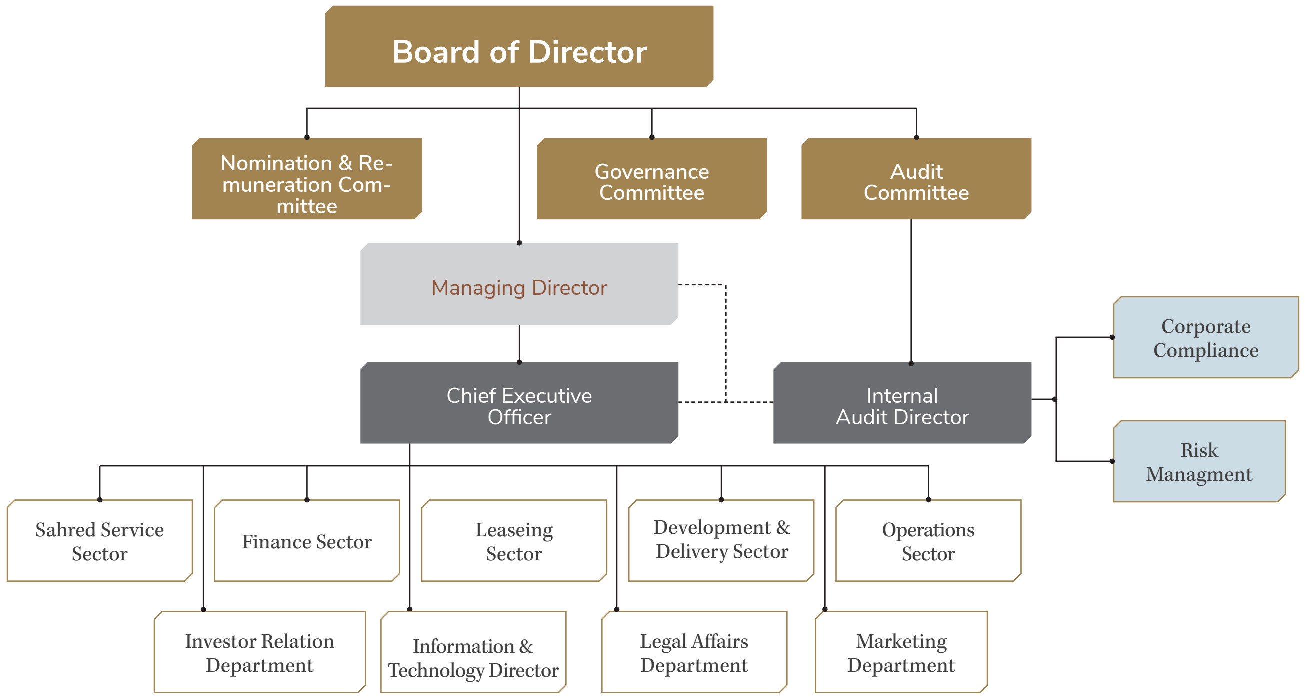
Overview

The key sources of corporate governance for the Company are the corporate governance regulations issued by the Capital Market Authority (CMA), certain provisions of the Companies' Law and corporate governance best practices in the Kingdom.

The framework under the corporate governance regulations regulates the various relationships between the Board, executive directors, shareholders and other stakeholders, by establishing rules and procedures to facilitate decision-making processes with the objective of protecting the rights of shareholders and other stakeholders, and promoting the values of credibility, fairness and transparency in the Company's conduct.

These regulations, which entail the implementation of a clear and transparent disclosure process ensure that the Board acts in the best interests of the shareholders, and presents a clear and fair view of the financial condition of the Company and the results of its operations. The Company considers ongoing compliance with these regulations to be an important factor in its continued success.

Company's Organizational Structure



Key Corporate Governance Requirements

The key corporate governance requirements that the Company complies and will comply with are set out in the CMA Corporate Governance Regulations. These cover the following broad areas:

- General shareholder rights (Articles 4 to 9);
- Rights relating to General Assembly Meetings (Articles 10 to 15);
- The Board of Directors: formation, responsibilities, competencies, procedures and training (Articles 16 to 41);
- Conflicts of interest (Articles 42 to 49);
- Company committees (Articles 50 to 72); and
- Internal controls, external auditors, company reports and policies, and various other matters (Articles 73 to 98).

Corporate Governance Manual and Internal Policies

The Board of Directors approved the Corporate Governance Manual of the Company on 29/12/1438H (corresponding to 20 September 2017).

The Company's Corporate Governance Manual was made to comply mainly with the CMA and Companies' Law requirements and includes the following internal policies and charters:

- 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.

Corporate Governance Compliance

The Company applies all the provisions contained in the Rules of Corporate Governance issued by the CMA, except what is highlighted in the next section below. In particular, a majority of the Company's Board of Directors, which, as of 31 March 2021, consists of nine (9) directors, eight (8) of which are non-executive members, and the Board has four (4) independent directors, which is more than one third of the Board of Directors (Article 16). In addition, the shareholders adopted the cumulative voting method in relation to the appointment of directors at the General Assembly meeting held on 03/01/1441H (corresponding to 30 September 2019). This method of voting gives each shareholder voting rights equivalent to the number of shares he or she holds. Each shareholder has the right to use all of his or her voting rights for one nominee, or to divide their voting rights between his or her selected nominees without any duplication of votes. This method increases the chances of minority shareholders appointing their representatives to the Board by exercising their cumulative voting rights in favor of a single candidate (Article 8).

In addition, in compliance with the Corporate Governance Regulations:

- The Ordinary General Assembly of the Company formed the Audit Committee, consisting of three non-executive members (two of them independent), on 18/03/1439H (corresponding to 6 December 2017). The Board of Directors, at its meeting held on 21 June 2020, approved the renewal of the term of the current members of the Audit Committee for the remaining term of the Board. This decision was later approved by the General Assembly in its meeting held on 30 September 2020.
- The Board of Directors formed the Nomination and Remuneration Committee on 29/12/1438H (corresponding to 20 September 2017). The Board of Directors, at its meeting held on 21 June 2020, approved the renewal of the term of the current members of the Nomination and Remuneration Committee for the remaining term of the Board. This decision was later approved by the General Assembly in its meeting held on 30 September 2020.
- The Company prepared the Audit Committee charter and the Nomination and Remuneration Committee charter, which were approved by the Board in its session held on 29/12/1438H (corresponding to 20 September 2017) and ratified by the Ordinary General Assembly.
- The Ordinary General Assembly ratified the committee charters during its session held on 18/03/1439H (corresponding to 6 December 2017) (Articles 50 and 54). The minutes of all meetings were prepared, reviewed and approved by the Board of Directors (Article 53).
- In accordance with Article 94 of the CMA Corporate Governance Regulations, the board established governance rules for the Company in accordance with the provisions of these Regulations in the form of a Governance Manual (referred to in a separate section under "Corporate Governance Manual and Internal Policies").
- As per Article 95 of the CMA Corporate Governance Regulations, the board also formed a Corporate Governance Committee, on 19 May 2019 and assigned to it the competencies stipulated in Article (94) of these Regulations. The Committee responsibilities include overseeing any matters relating to the implementation of governance.
- In addition, management has established a number of management committees to oversee certain functions within the Company and assist the Board in ensuring effective supervision and operation of the Company's different departments. The management committees are not formal committees of the Board and include the following: (i) Executive Management Committee; (ii) Development Committee; (iii) Asset Management Committee; (iv) IT & Technology Committee; and (v) Tendering Committee.
- Furthermore, the Company has put in place measures to comply with provisions that deal with conflicts of interest and competing interests (Articles 71, 72 and 73 of the Companies' Law and Articles 44 and 46 of the Corporate Governance Regulations). The Company will comply with the requirements of these provisions when it seeks the approval of the General Assembly for Related Party Transactions.
- Pursuant to the Corporate Governance Regulations, each Board Member is prohibited from voting on a decision taken by the Board or the General Assembly with respect to transactions and contracts that are executed for the company's account, if he/she has a direct or indirect interest in those transactions or contracts (Article 44(b)(1)). The Companies' Law sets out similar requirements to the effect that a director, without prior consent from the ordinary General Assembly, may not have any direct or indirect interest in transactions or contracts made for the account of the Company. The director also has an obligation to inform the Board of Directors of any personal interest he may have in such transactions or contracts and may not participate in voting on resolutions to be adopted in this respect by the Board of Directors or shareholder assemblies. The Chairman of the Board of Directors must inform the General Assembly of any transactions and contracts in which any director has a direct or indirect personal interest and accompany that with a special report from the Company's external auditor (Article 71).
- In accordance with its Related Party Transactions Policy, the Company has interpreted the requirements of the Companies' Law broadly, such that approval of the General Assembly is required whenever any entity in which a Director has a direct or indirect form of ownership enters into a transaction with the Company. Likewise, the Company has interpreted the scope of the voting restrictions in both the Companies' Law and the Corporate Governance Regulations broadly, such that not only is the relevant Board Member restricted from voting on the resolution to approve the relevant transaction, but that any shareholder which is controlled by that director or a relative of that director would also be restricted from voting at the relevant General Assembly. The Corporate Governance Regulations also provide that if a member of the Board wishes to engage in a business that may compete with the company or any of its activities, he or she must notify the Board of the competing businesses and abstain from voting on the related decision in the Board meeting and general assemblies. The Chairman of the Board must inform the ordinary General Assembly of the competing businesses that the member of the Board proposes to be engaged in, and the authorization of the Company's General Assembly must be obtained for the member to engage in the competing business (Article 46). The Companies' Law sets out similar requirements (Article 72).

What provisions have/have not been implemented of the Corporate Governance Regulations, with justifications

The Company applies all the provisions contained in the Rules of Corporate Governance issued by the CMA, except the provisions below:

Type	Article	Clause	Justification
Guiding	Article 32 Paragraph b)	The Board shall convene no less than four meetings per year, and no less than one meeting every three months.	As per the Company bylaws the board should meet two times per year minimum. The Board met three times during the past financial year FY2021 but will contemplate increasing its meeting frequency in the future.
Guiding	Article 39	Training:The Company shall pay adequate attention to the training and preparation of the Board Members and the Executive Management, and shall develop the necessary programmes.	The Company provides training programs for the executive management and also plans to provide training to board members in the future noting that current board members possess the necessary capabilities and expertise.
Guiding	Article 70	Composition of the Risk Management Committee: The Company's Board shall, by resolution therefrom, form a committee to be named the "Risk Management Committee". The Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	The Board of Directors did not see the need to establish a Risk Management Committee during the year. Instead, the company established a Risk Management department in May 2019 and hired a capable Risk Manager. It should be noted that the Audit Committee is overseeing the Risk Management functions in accordance with its charter.
Guiding	Article 87	Social Responsibility:The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.	Arabian Centres has participated in many activities during the year under the supervision of the executive management. We have already initiated the planning and implementation of establishing a sustainability committee to lead and govern our ESG strategy and direction within ACC, as well as a sustainability policy that caters to the requirements of the DJSI and ESG rating agencies and index providers.
Guiding	Article 88	Social Initiatives:The Board shall establish programs and determine the necessary methods for proposing social initiatives by the Company.	Pls refer to our justification on article 87 above.

2. Board of Directors

a. Composition of the Board of Directors

Under the bylaws, the Board of Directors shall be comprised of nine (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 term of the first appointed Board of Directors is for a period of five (5) years. Subsequently, the term of the Board of Directors will be of three (3) years.

The term of the current Board is five Gregorian years from the date of its formation on 19 June 2017 and shall end on 18 June 2022. The Board of Directors as of 31 March 2021 comprised of nine (9) directors as depicted in the following table:

No.	Name	Position	Status	Date of Appointment*
1	Mr. Fawaz Abdulaziz Al Hokair	Chairman of the Board	Non-Executive	19 Jun 2017
2	Eng. Salman Abdulaziz Al Hokair	Vice-Chairman and Managing Director	Executive	19 Jun 2017
3	Dr. Abdulrahman Abdulaziz Al Tuwaijri	Director	Independent	19 Jun 2017
4	Eng. Mohamed Abdullah Al Khorayef	Director	Independent	19 Jun 2017
5	Eng. Kamel Badih Al Qalam	Director	Non-Executive	19 Jun 2017
6	Dr. Bernard Higgins	Director	Independent	06 Dec 2017
7	Eng. Omar Abdulaziz Al Mohammady	Director	Non-Executive	30 Sep 2019
8	Dr. Omar Hadir Al Farisi	Director	Independent	30 Sep 2019
9	Mr. Ahmed Demerdash Badrawi	Director	Non-Executive	30 Sep 2020

** This means the appointment by the Shareholders General Assembly.*

The current Secretary of the Board of Directors is Mr. Turki Saad Al Fadhel.

b. Board of Directors Biographies

1) Mr. Fawaz Abdulaziz Al Hokair (Chairman of the Board of Directors):

Current Executive Positions:	General Manager of Fawaz Abdulaziz Alhokair & Partners Holding Co., and the General Manager of many other Saudi and non-Saudi companies and establishments (Balad Al Riyadah Est.; Fawaz Abdulaziz Alhokair & Partners Real Estate; Al Farida Real Estate Co.; Fawaz Abdulaziz Alhokair & Co. Enterprises Co.; FAS Construction Co.; Al Farida Information Technology & Communications Co.; Al Bawarij International for Development & Real Estate Investment Co.; Fawaz Abdulaziz Alhokair and Sons Holding Co.; Al Farida Al Oula Real Estate Est.). He is also the Chairman of FAS Saudi Holding Co., in addition to his membership of many other Saudi and non-Saudi companies.
Previous Executive Positions:	Chairman of the Board of Fawaz Abdulaziz Alhokair and Partners Co.; General Manager of Advanced Retail International Co.; General Manager at International Fashion Concepts Co.; also he was the General Manager of many other Saudi companies that he either owns or established such as Al-Waheedah Equipment Co.; Wahba Trading Co.; Eqar Al Arab Global Co.; Eqar Al Watan Co.; Retail Group Egypt; Al-Waheedah Equipment General Trading Co.
Academic Qualifications:	• Bachelor's degree in Economics and Accounting from Loughborough University, United Kingdom, in 1989. • Honorary Doctorate in Economics and Accounting from Loughborough University, United Kingdom, in 2008.
Experience:	Over 30 years of business experience in investment management, fashion and real estate development. He also sits on several other boards and committees.

2) Eng. Salman Abdulaziz Al Hokair (Vice-Chairman of the Board of Directors, and the "Managing Director"):

Current Executive Positions:	General Manger of Salman Abdulaziz Alhokair & Sons Holding Co.; General Manager of Salman Alhokair Engineering Consulting Firm; General Manager of Kids Space Co.; General Manager of FAS Spain Est.; General Manager of Tadarees Najd for Trading Est. He also sits on several boards of other Saudi and non-Saudi companies such as Food and Entertainment Co.; Fawaz Abdulaziz Alhokair & Partners Holding Co.; Al Farida Real Estate Co.; FAS Construction Co.; Fawaz Abdulaziz Alhokair & Partners for Real Estate Projects Co.; Al Farida IT & Comms. Co.; FAS Holding for Hotels Co.; Al Bawarij International for Development & Real Estate Investment Co.; FAS Real Estate Co.; Billy Games Co.; Coffee Centres Trading Co.; Fantastic Bakery Co.
Previous Executive Positions:	Chairman of the Board of Fawaz Abdulaziz Al Hokair and Partners Co.; General Manager of Al-Jeel Clothing Trading Co. He also sat on several boards of other Saudi and non-Saudi companies like Al-Waheedah Equipment Co.; Wahba Trading Co.; Retail Group Egypt; Advanced Retail International Co.; Al-Waheedah Equipment General Trading Co.
Academic Qualifications:	Bachelor's degree in Architecture from King Saud University, KSA, in 1990.
Experience:	Over 28 years of business experience in investment management, fashion and real estate development. He also sits on several boards of almost 60 companies and sole proprietorships.

3) Dr. Abdulrahman Abdulaziz Al Tuwaijri (Member of the Board of Directors "Independent"):

Current Executive Positions:	Owner of Dr. Abdulrahman Al Tuwaijri Economic Consulting Firm.
Previous Executive Positions:	Chairman of the Board of Middle East Financial Investment Co.; Chairman of the Board of the Saudi Capital Market Authority (CMA); Member of the Board of Saudi Aramco Co.; General Secretary of the Supreme Economic Council; Managing Director and the representative of the Kingdom of Saudi Arabia in the International Monetary Fund (IMF); Economic Consultant at the Gulf Cooperation Council (GCC); Assistant Professor in the Department of Economics at King Saud University.
Academic Qualifications:	• Bachelor's degree in Economics from King Saud University, KSA, in 1978. • Doctorate in Economics from Iowa State University, United States of America, in 1985.
Experience:	Over 42 years of experience in business and economic consultancy. He also sits on several boards of Saudi companies.

4) Eng. Mohamed Abdullah Al Khorayef (Member of the Board of Directors, and Chairman of the Nomination and Remuneration Committee "Independent")

Current Executive Positions:	Chief Executive Officer at Al Khorayef Group Company.
Previous Executive Positions:	Chairman of Board of Directors at Al Khorayef Water and Power Technology Company (Saudi listed Company).
Academic Qualifications:	• Bachelor's degree in Industrial Engineering from King Saud University, KSA, in 1988.
Experience:	Over 32 years of experience in the field of financial investments, industrial, water and energy and petroleum Sector. He also sits on several boards of Saudi companies.

5) Eng. Kamel Badih Al Qalam (Member of the Board of Directors, and member of the Nomination and Remuneration Committee "Non-Executive"):

Current Executive Positions:	Consultant at Fawaz Abdulaziz Alhokair and Co. Real Estate.
Previous Executive Positions:	Architect at the Federal Highway Administration in the Department of Transportation, United States.
Academic Qualifications:	• Bachelor's degree in Architecture from the University of North Carolina, United States of America, in 1988. • Master's degree in Architecture from the University of North Carolina, United States of America, in 1990.
Experience:	Over 32 years of experience in the field of architectural engineering, real estate development and business development. He also sits on several boards of Saudi and non-Saudi companies.

6) Dr. Bernard Higgins (Member of the Board of Directors, and Chairman of the Audit Committee "Independent"):

Current Executive Positions:	Executive Chairman of Buccleuch Group; Strategic Adviser to First Minister Scotland on the building of the Scottish National Investment Bank; Chairman of Scottish Government's Advisory Group on Economic Recovery post-COVID-19; Chairman of the National Galleries of Scotland. Chairman of Sistema Scotland; Chairman of Kyckr; Chairman of AAB Wealth (Anderson Anderson & Brown Wealth); Chairman of Forster Chase Advisory Limited; Chairman of The Fine Art Society (London and Edinburgh); Non-Executive Director at Glasgow Life; Trustee of Burrell Renaissance; Visiting Professor at University of Strathclyde; Honorary Professor at Edinburgh Business School and Heriot-Watt University; Honorary Professor at University of Edinburgh; Honorary Professor at University of Glasgow; Doctor of University at University of Glasgow; Court Member of Finance Committee at University of Glasgow; Commissioner of Infrastructure Commission of Scotland; Trustee of Edinburgh International Culture Summit.
Previous Executive Positions:	CEO of Tesco Bank and Group Strategy Director at Tesco; Executive Director at HBOS; Chairman at Sainsbury Bank; CEO of RBS Retail; Non-Executive Director at Citizens Group (USA); Non-Executive Director at RBS Insurance; General Manager (Sales) at Standard Life.
Academic Qualifications:	• First Class Honours Degree, Mathematics, University of Glasgow, United Kingdom. • Fellow of the Faculty of Actuaries at the University of Glasgow, United Kingdom. • Fellow of the Chartered Institute of Bankers in Scotland, United Kingdom. • Fellow of the Royal Society of Edinburgh, United Kingdom. • Doctor of the University, University of Glasgow, United Kingdom.
Experience:	Banking, insurance, actuarial studies, investment and university academia.

7) Eng. Omar Al Mohammady (Member of the Board of Directors "Non-Executive"):

Current Executive Positions:	Group CEO at Fawaz Al Hokair Group Co.
Previous Executive Positions:	CEO at Batic Investments & Logistics; Head of Middle East for Dome Capital; Member of the Advisory Board of Alchemist Trading; CEO at Goldman Sachs Saudi Arabia; Head of KSA Investment Banking at Barclays Capital; Executive Director of Private Equity and Direct Investments at MerchantBridge.
Academic Qualifications:	Bachelor's in Chemical Engineering and Economics from Vanderbilt University, United States, in 2002.
Experience:	Over 18 years of experience in investment banking, consultancy, logistics and oil and gas industries.

8) Dr. Omar Al Farisi (Member of the Board of Directors, and Chairman of Governance Committee "Independent"):

Current Executive Positions:	Managing Member of Diyala Advisors, LLC, in New York.
Previous Executive Positions:	Board Member and Chairman of the Investment Committee of the Savola Group Company; Board Member and Chairman of the Risk Committee of Gulf International Bank, B.S.C.; Investment banker with Credit Suisse First Boston in New York; Corporate attorney at the law firm of White & Case in New York.
Academic Qualifications:	• Juris Doctor from Columbia University School of Law, USA. • Bachelor of Arts in Economics from the University of Notre Dame, USA.
Experience:	Banking and finance, law, governance, risk management.

9) Mr. Ahmed Demerdash Badrawi (Member of the Board of Directors)

Current Executive Positions:	Vice-Chairman at Marakez Egypt, the Egyptian arm of the Saudi Arabian Fawaz Al Hokair Group; Board Member at Arqaam Egypt; Board Member at Goodsmart; Co-Founder at Cairo Angels.
Previous Executive Positions:	Chief Executive Officer at Marakez Egypt, Chief Executive Officer at SODIC.
Academic Qualifications:	• Law degree from Queen Mary and Westfield College, University of London, UK. • Senior Executive Program for the Middle East from Harvard Business School, United States, in 2003.
Experience:	Banking and finance, law, governance, risk management.

c. Board of Directors Current and Previous Memberships in Other Companies:

No.	Board member name	Current board of directors	Inside/ outside the Kingdom	Legal entity (listed/ unlisted/ LLC)	Previous board of directors	Inside/ outside the Kingdom	Legal Entity (listed/ unlisted/ LLC)
1	Mr. Fawaz Abdulaziz Al Hokair	FAS Saudi Holding Co.	Inside	Unlisted	Akar Al Watan Co.	Inside	LLC
		Egyptian Centers for Real Estate Development.	Outside	Unlisted	Akar Al Arab Int'l Co.	Inside	LLC
		Saudi Medical Co.	Inside	Unlisted	Al Faridah Information Technology and Communication	Inside	LLC
		Marakez for Real Estate Investment, Egypt.	Outside	Unlisted	Wahbah Trading Co.	Inside	LLC
		Arabian Falcon Limited, UK.	Outside	LLC	FAS for Construction Co.	Inside	LLC
		Focus Hospitality, UAE.	Outside	LLC			
		Al Azizia Panda United Co.	Inside	Unlisted			
		FAS Holding, Italy.	Outside	Unlisted			
		FAS Real Estate Development, UK	Outside	LLC			
		Fawaz Abdulaziz Alhokair & Sons Holding Co.	Inside	LLC			
		Najmat Al Taqa Co.	Inside	LLC			
		Fawaz Alhokair & Co Real Estate ("FARE")	Inside	LLC			
		Al-Farida First Real Estate	Inside	LLC			
		Advanced International Retail	Inside	LLC			
		Al-Bawarij Int'l for Development and Real Estate Investment	Inside	LLC			

No.	Board member name	Current board of directors	Inside/ outside the Kingdom	Legal entity (listed/ unlisted/ LLC)	Previous board of directors	Inside/ outside the Kingdom	Legal Entity (listed/ unlisted/ LLC)
2	Mr. Salman Abdulaziz Al Hokair	Saudi FAS Holding Co.	Inside	Unlisted	FAS First Investment and Development of Real Estate	inside	LLC
		Focus Hospitality Co.	Outside	Unlisted	FAS Hotel 1- main CR	inside	LLC
		Marakez for Real Estate Investment Co.	Outside	Unlisted	FAS Hotel 4	inside	LLC
		Arabian Falcon Co., UK.	Outside	LLC	FAS Hotel 5	inside	LLC
		FAS Renewable Energy Co., Egypt.	Outside	Unlisted	Manzli Limited Liability company	inside	LLC
		ECHO Engineering Co., UK.	Outside	LLC	FAS for Construction	inside	LLC
		FAS Holding Co., Italy.	Outside	LLC	FAS for Hotels Holding	inside	LLC
		J&A International Consultants Co., UK.	Outside	LLC	Fawaz Abdulaziz AlHokair and Co trading .	inside	LLC
		FAS Energy Co., UK.	Outside		AlFaridah Information Technology and Communication	inside	LLC
		Tadarees Najad	Outside	LLC	Arabic pies	inside	LLC
		Alarab trading	Inside	Listed	Ice cream express	inside	LLC
		Fas Co. Spain	inside	LLC	Fawaz Abdulaziz AlHokair and Co trading .	inside	LLC
		Skill of innovation Games company	Inside	LLC	Milk taste company	inside	LLC
		Farida 2 realestate	outside	LLC	Fisrt Pie Company	inside	LLC
		Al Malaz centre	inside	LLC	Wonderful bakery	inside	LLC
		Al Yasmeen centre	inside	LLC	First Chicken company	inside	LLC
		Al Hamra centre	inside	LLC	Cake Palace	inside	LLC
		Fas El Miyya	inside	LLC	Generation clothes Co.	inside	LLC

No.	Board member name	Current board of directors	Inside/ outside the Kingdom	Legal entity (listed/ unlisted/ LLC)	Previous board of directors	Inside/ outside the Kingdom	Legal Entity (listed/ unlisted/ LLC)
		Housing & more Co.	inside	LLC	Food & Entertainment	inside	LLC
		Saudi Dalika Co.	inside	LLC	Salman Alhokair Engineering Consulting Office (ECHO)	inside	LLC
		Erth Rasek	inside	LCC	Al Dammam centre	inside	LLC
		Salman Abdulaziz Al Hokair & Sons	inside	LLC	Coffee centres	inside	LLC
		Sala entertainment Co.	inside	LLC	Arabian Pie Co.	inside	LLC
		Riyadh Hotels		LLC	Generation Clothes	inside	LLC
		SAAF International	inside	LLC		inside	LLC
		Oyoun Al Raed		LLC	FAS for retail and commercial investment	inside	LLC
		Fawaz Al Hokair & Partners for limited projects	inside	LLC	FAS realestate	inside	LLC
		Fawaz Al Hokair & Partners Holding	inside	LLC	Kids space	inside	LLC
		Kids Space	inside	LLC	Etqan Company for managing facilitie	inside	LLC
		Marakez almarkabat	inside	LLC	Oyoon el basateen	inside	LLC
		FAS the first for realestate investments and developments	inside	LLC	Arab Centres	inside	LLC
		Aziz Trading	inside	LLC	Food & Entertainment	inside	LLC
		Al Dhahran Trading	inside	LLC	Innovative models	inside	LLC
		Al Noor Trading	inside	LLC	FAS Hotels 3	inside	LLC
		Fashion retail Co.	inside	LLC	High-end tastes	inside	LLC
		Al Yarmouk Trading	inside	LLC	Ebtikar renewable energy for investment Co.	inside	LLC

No.	Board member name	Current board of directors	Inside/ outside the Kingdom	Legal entity (listed/ unlisted/ LLC)	Previous board of directors	Inside/ outside the Kingdom	Legal Entity (listed/ unlisted/ LLC)
3	Abdulrahman Abdulaziz Al Tuwaijri	Al Hanaf United Trading Co.	Inside	LLC	Saudi Aramco	Inside	Listed
					MEFIC	Inside	Unlisted
					United Mining Investment Co.	Inside	LLC
4	Eng. Mohamed Abdullah Al Khorayef	Abdullah Ibrahim Alkhorayef & Sons Co.	Inside	Unlisted	Saudi Paper Manufacturing Company	Inside	Listed
		Alkhorayef Group Co.	Inside	Unlisted	Saudi Steel Pipe Company	Inside	Listed
		Alkhorayef Water & Power Technologies Co.	Inside	Listed			
		Alkhorayef Commercial Co.	Inside	LLC	The Water Transmission and Technologies Company (WTTCO	Inside	Unlisted
		Alkhorayef Industries Co.	Inside	LLC			
		Alkhorayef Petroleum Co.	Inside	LLC			
		RAKHA for Agricultural investment & Development Co.	Outside	Unlisted			
		Arabian Agricultural Services Company	Inside	Unlisted			
		Nama Alkhorayef Investment Company	Inside	unlisted			
5	Eng. Kamel Badih Al Qalam	Egyptian Centers for Real Estate Development Co., Egypt.	Outside	LLC	NA		
		Echo Architecture Co., UK.	Outside	LLC			
		Marakez for Real Estate Investment Co., Egypt.	Outside	Unlisted			

No.	Board member name	Current board of directors	Inside/ outside the Kingdom	Legal entity (listed/ unlisted/ LLC)	Previous board of directors	Inside/ outside the Kingdom	Legal Entity (listed/ unlisted/ LLC)
6	Dr. Bernard Higgins	Kyckr Co., Australia.	Outside	Listed	Tesco Bank	Outside	listed
		Sistema Scotland	Outside	Unlisted			
		AAB Wealth (Anderson Anderson & Brown Wealth)	Outside	Unlisted			
		Forster Chase Advisory Limited	Outside	Unlisted			
		Buccleuch Group	Outside	Listed			
7	Eng. Omar Al Mohammady	Fawaz Abdulaziz Alhokair and Company (PJSC)	Inside	Listed	Batic Investments & Logistics Company	Inside	Listed
		Saudi FAS Holding	Inside	Unlisted			
		Citi Bank Group	Inside	Unlisted	Al Reef Sugar Refinery Co. (JSC)	Inside	Unlisted
		Diyala Advisors	Outside	LLC	Jazan Energy & Development Co. (PJSC)	Inside	Listed
8	Dr. Omar Al Farisi	Diyala Advisors	outside	LLC	Savola Group Co.	Inside	Listed
					Gulf International Bank	Outside	Unlisted
9	Mr. Ahmed Demerdash Badrawi	Marakez for Real Estate Investment,Eygpt	Outside	Unlisted	NA		
		Marakez New Cairo For Real-estate Investment	Outside	Unlisted			
		Marakez Delta for Real Estate Projects	Outside	Unlisted			
		Marakez Salasel ElTogareya	Outside	Unlisted			
		Marakez for Touristic and Entertainment Investment	Outside	Unlisted			
		Marakez ElSokhna for Real Estate Projects	Outside	Unlisted			
		Marakez for Real Estate Development	Outside	Unlisted			
		FAS Construction	Outside	Unlisted			

d. Board of Directors Meetings

Meetings Procedures

The Board of Directors shall meet twice a year at least, upon an invitation from the Chairman. A Board meeting shall be quorate only if attended by a majority of the members.

Board meetings may be held by telephone or any other electronic method allowing all of the attending members to hear all other attendees, unless otherwise notified. Board resolutions shall be made by a majority of the presented or represented Board Members at the meeting. If votes were equal, the opinion adopted by the Chairman of the Board shall be accepted.

The Board may adopt resolutions by circulation to all Board Members, unless one Board Member submits a written request that a meeting be convened for deliberations. Such resolutions shall be adopted by a majority of Board Members, with the resolutions laid before the Board at its first subsequent meeting.

Deliberations and resolutions of the Board shall be recorded in minutes to be signed by the Chairman, the Directors present and the Secretary. Such minutes shall be entered in a special register to be signed by the Chairman and the Secretary.

Board Meetings Held During the Year

The Board held three meetings during the financial year 2021 as follows:

No.	Name	21 June 2020	20 Sept 2020	27 January 2021	Total
1	Mr. Fawaz Abdulaziz Al Hokair	Present	Present	Present	3
2	Eng. Salman Abdulaziz Al Hokair	Present	Present	Present	3
3	Dr. Abdulrahman Abdulaziz Al Tuwaijri	Present	Present	Present	3
4	Eng. Mohamed Abdullah Al Khorayef	Present	Present	Present	3
5	Eng. Kamel Badih Al Qalam	Present	Present	Present	3
6	Dr. Bernard Higgins	Present	Present	Present	3
7	Eng. Omar Abdulaziz Al Mohammady	Present	Absent	Present	2
8	Dr. Omar Hadir Al Farisi	Present	Present	Present	3
9	Mr. Ahmed Demerdash Badrawi	NA*	Present	Present	2

** Mr. Ahmed Demerdash Badrawi have been appointed by the Board on 15 July 2020 and been approved by the Annual Shareholders General Assembly on 30 Sep 2020.*

Directors' Attendance at Shareholders General Assembly Meetings

Three Shareholders General Assembly meetings were held during the fiscal year ending 31 March 2021. Below is the attendance log of the Board of Directors at those meetings:

No.	Member Name	Meeting Date AGM 30/9/2020
1	Mr. Fawaz Abdulaziz Al Hokair	Present
2	Eng. Salman Abdulaziz Al Hokair	Present
3	Dr. Abdulrahman Abdulaziz Al Tuwaijri	Present
4	Eng. Mohamed Abdullah Al Khorayef	Present
5	Eng. Kamel Badih Al Qalam	Present
6	Dr. Bernard Higgins	Present
7	Eng. Omar Abdulaziz Al Mohammady	Present
8	Dr. Omar Hadir Al Farisi	Present
9	Mr. Ahmed Demerdash Badrawi	Present

Major Decisions Taken by the Board During the Year:

#	Board Decision Date	Board Decision
1	17-Aug-20	To approve the NRC charter. To approve the proposed remuneration for the Board members, its committees and the executive management.
2	17-Aug-20	Approving the interim financial statement for the first quarter of the current fiscal year 2020-2021, and the three months period ended 30 of June 2020.
3	2-Nov-20	Approving the interim financial statement for the second quarter of the current fiscal year 2020-2021, and the three months and six months period ended 30 of September 2020.
4	27-Jan-21	approving the full receipt of all dues from FAS Holding Company for Hotels (a related party) amounting to SAR 350.3 million as on 30 September 2020 mainly through in-kind settlement (real estates) and partially through cash.
5	4-Feb-21	Approving the interim financial statement for the third quarter of the current fiscal year 2020-2021, and the nine months period ended 31 of December 2020.
6	2-Mar-21	Acquiring shares in Vogacloset Company for the amount of 39,253 ordinary shares valued £1.00 per share in the capital of Vogacloset Limited company.
7	23-Mar-21	To issue and offer Shariah compliant sukuk up to USD$1,000,000,000 (or its equivalent in any other relevant currency) .

e. Interests of Board Members and their Relatives in Shares or Debt Instruments of the Company

No.	Board Member	Number of Shares Beginning of Year	% Ownership Beginning of Year	Number of Shares End of Year	% Ownership End of Year	% Change During the Year
1	Mr. Fawaz Abdulaziz Al Hokair	38,000,000	8.00%	38,000,000	8.00%	-
2	Eng. Salman Abdulaziz Al Hokair	38,000,000	8.00%	38,000,000	8.00%	-
3	Dr. Abdulrahman Abdulaziz Al Tuwaijri	-	-	-	-	-
4	Eng. Mohamed Abdullah Al Khorayef	-	-	-	-	-
5	Eng. Kamel Badih Al Qalam	-	-	-	-	-
6	Dr. Bernard Higgins	-	-	-	-	-
7	Eng. Omar Abdulaziz Al Mohammady	-	-	-	-	-
8	Dr. Omar Hadier Al Farisi	-	-	-	-	-
9	Mr. Ahmed Demerdash Badrawi	-	-	-	-	-

Declarations:

1. There is no interest of the Board Members' relatives in the shares of the Company.
2. There is no interest of the Board Members and their relatives in the debt instruments of the Company.

f. Procedures to Inform BoD with Shareholders' Suggestions

The Board of Directors shall make available to all its members, especially non-executives, legal documents, financial reports, follow-up reports, future expansion studies, Board of Directors' reports as well as internal rules, procedures, policies and regulations that enable them to carry out their duties adequately, additionally including knowledge of shareholders' proposals and their observations about the Company and its performance.

The Company has established an Investor Relations Department that meets all investors' requests and responds to their inquiries. The department then briefs the Chairman of any recommendations suggested by the shareholders and submits their comments and suggestions to the Board of Directors of the Company. Several means are available and accessible to shareholders, including telephone and email correspondence.

3. Board Committees

The Board of Directors has established the 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 permanent committee:

a. Audit Committee

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 improve 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 scope of the Committee's work shall include all actions that enable it to fulfill its functions, including:

- Oversee the Internal Audit Department.
- Review the internal control, financial and risk management systems of the company.
- Review the internal audit reports and follow up on the implementation of corrective measures for the recommendations contained therein.
- Recommend to the Board of Directors to appoint the Director of the internal audit department and propose his remuneration.
- Review and evaluate internal audit procedures and make recommendations for the improvement thereof.
- Make a recommendation to the Board of Directors to appoint, dismiss, determine the fees and ensure the independence of external auditors.
- Review the audit plan with the external auditors and make any observations thereon.
- Review the auditor's report and his observations on the financial statements and follow up on the actions taken in that respect.
- Review the Company's interim and annual financial statements before submitting them to the Board of Directors.
- Review accounting policies and submit recommendations for improvement to the Board of Directors.

Audit Committee Members Profile

The Audit Committee consists of three (3) members appointed by the Board of Directors for a period of three (3) years. The Chairman and one of the members are independent.

The following members of the Audit Committee were appointed during the Ordinary General Assembly meeting held on 18/03/1439H (corresponding to 6 December 2017) and the Board of Directors, at its meeting held on 21 June 2020, approved the renewal of their committee membership for the remaining term of the Board. This decision was later approved by the General Assembly in its meeting held on 30 September 2020 to appoint the following Audit Committee members:

Audit Committee Members

#	Name	Title
1	Dr. Bernard Higgins	Chairman (Independent)
2	Mr. Nadim Mustafa Shabsogh	Member
3	Mr. Fahad Ibrahim Al Khorayef	Member (Independent)

The following is a brief overview of the members of the Audit Committee:

#	Name	Education	Work Experience	Current Positions	Previous Positions
1	Dr. Bernard Higgins	Please refer to Dr. Higgins' biography in the "Board of Directors Biographies" section above.			
2	Mr. Nadim Mustafa Shabsogh	Bachelor's degree in Engineering from London University, United Kingdom Master's in Business Administration from the University of Nottingham, United Kingdom	Business Investment and Advisory services	Managing Director at Mesk International LLC, a limited liability company established in the United Arab Emirates Senior Advisor to Fawaz Alhokair Group Managing Director at Broadview Strategic Partners JLT, a limited liability company established in the United Arab Emirates	Executive Director at Morgan Stanley International Senior Managing Director at Bear Stearns International Vice President at Credit Suisse First Boston
3	Mr. Fahad Ibrahim Al Khorayef	Bachelor's degree in Finance from King Saud University, KSA	Financial and Business Advisory Services	Member of the Board of Saudi Finance Company	Chief Risk Officer at Maceen Capital Chief Risk Officer at Saudi Finance Company Export Finance Manager at Al Khorayef Group Manager at Samba Financial Group

Audit Committee Meetings

During the year, the Committee held seven meetings. The attendance of the committee members for these meetings was as follows:

Meeting Date	Dr. Bernard Higgins	Mr. Nadim Shabsogh	Mr. Fahad Al Khorayef
31 May 2020	Present	Present	Present
14 Jun 2020	Present	Present	Present
23 Jul 2020	Present	Present	Present
16 Sep 2020	Present	Present	Present
05 Oct 2020	Present	Present	Present
10 Jan 2021	Present	Present	Present
31 Jan 2021	Present	Present	Present

The main tasks accomplished during these meetings were as follows:

1. Reviewing the company's annual and quarterly financial statements and make recommendations to the Board of Directors for approval.
2. Following-up with management on the status of the preparation of financial statements in accordance with accounting and financial reporting standards.
3. Meeting with both the external and internal auditors of the company, and ensuring that the management has provided them with all the necessary data and information to perform their work.
4. Improving the corporate governance framework and internal control system.
5. Following-up with the Board of Directors and Executive Management to ensure the implementation of key issues such as:

   a) Appointment of external auditors
   b)Key internal audit recommendations
   c)Company Risk Management System

6. Encouraging management to promote compliance with policies, procedures, controls and governance.
7. Reviewing and approving the internal audit annual plan
8. Reviewing and approving the internal audit charter and audit manual.
9. Monitoring and evaluating the performance of the internal audit function.
10. Reviewing internal audit reports and following up the implementation of major internal audit recommendations and risk management system.
11. Evaluation of tenders (including bid requests) for the selection of external auditors to review financial statements for fiscal year 2021 (from April 1, 2020 to 31 March 2021 in addition to the first quarter of fiscal year 2022, and the Board recommended the selection and approval of their remuneration.

In addition, the Audit Committee confirms that there is no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, and the Board accepted the recommendations of the Committee on the appointment of the external auditors of the company.

b. Nomination and Remuneration Committee

The main function of the Nomination and Remuneration Committee is to identify qualified candidates who are eligible for Board Membership. The Committee is also responsible for assisting the Board in establishing a proper governance system and drafting the necessary policies and procedures. The Committee's scope of work includes all duties designed to enable it to fulfill its functions, including:

- Identifying qualified candidates and nominating them to the Board of Directors.
- Conducting an annual review of Board Membership requirements, which shall include the candidates' capabilities, experience and availability to fulfill their Board responsibilities.
- Reviewing the structure of the Board and proposing required changes to benefit the Company's interests.
- Determining the strengths and weaknesses of the Board and proposing required changes to benefit the Company's interests.
- Nominating candidates for the positions of Chief Executive Officer and Managing Director, as well as nominating committee members for approval by the Board of Directors or the General Assembly.
- Reviewing the approval policies and procedures for Board Membership prior to their adoption, through the General Assembly.
- Monitoring the independence of independent Board members and monitoring any conflicts of interest on an annual basis.
- Reviewing the preparatory materials and training courses destined to new Board Members.
- Establishing clear policies regarding the remuneration of managers and senior executives.
- Reviewing and proposing plans for the assumption of key executive functions.
- Reviewing and approving the Company's overall structure of rewards and privileges, which includes employment grades, structure of wages and privileges, as well as rewards and incentives associated with performance.
- Approving changes to the remuneration of the Chief Executive Officer and recommending changes to the remuneration of the Managing Director, as well as the directors and members of the various board committees.
- Approving extraordinary remuneration (signing or performance bonuses) for the Chief Executive Officer and senior executives.

The Nomination and Remuneration Committee consists of three (3) members appointed by the Company's Board of Directors for a period of three (3) years. During the year, the Committee held two meetings to which all members attended.

The Board shall take the necessary measures to enable the Committee to carry out its functions, including informing the Committee, without any restrictions, of all data, information, reports, records, correspondences or other matters which the Committee deems necessary.

The following members were appointed to the Nomination and Remuneration Committee during the Board of Directors' meeting on 25/02/1439H (corresponding to 14 November 2017):

Nomination and Remuneration Committee Members

#	Name	Title
1	Eng. Mohamed Abdullah Al Khorayef	Chairman (Independent)
2	Mr. Nadim Mustafa Shabsogh	Member
3	Eng. Kamel Badih Al Qalam	Member

The following is a brief overview of the members of the Nomination and Remuneration Committee:

#	Name	Education	Work Experience	Current Positions	Previous Positions
1	Eng. Mohamed Abdullah Al Khorayef	Please refer to Eng. Al Khorayef's biography in the "Board of Directors Biographies" section above.			
2	Mr. Nadim Mustafa Shabsogh	Please refer to Mr. Shabsogh's biography in the "Audit Committee" section above.			
3	Eng. Kamel Badih Al Qalam	Please refer to Eng. Al Qalam's biography in the "Board of Directors Biographies" section above.			

Nomination and Remuneration Meetings

During the year, the Committee held two meetings. The attendance of the committee members for these meetings was as follows:

Meeting Date	Eng. Mohamed Al Khorayef	Mr. Nadim Shabsogh	Eng. Kamel Al Qalam
17 June 2020	Present	Present	Present
25 Nov 2020	Present	Present	Present
17 Jan 2021	Present	Present	Present
24 Jan 2021	Present	Present	Present

c. Governance Committee

The Board of Directors of Arabian Centres has a steadfast commitment to best-in-class corporate governance. As part of this commitment, and in accordance with Article 94 of the CMA Corporate Governance Regulations, the Board established governance rules for the Company in accordance with the provisions of these regulations in the form of a Governance Manual (referred to in a separate section under "Corporate Governance Manual and Internal Policies").

In addition, and as per Article 95 of these regulations, the Board also formed a Corporate Governance Committee, on 19 May 2019 and assigned to it the competencies stipulated in Article 94 of these regulations (the "Governance Committee").

The Governance Committee's responsibilities include:

- Overseeing any matters relating to the implementation of governance.
- Monitoring the implementation of governance rules established by the Board, verifying their effectiveness, and recommending amendments to them as necessary pursuant to statutory requirements and best practices.
- Reviewing and developing codes of professional conduct representing the Company's values and other internal policies and procedures in order to fulfill the Company's requirements and in accordance with best practices.
- Regularly informing the Board of developments in corporate governance and best practices.
- Providing the Board with its reports and recommendations at least annually.

Governance Committee Membership

As per its charter, the Committee shall consist of at least three (3) members, a majority of whom should be independent board members.

Currently, the Governance Committee consists of three (3) members. The chairman and one member are independent Board members and one member is external. The term of the first appointed Governance Committee members shall end with the current board term. Subsequently, the term of the committee members will be for three (3) years.

The following members of the Governance Committee were appointed by the Board of Directors, at its meeting held on 19 May 2019:

Governance Committee Members

#	Name	Title
1	Dr. Omar Al Farisi	Chairman (Independent)
2	Dr. Bernard Higgins	Member (Independent)
3	Dr. Najem Al Zayd	Member (Independent)

The following is a brief biography of the members of the Governance Committee:

#	Name	Education	Work Experience	Current Positions	Previous Positions
1	Dr. Omar Al Farisi	Please refer to Dr. Al Farisi's biography in the "Board of Directors Biographies" section above.			
2	Dr. Bernard Higgins	Please refer to Dr. Higgins' biography in the "Board of Directors Biographies" section above.			
3	Dr. Najem Al Zayd	"Doctor of Juridical Science degree from George Washington University Law School, Washington, D.C. Master of Laws from University of Minnesota Law School, Minneapolis, MN. B.A., Qada'a "Islamic Jurisprudence" from Umm Al-Qura University, KSA."	Law, Audit, Risk Management and Governance.	"Vice Chairman of the Board of Saudi Electricity Company, KSA. Board Member and the Chairman of Risk, and Governance Committees of Gulf International Bank, Bahrain. Board Member and the Chairman of Risk Committee of Gulf International Bank, KSA. Member, Regulatory Policy & Oversight Committee of the Saudi Stock Exchange (TADAWUL), KSA. Member, Audit & Risk Committee, The Diriyah Development Authority, Saudi Arabia."	"Vice Chairman of the Board, Chairman of Risk, and Governance Committees in Mediterranean & Gulf Cooperative Insurance & Reinsurance Co., KSA. Board Member & Audit Committee member of National Privatization Centre, KSA. Chief Governance & Legal Officer of Al Rajhi Bank, KSA. BoD Member of the Capital Market Authority (CMA), KSA. Director & General Counsel, Legal Affairs Division, the Capital Market Authority (CMA), KSA."

Governance Committee Meetings

During the year, the Governance Committee held five meetings. The attendance of the committee members for these meetings was as follows:

Meeting Date	Dr. Omar Al Farisi	Dr. Bernard Higgins	Dr. Najem Al Zayd
26 April 2020	Present	Present	Present
16 June 2020	Present	Present	Present
14 September 2020	Present	Present	Present
16 November 2020	Present	Present	Present
25 January 2021	Present	Present	Present

The main tasks accomplished during these Governance Committee meetings were as follows:

1. Reviewing the existing governance structure and recommending improvements.
2. Overseeing the process of reviewing the status of corporate governance at ACC by an external consultant.
3. Reviewing and discussing in detail the governance process over related parties' transactions (RPT) and importance of ensuring compliance with internal governance policies and guidelines related thereto.
4. Recommending the activation of the compliance function in the company.
5. Recommending carrying out a self-assessment for the performance of the Board and its committees.
6. Overseeing the board governance and information system platform (Convene) to enhance communications and information sharing at board and committees' levels and to optimize board and committee meetings.
7. Discussing other governance matters including enhancing processes and long-term scheduling for board and committee meetings.

4. Board of Directors and Committees Members Remuneration

a. Board Members Remuneration during the Fiscal Year ended on 31 March 2021 (Saudi Riyal):

No.	Name	Fixed Remuneration Specific Amount	Allowance for Attending Board Meetings	Total Allowance for Attending Committee Meetings	Aggregate Amount
First: Independent Directors					
1	Dr. Abdulrahman Al Tuwaijri	300,000	75,000	-	375,000
2	Eng. Mohammed Al Khorayef	300,000	75,000	60,000	435,000
3	Dr. Bernard Higgins	300,000	75,000	180,000	500,000*
4	Dr. Omar Hadir Al Farisi	300,000	75,000	75,000	450,000
	Total	1,200,000	300,000	315,000	1,760,000
Second: Non-Executive Directors					
1	Mr. Fawaz Abdulaziz Al Hokair	300,000	75,000	-	375,000
2	Eng. Kamel Badih Al Qalam	300,000	75,000	60,000	435,000
3	Eng. Omar Abdulaziz Al Mohammady	300,000	50,000	-	350,000
4	Mr. Ahmed Demerdash Badrawi	300,000	50,000	-	350,000
	Total	1,200,000	250,000	775,000	1,510,000
Third: Executive Directors					
1	Eng. Salman Abdulaziz Al Hokair	300,000	75,000	-	375,000
	Total	300,000	75,000	-	375,000
	Grand Total	2,700,000	625,000	1,090,000	3,645,000

** Total remuneration to Dr. Bernard Higgins has been capped at SAR 500,000 to comply with article 76 of the Companies Law, although his total due remuneration amounted to SAR 555,000.*

b. Board Committees Remuneration during the Fiscal Year ended on 31 March 2021 (Saudi Riyal):

Name	Fixed Remuneration (Except for the Allowance for Attending Board Meetings)	Allowance for Attending Committee Meetings	Total
1) Audit Committee			
Dr. Bernard Higgins (Chairman)	-	105,000	105,000
Mr. Nadim Shabsogh (Member)	130,000	105,000	235,000
Mr. Fahad Al Khorayef (Member)	130,000	105,000	235,000
Total	260,000	315,000	575,000
2) Nomination and Remuneration Committee			
Eng. Mohammed Al Khorayef (Chairman)	-	60,000	60,000
Mr. Nadim Shabsogh (Member)	100,000	60,000	160,000
Eng. Kamel Alqalam (Member)	-	60,000	60,000
Total	100,000	180,000	280,000
3) Governance Committee			
Dr. Omar Al Farisi (Chairman)	-	75,000	75,000
Dr. Bernard Higgins (Member)	-	75,000	75,000
Dr. Najem Al Zayd (Member)	100,000	75,000	175,000
Total	100,000	225,000	325,000
Grand Total	460,000	720,000	1,180,000

5. Senior Executives

a. Senior Executives Remuneration

Senior Executives	Fixed Benefits					Variable Benefits							
	Salaries	Allowances	In-kind Benefits	Other Benefits	Total	Periodic Bonuses	Profits	Short-term Motivation plans	Granted Shares (Value)	Total	End of Service Benefits	Total Benefits for Board Member Executives, if any	Gross Total
Top Five Senior Executives (including the CEO and CFO)	9,480,000	640,000	-	-	10,120,000	-	-	-	-	-	1,995,739	-	12,115,739

b. Description of Any Interest of the Senior Executives and their Relatives in Shares or Debt Instruments of the Company:

No	Name	Shares at the Beginning of Year	Shares at the End of Year	Change	% Change
1	Eng. Salman Abdulaziz Al Hokair (Vice Chairman and MD)	38,000,000	38,000,000	-	-
	Mr. Faisal Al Jedaie (Chief Executive Officer)	20,500	20,750	250	1%
2	Mr. Waleed Al Rebdi (Chief Financial Officer)	-	-	-	-
3	Mr. Ghassan Abu Mutair (Chief Development & Delivery Officer)	-	-	-	-
4	Mr. Turki Al Zahrani (Chief Support Services Officer)	-	-	-	-
5	Mr. Khalid Al Janahi (Chief Leasing Officer)				
6	Mr. Naji Fayad (Director of Internal Audit)	-	-	-	-
7	Mr. Abdullah Al Harbi (IT Director)	-	-	-	-
8	Mr. Faris Al Gahtani (Head of Investor Relation)	-	-	-	-
9	Mr. Mubarak Al Enazi (Operation Director)	-	-	-	-

Declarations:

1. There is no interest of the senior executives' relatives in the shares of the Company.
2. There is no interest of the senior executives and their relatives in the debt instruments of the Company.

6. Waived Remuneration and Compliance

a. The company did not receive any notification that any of the Company directors, senior executives or shareholders have waived any remuneration/dividends.

b. The remuneration shall be paid to the members of the Board of Directors, the members of the board committees and senior executives, in accordance with the regulations approved by the Board of Directors as well as with the provisions of the Company's bylaws and approved by the General Assembly, as well as the remuneration policy based on the recommendation of the Nomination and Remuneration Committee.

7. Annual Review of Internal Controls Effectiveness

The internal control system has an important role to play in the success of any organization. Arabian Centres is committed to ensuring an effective internal control system to achieve regulatory objectives, asset protection, accurate internal and external reporting, risk reduction and adherence to regulatory requirements.

The Internal Audit Department carries out its functions according to the audit regulations adopted by the Company's Board of Directors. The Internal Audit Department provides independent objective services to assist the Board of Directors, the Audit Committee and the Executive Management in discharging their responsibilities. The Internal Audit Department is not subject to any influence by the Executive Management and has full powers and unrestricted access to all documents as required by the performance of its work. In carrying out its work, the Internal Audit Department adopted a systematic approach to evaluate and improve internal control effectiveness to achieve the Company's objectives and protect its assets.

The scope of work of the Internal Audit Department included examining the adequacy and effectiveness of the internal control system of the Company to verify whether the Company's internal systems, in particular the financial and administrative regulations and policies and the Corporate Governance frameworks approved by the Board of Directors, General Assembly and legislative and regulatory controls, ensure the achievement of the objectives of the Company.

The scope of internal audit management included:

- Audit and periodic examination of the majority of the Company's departments during periodic periods, giving priority to internal activities and jobs depending on the degree of risk.
- Informing officials in the various departments whose work has been examined of the observations revealed during the examination process as well as management recommendations to address these observations.
- Evaluation of the procedures provided by executives in different departments to address the observations and implement the recommendations contained in the audit reports. In case of insufficient procedures, the matter was discussed with the executives to ascertain the efficiency and adequacy of the measures taken.

The Audit Committee studied and followed up with the implementation of the approved audit plan with the Internal Audit Department as well as following up with the implementation of the recommendations contained in the internal audit reports. The Company has taken positive steps to strengthen its internal control system, maintain the Company's assets and provide reasonable assurance about the integrity of financial reports prepared from accounting records. The internal audit department of the company examines the internal control system on an ongoing basis to ensure its efficiency and effectiveness and carry out financial and operational reviews to evaluate the company's business.

The internal control system for the various work cycles and financial reports of the Company includes those policies and procedures which:

- Relate to maintaining records in such a way as to ensure the availability of detailed and accurate information and reflect substantially the fact of transactions and disposals in the assets of the company.
- Provide reasonable assurance that the registration of transactions allows the preparation of financial statements in accordance with the accepted accounting standards in Saudi Arabia issued by the Saudi Organization for Certified Public Accountants.
- Provide reasonable assurance as to the timely prevention or disclosure of unauthorized purchase, use or disposition of the Company's assets that could have a material impact on the financial statements.

The Audit Committee oversees the Internal Audit work, which periodically reviews the adequacy and effectiveness of the internal control system, to provide a continuous assessment of the internal control system and its effectiveness. The Committee also reviews the External Auditor's reports and management letter, which might include any lack of internal control noted by the External Auditor as part of its internal controls' assessment. This comes within the objectives of the Board of Directors to obtain reasonable assurance about the soundness of the design and effectiveness of the performance of the Company's internal control system.

Based on the above, the Audit Committee believes that the internal control system within the Company is appropriately designed and effectively serves organizational objectives, operational efficiency, financial reporting reliability and regulatory compliance. No material deficiency or material weakness was found, although some improvements are needed and were communicated to the management, which is actively working on enhancing the controls based on audit recommendations.

It is worth noting that all Audit Committee recommendations are consistent with the decisions of the Board of Directors.

8. Subsidiaries and Affiliates

Name of Subsidiary*	Capital (SAR)	Nature of Business	Ownership %	
			Direct	Indirect
Riyadh Centres Company Limited	500,000	Real Estate	95%	5%
Al Bawarij International for Development & Real Estate Investment Company	500,000	Real Estate	95%	5%
Al Makarem International for Real Estate Development Company	500,000	Real Estate	95%	5%
Oyoun Al Raed Mall Trading	100,000	Real Estate	95%	5%
Oyoun Al Basateen Company for Trading	100,000	Real Estate	95%	5%
Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin Al Hokair and Company	500,000	Real Estate	50%	-
Yarmouk Mall Company Limited	500,000	Real Estate	95%	5%
Al Erth Al Matin Trading Company	100,000	Real Estate	95%	5%
Arkan Salam for Real Estate and Contracting Company Limited	1,000,000	Real Estate	95%	5%
Mall of Arabia Company Limited	500,000	Real Estate	95%	5%
Aziz Mall Trading Company Limited	500,000	Real Estate	95%	5%
Dhahran Mall Trading Company Limited	500,000	Real Estate	95%	5%
Al Noor Mall Trading Company Limited	500,000	Real Estate	95%	5%
Al Yasmeen Mall Trading Company	100,000	Real Estate	95%	5%
Al Dammam Mall Trading Company	100,000	Real Estate	95%	5%
Al Malaz Mall Trading Company	100,000	Real Estate	95%	5%
Al Hamra Mall Trading Company	100,000	Real Estate	95%	5%
Al Erth Al Rasekh Trading Company	100,000	Real Estate	95%	5%

** All subsidiaries are limited liability companies incorporated in KSA.*

During the year ended 31 March 2021, the Company 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.

9. Shares and Debt Instruments Issued by Subsidiaries

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.

Proceeds from the issuance were used in Q1-FY2022 to settle an amount of USD 200 million (SAR 750 million) outstanding on the Company's revolving credit facility and an amount of USD 260 million (SAR 975 million) on its existing Murabaha/Ijara facility. A further USD 40 million (SAR 150 million) on the Murabaha/Ijara facility will be settled using proceeds from the Sukuk issuance, in accordance with the facility repayment plan.

Arabian Centres' second Sukuk issuance received ratings of Ba2 and BB+ (EXP) from Moody's and Fitch, respectively. The issuance was two times oversubscribed, with non-GCC international investors accounting for 65% of the total transaction allocation. In accordance with ACC's financial strategy of transitioning from a fully secured capital structure towards unsecured financing, the Company's latest Sukuk issuance has released a number of ACC's assets which had been posted as collateral in previous agreements with ACC's partner banks.

10. Interests and Contractual Rights for BoD Members, Executives and Relatives in Shares and Debt Instruments

There are no interests, contractual securities or rights issues with the Board Members, senior executives and their spouses and minor children on shares or debt instruments of the company or its affiliates (other than those mentioned in sections "Board of Directors" and "Senior Executives" in this report).

11. Related Parties Transactions

Related Party Transactions Policy

The Company relies upon a number of important relationships with various related parties such as tenants and suppliers of construction and other services, which are material to conducting business. In view of the significance of these relationships and to reflect the conflict of interest provisions contained in the Corporate Governance Regulations and the Companies' Law, the Company adopted a Related Party Transactions Policy on 06/01/1440H (corresponding to 16/09/2018) to ensure that these relationships are conducted on an arm's length basis and on normal commercial terms. The Board believes that this policy will not only assist the Company in fully complying with its legal obligations with respect to related party transactions, but will promote best practices 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 be 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 directors who do not have an interest in the relevant transaction). This happens 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 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 will enter into "framework agreements" to govern relationships with certain related parties which are material to conducting Company business. The framework agreements are intended to set forth a broad framework for the related parties' relationship, to ensure that transactions entered into between the Company and the Related Party are conducted on an arm's length basis. Framework agreements will not be 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 conducted pursuant to a framework agreement or not, will be subject to the review and approval procedures described above.

Related Party transactions are regulated by relevant Saudi laws and regulations regarding the entering into of such transactions. As noted above, on 06/01/1440H (corresponding to 16/9/2018) the Company's board approved a policy for dealing with Related Parties. In addition, in the case of Lynx Contracting Company "Lynx" (Previously known as "FARE" or "Fawaz Abdulaziz Alhokair & Co.") and Food and Entertainment Company, being the related parties with which the Company undertakes the most material related parties transactions, such transactions are entered into based upon the principles set out in the related framework agreement(s) (please see details below).

Framework Agreements with Related Parties

Leasing Framework Agreement with Fawaz Abdulaziz Alhokair & Co.

On 13 August 2020, the Company entered into a framework agreement ("Leasing Framework Agreement") with Fawaz Abdulaziz Alhokair & Co. which sets forth a broad framework for the parties' relationship to ensure that all tenancy leases for stores in the shopping centres entered into between the Company and Fawaz Abdulaziz Alhokair & Co. are conducted on an arm's length basis.

In particular, the Leasing Framework Agreement includes:

- An agreed set of "rent pricing principles" which may be taken into account when determining the rent for any store in one of the shopping centres;
- An agreed set of parameters for each key term of the leases entered into, including rent escalation, rent free periods and GLA based concessions. These agreed parameters stipulate that certain rent discounts may be granted based on the Company's discount policy; and
- An agreed upon standard lease template which is to be used for new leases entered into, following the execution of the Leasing Framework Agreement.

The parties agree to coordinate their marketing efforts for the benefit of each of the Company's shopping centres, in which Fawaz Abdulaziz Alhokair & Co. is a tenant and the FR brands operating within those shopping centres, provided that each party bears its own cost.

The agreement expires on 16 December 2025 but may be terminated earlier by either party if the other party is in default of a material obligation (which is not remedied within 30 days of a receipt of notice concerning the default) or suffers an insolvency event.

Leasing Framework Agreement with Food and Entertainment Company

On 13 August 2020, the Company entered into a framework agreement ("Leasing Framework Agreement") with Food and Entertainment Company, which sets forth a broad framework for the parties' relationship to ensure that all tenancy leases for stores in the shopping centres entered into between the Company and Food and Entertainment Company are conducted on an arm's length basis.

In particular, the Leasing Framework Agreement includes:

- An agreed set of "rent pricing principles", which may be taken into account when determining the rent for any space in one of the shopping centres;
- An agreed set of parameters for each key term of the leases entered into, including with respect to rent escalation, rent-free periods and GLA-based concessions. In particular, these agreed parameters stipulate that certain rent discounts may be granted based on the Company's discount policy; and
- An agreed standard lease template to be used for new leases entered into, following the execution of the Leasing Framework Agreement.

The parties agree to coordinate their marketing efforts for the benefit of each of the Company's shopping centres in which Food and Entertainment Company is a tenant, provided that each party bears its own cost.

The agreement expires on 12 December 2025 and may be terminated earlier by either party if the other party is in default of a material obligation (which is not remedied within 30 days of a receipt of notice concerning the default) or suffers an insolvency event.

Construction Framework Agreement with Lynx Contracting Company "Lynx" (Previously known as "Fawaz Al Hokair Real Estate Co. or "FARE")

On 12 August 2020, the Company entered into a framework agreement ("Construction Framework Agreement") with Lynx, which sets forth a broad framework for the parties' relationship to ensure that all construction contracts for the development of new shopping centres entered into between the Company and FARE are conducted on an arm's length basis.

The provisions of the construction framework agreement apply to construction contracts entered into following the execution of the agreement ("New Construction Contracts").

In particular, the Construction Framework Agreement:

- Includes an agreed set of parameters for each key term of the new construction contracts entered into, including contractor warranties, contract allocation risk, lump sum pricing, variations to scope, liquidated damages and limitations on liability; and
- Provides that the scope of the service under each new construction contract shall be in the form of a design and build contract, and that the works shall follow an agreed sequence, which includes the appointment of a third party cost consultant to review the contract price to ensure that it is consistent with the market benchmark.

From the date of the Construction Framework Agreement, neither party is bound to deal exclusively with the other such that the Company may appoint other contractors for the development of new shopping centres, and FARE is not restricted from undertaking shopping mall construction projects on behalf of other clients.

The term of the agreement is seven years from the date of execution, and the agreement may be terminated by either party if the other party is in default of a material obligation (which is not remedied within 30 days of a receipt of notice concerning the default) or suffers an insolvency event.

Framework lease agreements with other related parties

On August 13, 2020, the Company entered into 17 framework agreements ("Framework Lease Agreement") with other related companies, setting a broad framework for the relationship of the parties to ensure that all rental contracts between the Company and the related companies were concluded on a purely commercial basis. The footnotes of the table appearing in the following paragraph "Summary of transactions with related parties" shows the related companies with which ACC signed a framework agreement.

Summary of Transactions with Related Parties

A summary of the related parties with whom the Company conducts business together with a description of the relationship, and a confirmation of whether a framework agreement will be entered into, is set out below:

Entity	Nature of Transactions with the Company	Aggregate Value of Dealings as of 31 March 2021	Nature of Related Party Relationship
Fawaz Abdulaziz Al Hokair Company and its subsidiaries (i)	Fawaz Abdulaziz Al Hokair Company is one of the Group's Key Account Tenants and leases stores in various of the Company's malls.	359,963,174	Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect controlling shareholders.
Saudi FAS Holding Company	Renting of office space	3,449,751	Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are direct controlling shareholders.
FAS Holding Company for Hotels and its subsidiaries (ii)	FAS Holding Company for Hotels is a subsidiary of the Company's parent Saudi FAS Holding Company. FAS Hotels settled SR 131.3 million by transferring lands and a building to the Company.	131,340,000	Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect controlling shareholders.
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries (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.	21,395,241	Owned by a relative of the controlling shareholders.
Lynx Contracting Company (formerly known as Fawaz Abdulaziz Al Hokair & Partners Real Estate Company) (iv)	Currently, the Company exclusively relies on FARE for the construction of its shopping malls.	370,293,611	Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect controlling shareholders.
Tadaris Al Najd Security Company (v)	TNS provides security services to all of the Company's shopping malls.	67,766,094	Salman Abdulaziz Alhokair, as a director of the Company, is the direct sole shareholder.
Majd Al Amal Co. Limited and its associates (vi)	Leases spaces in several of the Company's shopping malls. The term of the leases range from 3 to 7 years.	23,842,530	Owned by relatives of the controlling shareholders.
Salman & Sons Holding Co and its associates (vii)	Leases spaces in several of the Company's shopping malls mainly for entertainment purposes.	33,433,898	Owned by relatives of the controlling shareholders.
Ezdihar Holding Co and its subsidiaries (viii)	Leases spaces in several of the Company's shopping malls mainly for trading purposes.	36,845,540	Owned by relatives of the controlling shareholders.
Others (ix)		5,834,529	

(i) 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.

(ii) FAS Holding Company for Hotels is a subsidiary of the Company's parent Saudi FAS Holding Company where no framework agreement is signed with the 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 titles 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) Abdul Mohsin Al Hokair Group for Tourism and Development leases space for indoor and outdoor family entertainment centres in the Group's shopping malls where no framework agreement is signed with the Company. 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) 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).

(v) 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. The Company is party to a framework agreement with TNS to ensure all contracts and services were concluded on a purely commercial basis.

(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 (framework agreement in place), Wealth Company Limited, Almuzn Foods and Sarya Al Majd Co. where no framework agreements are signed between these companies and the Company.

(vii) 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:

a. 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. No framework agreement is signed with the Company.
b. 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. The Company is party to a framework agreement with Kids Space Company to ensure all lease contracts were concluded on a purely commercial basis.
c. 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. No framework agreements are signed between these companies and the Company.
d. Skills Innovative Games leases space for entertainment venues in Yasmeen Mall Jeddah. The term of the lease is approximately 10 years. The Company is party to a framework agreement with Skills Innovative Games to ensure all lease contracts were concluded on a purely commercial basis.

(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:

a. Next Generation Company Limited currently leases cinemas and space planned for cinemas in the Company's shopping malls. The Company is party to a framework agreement with Next Generation Company Limited to ensure all lease contracts were concluded on a purely commercial basis.
b. Ezdihar Sports Co. leases space for a fitness centres in U-Walk. The term of the lease range is approximately 10 years. The Company is party to a framework agreement with Ezdihar Sports Co. to ensure all lease contracts were concluded on a purely commercial basis.

(ix) Others mainly include transactions with Etqan Facilities Management, FAS Technologist Trading Company, Coffee Centres Company Limited, Nail Place Trading Est and Food and Entertainment company Limited where framework agreements are in place with these companies. Others also include Echo Design Consultant and Fahad Abdulaziz Al Hokair Trading EST where no framework agreements are in place.

The following transactions took place with the ultimate parent company and board of director members (as disclosed in notes to F/S for the year ended on 31 March 2021):

Description	SAR
Saudi FAS Holding Company - Ultimate Parent Company	
Transfer of Zakat payable	(20,319,528)
Board of Directors	
Board of Directors expenses	4,095,000

Summary of Account Balances with Related Parties:

Entity	Balances as of 31 March 2021
Saudi FAS Holding Company	--
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	81,369,641
FAS Holding Company for Hotels and its subsidiaries	218,982,570
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	28,947,242
Lynx Contracting Company (formerly known as Fawaz Abdulaziz Al Hokair & Partners Real Estate Company)	582,469,359
Tadaris Al Najd Security Company	8,825,690
Majd Al Amal Co. Limited and its associates	8,855,548
Salman & Sons Holding Co and its associates	23,588,248
Ezdihar Holding Co and its subsidiaries	6,741,667
Others, net	1,973,038

12. Conflict of Interest

Neither the Company's bylaws nor any of the Company's internal regulations and policies grant any director the power to vote on any contract or proposal in which he has a direct or indirect interest, in accordance with Article 71 of the Companies' Law which states that a Member of the Board of Directors should not have any interest, whether directly or indirectly, in the transactions or contracts made for the account of the company, except with an authorization from the Ordinary General Assembly.

Pursuant to Article 71 of the Companies' Law, a member must inform the Board of Directors of any interest he may have in the transactions or contracts made for the account of the Company. The Chairman of the Board of Directors shall inform the Ordinary General Assembly, when it convenes, of the transactions and contracts in which any member has an interest. Such communication shall be accompanied by a special report from the auditor. Such declaration must be recorded in the minutes of the Board meeting, and the interested member shall not participate in voting on the resolution to be adopted in this respect.

Based on the foregoing, the directors undertake to comply with the following:

- Complying with the provisions of Articles 71, 72, 73, 74 and 75 of the Companies' Law and Articles 44 and 46 of the Corporate Governance Regulations.
- Refraining from voting on General Assembly resolutions pertaining to contracts entered into with the Company where the director has a direct or indirect interest in such contract.
- Avoiding participating in any business that competes with that of the Company, unless such member has authorization from the Ordinary General Assembly.
- All related party transactions will be made on an arm's length basis in accordance with the terms of the Related Party Transactions Policy.

As of the date hereof, none of the members of the Board of Directors, senior executives or current shareholders are party to any agreement, arrangement or understanding under which they are subject to any non-compete or similar obligation with respect to the business of the Company.

Given the scope of the voting restrictions applicable to the General Assembly approvals pursuant to Article 46 of the Corporate Governance Regulations, which the Company has interpreted broadly as noted above, no shareholders would be permitted to vote on the relevant resolution at the General Assembly. Accordingly, General Assembly approval to approve the participation of directors in competing businesses will be sought at the first General Assembly following completion of the IPO.

13. Loans

In November 2019, the Group entered into a long-term Islamic facility arrangement amounting to SR 5,250 million (equivalent to 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 of reporting date. However, this new facility has been used to settle in full the previous facility completed in April 2018.

Movement in the long-term loans is as follows:

Item	31-Mar-21 (Saudi Riyal)
Balance at the beginning of the year	5,249,993,272
Repayment during the year	(45,000,000)
Less: unamortized transaction costs	(61,815,290)
Balance at the end of the year	5,143,177,982
Less: current portion of long-term loans	(119,375,000)
Non-current portion of long-term loans	5,023,802,982

14. Outstanding Statutory Payments

Government Party	Actual Payments for the Fiscal Year ended on 31 March		Accruals for the Fiscal Year ended on 31 March	
	2021	2020	2021	2020
Zakat and Value Added Tax (VAT)	68,669,930	123,149,913	33,234,312	84,200,521
GOSI	9,558,331	9,201,318	1,109,226	999,339
Passports and visas	3,125,563	352,599	-	-
Baldiya	2,054,174	2,946,361	-	-
Chamber of Commerce	760,832	1,097,966	-	-
Total	84,168,830	136,748,157	34,343,538	85,199,860

15. Zakat, Taxes and Fees

Status of Zakat Assessments

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.

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.

Movements in Zakat Provision During the Year

The movement in the provision for zakat is as follows:

Item	31-Mar-21 (Saudi Riyal)	31-Mar-20 (Saudi Riyal)
Balance at beginning of the year	78,524,952	82,457,716
Excess provision reversed	(38,641,266)	-
Provision for the year	25,000,000	20,290,170
	(13,641,266)	20,290,170
Transferred to Ultimate Parent Company	(20,319,528)	(18,345,202)
Paid during the year	(20,285,625)	(5,877,732)
Balance at end of the year	24,278,533	78,524,952

16. Dividends

Dividends Distribution Policy

After deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

- 10% of the net profit shall be set aside to form a statutory reserve, and the Ordinary General Assembly may discontinue said deductions when the statutory reserve amounts to 30% of the Company's share capital.
- The Ordinary General Assembly may, upon request of the Board of Directors, set aside a percentage of the annual net profits to form an additional reserve, to be allocated towards one or more specific purposes.
- The Ordinary General Assembly may resolve to set aside other reserves, to the extent that doing so serves the interest of the Company or ensures the distribution of as stable a dividend as possible to shareholders. Said assembly may also deduct amounts from the net profits for the establishment of social institutions for the Company's employees, or to help existing institutions.
- Out of the balance of the net profits, shareholders shall be paid an initial payment amounting to 5% of the Company's paid-up capital.
- Without prejudice to the provisions of Article 21 hereof and Article 76 of the Companies' Law, no more than 5% of the remainder shall be allocated to remunerate the directors, provided that the remuneration is commensurate with the respective number of sessions attended by each member.
- The remainder shall then be distributed to shareholders as an additional share of profits or deferred to the following years as approved by the General Assembly.
- The Board of Directors may resolve to distribute periodic dividends deducted from the annual profits specified in paragraph (4) of this article in accordance with the rules governing said distribution as issued by the competent authorities.

Dividends Distribution during the year:

Item	Amount (Saudi Riyal)
Retained earnings as of 1 April 2020	326,282,581
Add:	
Profit for the year ended on 31 March 2021	486,659,016
Transfer from other reserves to retained earnings	31,154,273
Minus:	
Transfer to statutory reserve	(48,665,902)
Dividends	(475,000,000)
Retained earnings as of 31 March 2021	320,429,968

17. Investments and Reserves Made to the Benefit of Employees

There are no investments or reserves created for the benefit of employees other than those determined according to the labor system in the Kingdom.

18. Fines and Penalties

No penalties have been imposed on the Company by the Capital Market Authority during the fiscal year 2021 (financial period from 1 April 2020 to 31 March 2021).

19. Shareholders Register Applications

The below table summarizes the number and dates of Shareholders Register applications requested by the Company and the reasons for that during the fiscal year ended on 31 March 2021:

No.	Date	Reason
1	01-05-2020	Company's procedures
2	01-06-2020	Company's procedures
3	01-07-2020	Company's procedures
4	20-07-2020	Dividend Distribution related to 2nd half of FY2020.
5	30-09-2020	Shareholders General Assembly
6	01-11-2020	Company's procedures
7	01-01-2021	Dividend Distribution related to 1st half of FY2021.
8	02-03-2021	Company's procedures

20. Major Shareholders List

Below are the major shareholders list of the Company, and movements during the fiscal year 2021, and a description of any interest in a class of voting shares held by persons (other than the Company's directors, senior executives and their relatives) who have notified the Company of their holdings, together with any change to such interests during the last fiscal year:

No.	Name	Shares at the Beginning of the Year	Ownership at the Beginning of the Year	Shares at the End of the Year	Ownership at the End of the Year	Change	% Change
1	FAS Real Estate Co.	197,382,322	41.55%	197,382,322	41.55%	0	0.00%
2	Dr. Abdulmajid Abdulaziz Al Hokair	38,000,000	8.00%	38,000,000	8.00%	0	0.00%
3	Mr. Fawaz Abdulaziz Al Hokair	38,000,000	8.00%	38,000,000	8.00%	0	0.00%
4	Eng. Salman Abdulaziz Al Hokair	38,000,000	8.00%	38,000,000	8.00%	0	0.00%
5	Al Farida Al Oula Co.	19,000,000	4.00%	10,300,000	2.16%	(8,700,000)	(45.50%)
6	Al Farida Al Thaniah Co.	19,000,000	4.00%	19,000,000	4.00%	0	0.00%
7	Al Farida Al Thalitha Co.	19,000,000	4.00%	19,000,000	4.00%	0	0.00%
8	SAAF Al Alamiya Co.	11,400,000	2.40%	11,400,000	2.40%	0	0.00%
	Total	379,782,322	80%	371,082,322	78%	(8,700,000)	(1.84%)

Declaration: Regarding the declaration of movements in major shareholders' ownership in accordance with listing rules, the Company confirms that it has not received any written notification during the fiscal year ended on 31 March 2021 from any of its major shareholders indicating any changes or movement in their ownership percentages. The disclosed information is based on the Saudi Stock Exchange (Tadawul) records on 31 March 2021.

21. Board of Directors Declarations

1) No third party has carried out an assessment of the performance of the Board of Directors and performance of its Committees. However, the Board of Directors conducted a self-evaluation of the board and committees' performance, and results were compiled, analyzed, shared, and discussed at the board level with areas of improvement prioritized for immediate action.
2) There is no conflict between the recommendations of the Audit Committee and the Board resolutions regarding appointing or dismissing the Company's External Auditor, or determining its remuneration, assessing its performance and independence or appointing the Internal Auditor.
3) There are no interests in any class of voting shares for anyone (except to the Board members and senior executives and their relatives) who have notified the Company with these interests, and any changes in these rights during the last fiscal year.
4) No convertible debt instruments, contractual securities, subscription right notes or similar rights were issued/granted by the Company during the financial year.
5) No conversion or subscription rights under any convertible debt instruments, contractual securities, subscription right notes or similar rights were issued or granted by the Company.
6) There was no redemption, purchase or cancellation by the Company of any redeemable debt instruments.
7) No shareholder of the Company has waived any rights to dividends.
8) No investments or reserves were made or set up for the benefit of the employees of the Company.
9) The auditor's report does not contain any reservation about the approved annual financial statements.
10) The Board of Directors did not recommend replacing the external auditor before the end of their term.
11) There are no treasury shares retained by the Company.
12) There is no inconsistency with the standards approved by the Saudi Organization for Certified Public Accountants.
13) The Board of Directors declares the following:

    a) Proper books of accounts have been maintained.
    b) The system of internal control is sound in design and has been effectively implemented.
    c) There are no significant doubts concerning the Company's ability to continue as a going concern.

Financial Statements

Independent Auditor's Report

KPMG

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Headquarter

Commercial Registration No 1010425494

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent Auditor's Report

To the Shareholders of Arabian Centres Company

Opinion

We have audited the consolidated financial statements of Arabian Centres Company ("the Company") (and its subsidiaries) (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 March 2021, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Revenue recognition

See Note 7 and 25 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
During the year ended 31 March 2021, the Group recognized total revenue of SAR 1.86 billion (31 March 2020: SAR 2.20 billion). The Group revenue mainly consists of rental income from lease contracts. Revenue recognition is considered a key audit matter since revenue is a key measure of the Group's performance and there is a risk that revenue may be overstated resulting from the pressure management may feel to achieve performance targets, especially in the current pandemic situation, and may recognize revenue through unauthorized amendments to key terms of lease contracts, ignore discounts offered to customers or accelerate recognition of revenue through accrual in the incorrect period by adjusting the system configuration.	Our audit procedures, included among others: – Assessing the Group accounting policies by considering the requirements of the relevant accounting standards; – Assessing the design and implementation, and testing the operating effectiveness of both manual and automated controls over: o The accuracy and validity of the input of key terms of the contract o Tenant's acknowledgement to the amendments of lease contracts; and o Recognition of revenue accurately over the term of the lease contracts. – Evaluating key contractual arrangements including rental discounts by considering relevant documentation and agreements with the customers; – Testing revenue recognized during the year in respect of a sample of lease contracts to assess whether revenue recognized under these contracts complies with Group's revenue recognition and terms of the lease contracts; – Obtaining, on a sample basis, accounts receivable balance confirmations from the Group's tenants and investigating any discrepancies; – Testing manual journal entries posted to the revenue accounts to identify any unusual items; – Performing cut off procedures to assess that revenue was recognised in the correct period; and – Evaluating the disclosures included in the consolidated financial statements.

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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.

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Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Arabian Centres Company ("the Company") and its subsidiaries ("the Group").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services

Hani Hamzah A. Bedairi
License No: 460

Al Riyadh, 13 Dhul Qi'dah 1442 H
Corresponding to: 23 June 2021

Lic No. 46
C.R. 1010425494
R : 1
KPMG
KPMG Professional Services

Consolidated Statement of Financial Position

As at 31 March 2021

All amounts are presented in Saudi Riyals unless otherwise stated.

	Notes	31-March 2021	31-March 2020
Assets			
Investment properties	8	11,967,476,773	11,356,912,845
Right-of-use assets	9A	3,121,596,866	3,561,974,788
Property and equipment	10	75,546,196	91,474,811
Advances to a contractor	14C	582,469,359	614,438,352
Accrued revenue – non-current portion	23(ii)	341,395,259	99,835,361
Equity-accounted investment	11	--	53,079,928
Other non-current assets	15	22,500,000	--
Other investments	12	5,975,840	104,463,375
Non-current assets		**16,116,960,293**	**15,882,179,460**
Accrued revenue	23(ii)	170,697,630	69,362,957
Accounts receivable	13	247,870,806	234,254,125
Amounts due from related parties	14B	379,445,963	591,222,957
Prepayments and other assets	15	99,459,039	138,790,964
Cash and cash equivalents	16	635,669,921	1,045,680,193
		1,533,143,359	**2,079,311,196**
Assets held for sale	10	4,674,647	--
Current assets		**1,537,818,006**	**2,079,311,196**
Total assets		**17,654,778,299**	**17,961,490,656**
Equity			
Share capital	17	4,750,000,000	4,750,000,000
Share premium	17	411,725,703	411,725,703
Statutory reserve	18	561,758,636	513,092,734
Other reserves	18	7,184,631	(18,103,542)
Retained earnings		320,429,968	326,282,581
Equity attributable to the shareholders of the Company		**6,051,098,938**	**5,982,997,476**
Non-controlling interest		**1,319,575**	**1,258,156**
Total equity		**6,052,418,513**	**5,984,255,632**
Liabilities			
Loans and borrowings	20	6,861,285,252	6,970,743,077
Lease liabilities	9B	3,523,411,045	3,899,162,750
Employee benefits	21	21,673,040	30,370,714
Other non-current liabilities	22	69,448,668	52,729,339
Non-current liabilities		**10,475,818,005**	**10,953,005,880**
Loans and borrowings	20	119,375,000	45,000,000
Lease liabilities – current portion	9B	337,122,007	338,065,081
Accounts payable and other liabilities	22	405,102,129	381,514,197
Amount due to related parties	14B	162,319	3,899,682
Unearned revenue	23(i)	240,501,793	177,225,232
Zakat liabilities	24	24,278,533	78,524,952
Current liabilities		**1,126,541,781**	**1,024,229,144**
Total liabilities		**11,602,359,786**	**11,977,235,024**
Total equity and liabilities		**17,654,778,299**	**17,961,490,656**

The attached notes from 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 11 Dhul Qa'dah 1442H (21 June 2021) and signed on its behalf by:

Waleed Khalid Al-Rebdi	Faisal Abdullah Al-Jedaie	Fawaz Abdulaziz Al-Hokair
Chief Financial Officer	Chief Executive Officer	Chairman

Consolidated Statement of Profit or Loss

For the year ended 31 March 2021

All amounts are presented in Saudi Riyals unless otherwise stated.

	Notes	31-March 2021	31-March 2020
Revenue	25	1,856,358,833	2,197,315,187
Cost of revenue			
- Direct costs	26	(315,243,141)	(316,594,593)
- Depreciation of right-of-use assets	9C	(206,324,134)	(155,864,844)
- Depreciation of investment properties	8	(311,653,382)	(286,418,176)
Gross profit		**1,023,138,176**	**1,438,437,574**
Other operating income	27A	145,616,338	12,678,935
Advertisement and promotion expenses	27B	(20,275,126)	(12,946,592)
General and administrative expenses	27C	(191,488,397)	(182,674,510)
Impairment loss on accounts receivable and accrued revenue rentals	13	(138,363,175)	(119,264,999)
Other operating expense	27D	(2,070,338)	(3,376,868)
Operating profit		**816,557,478**	**1,132,853,540**
Finance costs over loans and borrowings	27E	(172,892,445)	(351,259,733)
Finance costs over lease liabilities	9B	(172,238,307)	(134,543,493)
Net finance costs		**(345,130,752)**	**(485,803,226)**
Share from profit of equity-accounted investee	11	1,652,443	15,841,207
Profit before zakat		473,079,169	662,891,521
Zakat reversal / (charge)	24A	13,641,266	(20,290,170)
Profit for the year		**486,720,435**	**642,601,351**
Profit for the year is attributable to:			
- Shareholders of the Company		486,659,016	633,934,247
- **Non-controlling interest**		61,419	8,667,104
		486,720,435	642,601,351
Earnings per share			
Basic and diluted earnings per share	28	**1.02**	**1.35**

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Waleed Khalid Al-Rebdi	Faisal Abdullah Al-Jedaie	Fawaz Abdulaziz Al-Hokair
Chief Financial Officer	Chief Executive Officer	Chairman

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2021

All amounts are presented in Saudi Riyals unless otherwise stated.

	Notes	31-March 2021	31-March 2020
Profit for the year		**486,720,435**	**642,601,351**
Other comprehensive income/ (loss)			
Items that are or may be reclassified subsequently to consolidated statement of profit or loss:			
- Cash flow hedges – effective portion of change in fair value	30B	(1,082,698)	--
Items that will not be reclassified to consolidated statement of profit or loss:			
- Re-measurements of defined benefit liability	21A	3,069,871	3,969,458
- Other investments at FVOCI – net change in fair value	12	54,455,273	(3,801,000)
Total comprehensive income for the year		**543,162,881**	**642,769,809**
Total comprehensive income for the year attributable to:			
- Shareholders of the Company		543,101,462	634,102,705
- Non-controlling interests		61,419	8,667,104
		543,162,881	**642,769,809**

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Waleed Khalid Al-Rebdi	Faisal Abdullah Al-Jedaie	Fawaz Abdulaziz Al-Hokair
Chief Financial Officer	Chief Executive Officer	Chairman

Consolidated statement of changes in equity

For the year ended 31 March 2021

All amounts are presented in Saudi Riyals unless otherwise stated.

	Notes	Attributable to shareholders of the Company						Non-Controlling interest	Total equity
		Share capital	Share premium	Statutory reserve	Other reserves	Retained earnings	Total		
Balance at 1 April 2019		4,450,000,000	--	449,699,309	(18,272,000)	183,241,759	5,064,669,068	91,052	5,064,760,120
Total comprehensive income for the year									
Profit for the year		--	--	--	--	633,934,247	633,934,247	8,667,104	642,601,351
Other comprehensive income		--	--	--	168,458	--	168,458	--	168,458
Total comprehensive income for the year		**--**	**--**	**--**	**168,458**	**633,934,247**	**634,102,705**	**8,667,104**	**642,769,809**
Changes in ownership interests									
Issue of shares	17	300,000,000	411,725,703	--	--	--	711,725,703	--	711,725,703
		300,000,000	**411,725,703**	**--**	**--**	**--**	**711,725,703**	**--**	**711,725,703**
Transactions with shareholders of the company									
Transfers to statutory reserve		--	--	63,393,425	--	(63,393,425)	--	--	--
Dividends	19	--	--	--	--	(427,500,000)	(427,500,000)	(7,500,000)	(435,000,000)
		--	--	**63,393,425**	--	**(490,893,425)**	**(427,500,000)**	**(7,500,000)**	**(435,000,000)**
Balance at 31 March 2020		4,750,000,000	411,725,703	513,092,734	(18,103,542)	326,282,581	5,982,997,476	1,258,156	5,984,255,632
Balance at 1 April 2020		**4,750,000,000**	**411,725,703**	**513,092,734**	**(18,103,542)**	**326,282,581**	**5,982,997,476**	**1,258,156**	**5,984,255,632**
Total comprehensive income for the year									
Profit for the year		--	--	--	--	486,659,016	486,659,016	61,419	486,720,435
Other comprehensive income		--	--	--	56,442,446	--	56,442,446	--	56,442,446
Total comprehensive income for the year		--	--	--	**56,442,446**	**486,659,016**	**543,101,462**	**61,419**	**543,162,881**
Transfers to retained earnings	12(ii)	--	--	--	(31,154,273)	31,154,273	--	--	--
Transfers to statutory reserve		--	--	48,665,902	--	(48,665,902)	--	--	--
Transactions with shareholders of the company									
Dividends	19	--	--	--	--	(475,000,000)	(475,000,000)	--	(475,000,000)
		--	--	--	--	(475,000,000)	(475,000,000)	--	(475,000,000)
Balance at 31 March 2021		**4,750,000,000**	**411,725,703**	**561,758,636**	**7,184,631**	**320,429,968**	**6,051,098,938**	**1,319,575**	**6,052,418,513**

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Waleed Khalid Al-Rebdi
Chief Financial Officer

Faisal Abdullah Al-Jedaie
Chief Executive Officer

Fawaz Abdulaziz Al-Hokair
Chairman

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

All amounts are presented in Saudi Riyals unless otherwise stated.

	Notes	31-March 2021	31-March 2020
Cash flows from operating activities:			
Profit before Zakat		473,079,169	662,891,521
Adjustments for:			
- Depreciation on investment properties	8	311,653,382	286,418,176
- Depreciation on property and equipment	10	26,816,191	30,784,955
- Depreciation on right-of-use assets	9A	210,091,177	159,631,890
- Impairment loss on accounts receivable and accrued revenue rentals	13	138,363,175	119,264,999
- Provision for employee benefits	21	7,248,891	7,164,937
- Finance cost over loans and borrowings	27E	172,892,445	351,259,733
- Finance cost over lease liabilities	9B	172,238,307	134,543,493
- Discount on lease rentals	9B	(76,703,029)	(370,000)
- Share from profit of equity-accounted investee	11	(1,652,443)	(15,841,207)
- Gain from sale of equity-accounted investee	27A	(42,767,629)	--
- Impairment on advances to suppliers	27D	--	2,822,235
- Change in fair value of other investments	12	288,535	444,388
		1,391,548,171	**1,739,015,120**
Changes in:			
- Accounts receivable		(151,979,856)	(54,273,978)
- Amounts due from related parties, net		75,108,333	(137,101,460)
- Prepayments and other current assets		(19,681,191)	(91,050,374)
- Accounts payable and other liabilities		51,809,077	(70,346,637)
- Accrued revenue		(342,894,566)	(78,624,688)
- Unearned revenue		63,276,561	(128,280,829)
Cash generated from operating activities		**1,067,186,529**	**1,179,337,154**
Employee benefits paid	21	(12,876,694)	(4,568,935)
Zakat paid	24	(20,285,625)	(5,877,732)
Net cash from operating activities		**1,034,024,210**	**1,168,890,487**
Cash flows from investing activities:			
Additions to investment properties, net	8	(220,381,610)	(116,925,849)
Acquisition of property and equipment	10	(15,562,223)	(7,485,877)
Proceeds from disposal of equity accounted investee	11	97,500,000	--
Dividend received from equity accounted investee	11	--	5,000,000
Proceeds from disposal of other investments	12	152,654,273	--
Advances to a contractor, related party		(357,034,885)	(343,943,774)
Net cash used in investing activities		**(342,824,445)**	**(463,355,500)**

Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2021

All amounts are presented in Saudi Riyals unless otherwise stated.

	Notes	31-March 2021	31-March 2020
Cash flows from financing activities:			
Proceeds from loans and borrowings	20	--	7,243,625,202
Repayments of loans and borrowings	20	(45,000,000)	(6,932,826,693)
Transaction costs paid during the year	20	(8,659,934)	(114,671,202)
Payment of finance costs over loans and borrowings	22	(292,694,175)	(384,093,476)
Repayments of lease liabilities	9B	(279,855,928)	(282,059,608)
Proceeds from initial public offering	17	--	780,000,000
Dividends paid	19	(475,000,000)	(427,500,000)
Net cash used in financing activities		**(1,101,210,037)**	**(117,525,777)**
Net (decrease) / increase in cash and cash equivalents		(410,010,272)	588,009,210
Cash and cash equivalents at the beginning of year		1,045,680,193	457,670,983
Cash and cash equivalents at end of the year	16	**635,669,921**	**1,045,680,193**
Significant non-cash transactions:			
Investment properties transferred from Saudi FAS Hotels to Arabian Centres Company	8A	131,340,000	--
- Capitalized finance cost for project under construction	22	123,428,143	55,858,564
Instead of apitalized 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	--
Instead of 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
Instead of Accruals and other current liabilities reclassified to right-of-use assets"		--	808,475
- Initial public offering transaction costs	17	--	68,274,297

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Waleed Khalid Al-Rebdi	Faisal Abdullah Al-Jedaie	Fawaz Abdulaziz Al-Hokair
Chief Financial Officer	Chief Executive Officer	Chairman

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

All amounts are presented in Saudi Riyals unless otherwise stated.

1. Reporting entity

Arabian Centres Company ("the Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia ("KSA") under commercial registration numbered 1010209177 and dated 7 Rabi Thani 1426H (corresponding to 15 May 2005). The registered office is located at Nakheel District, P.O. Box 341904, Riyadh 11333, KSA.

The Company was formed on 7 Rabi Thani 1426H (corresponding to 15 May 2005) as Limited Liability Company. On 8 Muhurram 1439H (corresponding to 28 September 2017) legal status of the Company had changed from a Limited Liability Company to a Saudi Closed Joint Stock Company.

On 22 May 2019, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Stock Exchange ("Tadawul"). In connection with IPO, the Company has issued 95 million of its ordinary shares for a cash payment and the legal status of the Company changed from Saudi Closed Joint Stock Company to Saudi Joint Stock Company.

The Company and its subsidiaries' (collectively referred to as "the Group") principal business objectives are to purchase lands, build, develop and invest in buildings, sell or lease of buildings and the construction of commercial buildings including demolition, repair, excavation and maintenance works. It also includes maintenance and operation of commercial centres, tourist resorts, hotels and restaurants, managing and operating temporary and permanent exhibitions, compounds and hospitals.

Following is the list of subsidiaries included in these consolidated financial statements as of 31 March 2021 and 31 March 2020:

No	Subsidiaries	Country of incorporation	Direct ownership interest held by the Group as at: 31-March-21	Direct ownership interest held by the Group as at: 31-March-20	Indirect ownership interest held by the Group as at: 31-March-21	Indirect ownership interest held by the Group as at: 31-March-20	Share Capital (SR)	Number of shares issued
1	Riyadh Centres Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
2	Al Bawarij International for Development & Real Estate Investment Company	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
3	Al Makarem International for Real Estate Development Company	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
4	Oyoun Al Raed Mall Trading	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
5	Oyoun Al Basateen Company for Trading	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
6	Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin AlHokair and Company	Kingdom of Saudi Arabia	50%	50%	--	--	500,000	500
7	Yarmouk Mall Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
8	Al Erth Al Matin Trading Company	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
9	Arkan Salam for Real Estate and Contracting Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	1,000,000	1,000
10	Mall of Arabia Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
11	Aziz Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
12	Dhahran Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
13	Al Noor Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
14	Al Yasmeen Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
15	Al Dammam Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
16	Al Malaz Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
17	Al Hamra Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
18	Al Erth Al Rasekh Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100

During the year ended 31 March 2021, the Group has signed a Sale Purchase agreement to acquire 39,253 (25.5%) ordinary shares of Vogacloset Limited, UK (an e-commerce Company) for a total consideration of SR 68,856,933. As at 31 March 2021, the necessary legal formalities for transfer of ownership including the regulatory approvals have not completed. The investment in Vogacloset will be accounted for as an associate once the legal formalities and necessary approvals are obtained.

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.

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.

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.

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.

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.

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.

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.

D. Investment properties

Investment property comprises completed property and property under construction or redevelopment that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for administrative functions.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer charges, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the costs of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment in value. Land and projects under construction are not depreciated.

Expenditure for repairs and maintenance are charged to consolidated statement of profit or loss as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalized.

Class of assets	Number of years
Building: Electrical components	25 years
Building: Mechanical components	15 years
Building: Firefighting system	30 years
Building: Conveying system	20 years
Building	50 years
Building on leasehold land: Mechanical components	15 – 25 years (Shorter of economic life or lease term)
Building on leasehold land	4 – 50 years (Shorter of economic life or lease term)

Transfers are made to/from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to date the date of change in use.

Investment properties is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefits is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of profit or loss in the period of de-recognition.

E. Property and equipment

Property and equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Expenditures on repairs and maintenance are expensed to the consolidated statement of profit or loss in the period they are incurred. Subsequent expenditures that increase the value or materially extend the life of the related assets are capitalized. Leaseholds improvements are amortized on a straight-line basis over the shorter of the useful life of the improvement and the term of the lease.

Depreciation is calculated from the date the item of property and equipment is available for its intended use. It is calculated on a straight-line basis over the useful life of the asset as follows:

Class of asset	Number of years
Tools and equipment	4 – 8 years
Furniture and fixtures	4 – 10 years
Vehicles	4 years
Leasehold improvements	5 – 6 years (Shorter of economic life or lease term)

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.

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 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.

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.

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.

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.

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.

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.

P. Employee benefits and post-employment benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare and child education allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

ii. End-of-services benefits obligation

The Group end of service benefits qualifies as a defined benefit plan. The liability recognized in the consolidated statement of financial position is the Defined Benefit Obligation (DBO) at the reporting date.

DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For instances where there is no deep market in such bonds, the market rates on government bonds are used. The discount rate is based on government bond yields in KSA.

The net interest cost is calculated by applying the discount rate to the net balance of the DBO. This cost is included in employees' salaries and other benefits expense in the consolidated statement of profit or loss.

Re-measurement gains and losses arising from changes in actuarial assumptions are recognized in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of profit or loss as past service costs.

The actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labor and Workmen Law as well as the Group's policy.

Q. Zakat

Zakat is provided in accordance with the Regulations of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia on an accrual basis. The zakat expense is charged to the consolidated statement of profit or loss. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

In calculating the zakat expense for the current year, the Group has adjusted its profit ad applied certain deductions to its zakat base used to calculate the zakat expenses. However, the zakat legislations of the Zakat, Tax and Customs Authority in relation to those assessments and deductions are not clear. The Group's management made its best estimates for those assumptions based on industry practice and historical experience.

R. Dividends

The Company recognizes a liability to make dividend distribution to the shareholders of the Company when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the applicable relevant Regulations of Saudi Arabia, a distribution is authorized when it is approved by the shareholders or when interim dividends are approved by the Board of Directors. A corresponding amount is recognized directly in equity.

S. Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19-related rent concessions

The Group has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

As a lessor

The Group leases out its investment property. The Group has classified these leases as operating leases. Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over
the lease term. The Group has applied IFRS 15 "Revenue from Contracts with Customers" to allocate consideration in the contract to each lease and non-lease component.

T. Segment reporting

An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses.
- results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- for which discrete financial information is available.

Management considers the operations of the Group as a whole as one operating segment as all subsidiaries engage in similar business activities.

A geographical segment is a Group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. All of the Group's operation are conducted in KSA hence only one geographic segment has been identified.

8. Investment properties

A. Reconciliation of carrying amount

		Buildings on freehold land						Buildings on leasehold land (ii)				
	Land	Building component	Electrical components	Mechanical components	Firefighting system	Conveying system	Total Buildings	Building component	Mechanical components	Total Buildings on leasehold	Under construction (i)	Total
Cost:												
Balance at 1 April 2019	4,771,814,409	2,005,520,213	398,242,199	277,242,534	65,758,729	57,934,696	2,804,698,371	2,948,439,991	185,916,101	3,134,356,092	2,204,725,537	12,915,594,409
Additions	--	3,237,849	6,255,208	11,573,552	--	468,833	21,535,442	49,697,641	--	49,697,641	588,249,473	659,482,556
Transfers	--	436,057,695	--	--	--	--	436,057,695	418,652,966	--	418,652,966	(854,710,661)	--
Balance at 31 March 2020	**4,771,814,409**	**2,444,815,757**	**404,497,407**	**288,816,086**	**65,758,729**	**58,403,529**	**3,262,291,508**	**3,416,790,598**	**185,916,101**	**3,602,706,699**	**1,938,264,349**	**13,575,076,965**
Additions	14,468,583	28,991,328	199,235	3,748,138	250,140	693,500	33,882,341	72,907,329	2,794,545	75,701,874	666,824,512	790,877,310
Transfer from related party (iii)	81,165,000	50,175,000	--	--	--	--	50,175,000	--	--	--	--	131,340,000
Transfers	--	50,924,672	2,779,302	13,346,350	402,282	--	67,452,606	375,107,944	17,915,702	393,023,646	(460,476,252)	--
Balance at 31 March 2021	**4,867,447,992**	**2,574,906,757**	**407,475,944**	**305,910,574**	**66,411,151**	**59,097,029**	**3,413,801,455**	**3,864,805,871**	**206,626,348**	**4,071,432,219**	**2,144,612,609**	**14,497,294,275**
Accumulated depreciation and impairment losses:												
Balance at 1 April 2019	--	343,890,435	131,109,737	169,654,838	22,965,321	28,327,941	695,948,272	1,139,645,632	96,152,040	1,235,797,672	--	1,931,745,944
Charge for the year	--	60,222,476	16,178,920	19,253,792	2,262,311	2,923,720	100,841,219	172,566,981	13,009,976	185,576,957	--	286,418,176
Balance at 31 March 2020	--	**404,112,911**	**147,288,657**	**188,908,630**	**25,227,632**	**31,251,661**	**796,789,491**	**1,312,212,613**	**109,162,016**	**1,421,374,629**	--	**2,218,164,120**
Charge for the year	--	**49,489,015**	**20,590,426**	**23,671,054**	**2,719,634**	**3,355,004**	**99,825,133**	**198,093,998**	**13,734,251**	**211,828,249**		**311,653,382**
Balance at 31 March 2021	--	**453,601,926**	**167,879,083**	**212,579,684**	**27,947,266**	**34,606,665**	**896,614,624**	**1,510,306,611**	**122,896,267**	**1,633,202,878**		**2,529,817,502**
Carrying amounts:												
At 1 April 2019	4,771,814,409	1,661,629,778	267,132,462	107,587,696	42,793,408	29,606,755	2,108,750,099	1,808,794,359	89,764,061	1,898,558,420	2,204,725,537	10,983,848,465
At 31 March 2020	**4,771,814,409**	**2,040,702,846**	**257,208,750**	**99,907,456**	**40,531,097**	**27,151,868**	**2,465,502,017**	**2,104,577,985**	**76,754,085**	**2,181,332,070**	**1,938,264,349**	**11,356,912,845**
At 31 March 2021	**4,867,447,992**	**2,121,304,831**	**239,596,861**	**93,330,890**	**38,463,885**	**24,490,364**	**2,517,186,831**	**2,354,499,260**	**83,730,081**	**2,438,229,341**	**2,144,612,609**	**11,967,476,773**

i. Projects under construction pertains to expenditures relating to 8 malls which are in the course of construction as at the end of the reporting period and these are expected to be completed within 2 to 5 years. During the year ended 31 March 2021, the Group capitalized finance cost amounting to SR 173.5 million (31 March 2020: SR 152.9 million).

ii. Includes SR 142.6 million (31 March 2020: SR 151.3 million) for buildings which are constructed on leasehold lands where lease agreements are in the name of related parties.

iii. During the year ended 31 March 2021, Saudi FAS Holding Company transferred lands and buildings worth SR 131.3 million to settle the outstanding receivables from FAS Holding Company for Hotels (refer note 8B).

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-Mar 2021	31-Mar 2020
Shopping malls - land					
- Al Noor		Yes	Yes	68,120,000	68,120,000
- Jubail Mall		Yes	Yes	32,500,000	32,500,000
- Mall of Arabia – Jeddah	(i)	Yes	No	141,115,102	141,115,102
- Sahara Plaza – Riyadh	(i)	Yes	No	75,240,000	75,240,000
- Al Ehsa Mall	(i)	Yes	No	20,700,145	20,700,145
- Hamra Mall	(i)	Yes	No	256,100,000	256,100,000
- Nakheel Dammam Mall	(i)	Yes	No	210,000,000	210,000,000
- Salam Mall	(ii)	Yes	No	250,000,000	250,000,000
- Aziziah Mall – Makkah	(ii)	Yes	No	192,696,248	178,227,665
				1,246,471,495	**1,232,002,912**
Lands					
- Oyoun Al Raed		Yes	Yes	1,770,439,947	1,770,439,947
- Oyoun Al Basateen		Yes	Yes	1,067,162,500	1,067,162,500
- Al Qasseem		Yes	Yes	350,000,000	350,000,000
- Abha		Yes	Yes	62,000,000	62,000,000
- Khaleej Mall	(i)	Yes	No	290,209,050	290,209,050
- Al Ahsa Mall Extension Land	(iii)	Yes	No	20,700,000	--
- Jeddah Land	(iii)	Yes	No	60,465,000	--
				3,620,976,497	**3,539,811,497**
Total land value				**4,867,447,992**	**4,771,814,409**

i. The title deeds of all plots of land are registered in the name of local banks against loans and borrowings (please refer to note 20).
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**

E. Rent concessions

The Group negotiated rent concessions with its landlords for the majority of its leased malls as a result of the severe impact of the COVID-19 pandemic during the year. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its leased lands/ malls. The amount recognized in consolidated profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions is SR 76.70 million (2020: Nil).

F. Lease remeasurements

The Group negotiated lease amendments for the Company's lease contract for the U-walk Jeddah Centre (formerly named Zahra Mall). The lease amendments mainly included reduction of lease commitments over the term of the contract and corresponding change in lease term.

10. Property and equipment

Reconciliation of carrying amount

	Tools and equipment	Furniture and fixtures	Vehicles	Leasehold improve-ments	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.

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**

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.*

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**

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: Renting of retail and office space services rendered	Transactions: Security services rendered	Transactions: Transfer of Zakat payable	Transactions: Others	Transactions: Total	Accounts receivable / (Payable)
31 March 2021								
Transactions with ultimate shareholder								
Saudi FAS Holding Company	(i)	Closed Joint Stock Company	3,449,751	--	(20,319,528)	--	(16,869,777)	--
Transactions with fellow subsidiaries (subsidiaries of shareholder)								
FAS Holding Company for Hotels and its subsidiaries	(ii)	Limited Liability Company	--	--	--	131,340,000	131,340,000	218,982,570
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	(iii)	Joint Stock Company	359,963,174	--	--	--	359,963,174	81,369,641
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	(iv)	Joint Stock Company	21,395,241	--	--	--	21,395,241	28,947,242
Salman & Sons Holding Co and its associates	(v)	Limited Liability Company	33,433,898	--	--	--	33,433,898	23,588,248
Majd Al Amal Co. Limited and its associates	(vi)	Limited Liability Company	23,842,530	--	--	--	23,842,530	8,855,548
Tadaris Alnajd Security Company	(vii)	Limited Liability Company	--	67,766,094	--	--	67,766,094	8,825,690
Ezdihar Holding Co and its subsidiaries	(viii)	Limited Liability Company	36,845,540	--	--	--	36,845,540	6,741,667
Others, net	(ix)	Limited Liability Company	5,834,529	--	--	--	5,834,529	1,973,038
			484,764,663	**67,766,094**	**(20,319,528)**	**131,340,000**	**663,551,229**	**379,283,644**
31 March 2020								
Transactions with ultimate shareholder								
Saudi FAS Holding Company	(i)	Closed Joint Stock Company	--	--	(18,345,202)	63,269,505	44,924,303	5,402,530
Transactions with fellow subsidiaries (subsidiaries of shareholder)								
FAS Holding Company for Hotels and its subsidiaries	(ii)	Limited Liability Company	--	--	--	--	--	350,322,579
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	(iii)	Joint Stock Company	458,879,070	--	--	--	458,879,070	113,320,300
Salman & Sons Holding Co and its associates	(v)	Limited Liability Company	57,600,562	--	--	--	57,600,562	40,413,708
Ezdihar Holding Co and its subsidiaries	(viii)	Limited Liability Company	29,903,139	--	--	--	29,903,139	25,990,786
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	(iv)	Joint Stock Company	26,834,371	--	--	7,500,000	34,334,371	28,211,447
Tadaris Alnajd Security Company	(vii)	Limited Liability Company	--	57,278,571	--	--	57,278,571	18,868,656
Majd Al Amal Co. Limited and its associates	(vi)	Limited Liability Company	1,069,546	--	--	--	1,069,546	1,032,501
Others, net	(ix)	Limited Liability Company	24,019,359	36,818,438	--	2,136,265	62,974,062	3,760,768
			598,306,047	**94,097,009**	**(18,345,202)**	**72,905,770**	**746,963,624**	**587,323,275**

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:

- Next Generation Company Limited currently leases cinemas and space planned for cinemas in the Company's shopping malls.
- Ezdihar Sports Co. leases space for a fitness centres in U-Walk. The term of the lease range is approximately 10 years.

ix. Others mainly include transactions with Etqan Facilities Management, Echo Design Consultant, Fahad Abdulaziz Al Hokair Trading EST, FAS Technologist Trading Company, Coffee Centres Company Limited, Nail Place Trading Est and Food and Entertainment company Limited.

C. Advances to a contractor

Advances to a contractor represents advance paid to Lynx Contracting Company (formerly known as Fawaz Abdulaziz Al Hokair & Partners Real Estate Company) for the construction of shopping malls, which are under various stages of completion.

			Construction work services received		Balances	
Name of related party	Business status	Relationship	2021	2020	31 Mar 2021	31 Mar 2020
Lynx Contracting Company	Limited Liability	Affiliate	370,293,611	331,905,340	582,469,359	614,438,352

With the consent of the shareholders of the Company, the Company has signed framework agreement for the construction of all projects are awarded to other related party Lynx Contracting Company (formerly known as Fawaz Abdulaziz Al Hokair & Partners Real Estate Company)

15. Prepayments and other assets

	31 March 2021	31 March 2020
Advances to suppliers	92,991,316	118,055,522
Prepaid expenses	21,845,811	14,322,142
Employees' receivables	3,495,328	4,808,626
Others	3,626,584	1,604,674
	121,959,039	**138,790,964**
Less: Non-current advances	(22,500,000)	--
	99,459,039	**138,790,964**

16. Cash and cash equivalents

	Note	31 March 2021	31 March 2020
Bank balances – current accounts		548,856,924	391,977,700
Bank balances – time deposits	(i)	85,690,914	652,286,189
Cash in hand		1,122,083	1,416,304
		635,669,921	**1,045,680,193**

i. *The average rate on bank time deposits during the year ranges from 0.43% to 0.71% (2020: 0.85% to 0.90%) per annum with an average maturity of 30 to 106 days.*

17. Share capital

On 14 Rajab 1440H (corresponding to 21 March 2019), the general assembly of shareholders approved an increase in the share capital of the Company from SR 4,450 million to SR 4,750 million through the proceeds received from the initial public offering of the Company. All legal formalities required to enforce the increase in the share capital were completed during the year ended 31 March 2020. The movement in share capital and share premium are as follows:

	No. of shares	Share capital	Share premium
Balance at 1 April 2019	445,000,000	4,450,000,000	--
Issuance of new shares at SR 26 per share (SR 10 par value)	30,000,000	300,000,000	480,000,000
Transaction costs on new share issue	--	--	(68,274,297)
Balance at 31 March 2020	**475,000,000**	**4,750,000,000**	**411,725,703**
Balance at 31 March 2021	**475,000,000**	**4,750,000,000**	**411,725,703**

18. Reserves

Statutory reserve

In accordance with Company's by-laws and regulation for Companies, the Company must transfer 10% of its profit for the year to the statutory reserve. In accordance with Company's by-laws and regulation for Companies, the Company may resolve to discontinue such transfers when the reserve totals 30% of the capital. The reserve is not available for distribution. The reserve would be set aside based on the annual consolidated financial statements.

Other reserves

Other reserves include fair value reserve, hedging reserve and reserve for actuarial gain/loss of employees' end-of-service benefits.

19. Dividends distribution

31 March 2021

i. During the year, the Board of Directors resolved to distribute final dividends amounting to SR 0.50 per share aggregating to SR 237,500,000 as per resolution dated 22 Dhul Qadah 1441H (corresponding to 13 July 2020) and was approved by shareholders on 30 September 2020. The Company has paid the dividends during the year.

ii. During the year, the Board of Directors resolved to distribute interim dividends amounting to SR 0.50 per share aggregating to SR 237,500,000 as per resolution dated 14th Jumada Al-Awwal 1442H (corresponding to 29 December 2020). The Company has paid the dividends during the year.

31 March 2020

i. During the year, the Board of Directors resolved to distribute interim dividends amounting to SR 0.90 per share aggregating to SR 427,500,000 as per resolution dated 9 Rabi al-Thani 1441H (corresponding to 6 December 2019). The Company has paid the dividends as at the reporting date.

20. Loans and borrowings

	Note	31 March 2021	31 March 2020
Islamic facility with banks (i)		5,143,177,982	5,188,502,555
Sukuk (ii)		1,837,482,270	1,827,240,522
	20 B	**6,980,660,252**	**7,015,743,077**
Loans and Borrowings - Current liabilities		119,375,000	45,000,000
Loans and Borrowings - Non Current liabilities		6,861,285,252	6,970,743,077
		6,980,660,252	**7,015,743,077**

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 30.

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**

i. Below is the repayment schedule of the outstanding long-term loans:

	Islamic facility with banks	Sukuk	Total
31-Mar-20			
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-Mar-21			
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.

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**

i. Accounts payable are amounts which are owed to suppliers for the purchase of goods or services. The amounts are unsecured and are usually paid within 30 to 60 days of recognition.

ii. Non-current portion of tenants' security deposits aggregating to SR 69.45 million (31 March 2020: SR 52.73 million) are disclosed as other non-current liabilities.

iii. Movement in accrued finance cost is as follows:

	Note	31 March 2021	31 March 2020
Balance at beginning of the year		101,061,998	153,561,227
Commission expense	27E	155,560,061	275,735,683
Payment of finance costs		(292,694,175)	(384,093,476)
Capitalized finance costs		123,428,143	55,858,564
Balance at end of the year		**87,356,027**	**101,061,998**

23. Contract balances

i) Unearned revenue represent cash received against services to be performed or goods to be delivered by the Group in the future. At the end of each accounting period, adjusting entries are made to recognize the portion of unearned revenue that has been earned during the year.

ii) Accrued revenue represents the following:

	Note	31 March 2021	31 March 2020
Unamortized portion of lease incentives			
- discounts		312,592,014	76,801,419
- rent free period and straight-lining		199,500,875	92,396,899
		512,092,889	**169,198,318**
Presented in statement of financial position as follows:			
Accrued revenue – non-current portion		341,395,259	99,835,361
Accrued revenue – current portion		170,697,630	69,362,957
		512,092,889	**169,198,318**

24. Zakat

A. Amounts recognized in consolidated statement of profit or loss

	Note	2021	2020
Current year zakat charge		25,000,000	20,290,170
Prior years reversal	24C(ii)	(38,641,266)	--
		(13,641,266)	**20,290,170**

Computation of zakat charge is as follows:

	31 March 2021	31 March 2020
Shareholders' equity and other payables	16,270,216,874	16,556,991,436
Adjusted net income	583,639,718	654,215,251
Deductions	15,860,696,524	16,399,599,887
Zakat base	**993,160,068**	**811,606,800**
Zakat at 2.5% (higher of adjusted net income or Zakat base)	**25,000,000**	**20,290,170**

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**

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**

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**

The following table present the Group's financial instruments measured at fair value at 31 March 2021 and 31 March 2020:

	31 March 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
FVTPL – equity instruments					
Al Jawhara Real Estate Fund	5,975,840	--	--	5,975,840	5,975,840
FVOCI – equity instruments					
Amlak International for Real Estate Finance Company	--	--	--	--	--

	31 March 2020				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
FVTPL – equity instruments					
Al Jawhara Real Estate Fund	6,264,375	--	--	6,264,375	6,264,375
FVOCI – equity instruments					
Amlak International for Real Estate Finance Company	98,199,000	--	--	98,199,000	98,199,000

B. Derivatives designated as hedging instruments

As at 31 March 2021, the Group held Islamic Profit/commission Rate Swaps ("IRS") of a notional value of USD 80 million (equivalent to SR 300 million) in order to reduce its exposure to commission rate risks against long term financing. The table below shows the fair values of derivatives financial instruments, recorded as negative fair value. The notional amounts indicate the volume of transactions outstanding at the period end and are neither indicative of the market risk nor the credit risk.

Description of the hedged items	Hedging instrument	Fair Value	31 Mar 2021	31 Mar 2020
Commission payments on floating rate loan	IRS	Negative	1,082,698	--

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the rate underlying a derivative contract may have a significant impact on the income or equity component of the Group.

Fair values of cash flow hedge represent the mark to market values of the Islamic Profit rate swaps as at 31 March 2021. The cash flow hedge reserve included under other reserves represents the effective portion of cash flow hedge.

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.

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.

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-Mar-21							
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-Mar-20							
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**

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.

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.

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).

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