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Driving a Strategic Transformation for **Sustainable Growth**

Cenomi Centers
Annual Report 2023

Contents

Driving a **Strategic Transformation** for Sustainable Growth

2023: Building the base for future growth and profitability

FINANCIAL HIGHLIGHTS

Revenues

SAR 2,254M

2022	2,207 million
2023	2,254 million

Gross Profit

SAR 1,870M

2022	1,846 million
2023	1,870 million

Net Profit

SAR 1,501M

2022	1,009 million
2023	1,501 million

EBITDA

SAR 1,545M

2022	1,451 million
2023	1,545 million

STRATEGIC HIGHLIGHTS

22
Number of Shopping Centers / Complexes

1.4M m^2
Gross Leasable Area (GLA)

4,525
Number of Leased Units

124M
Number of Visitors

1,177
Number of Brands

597
Number of Employees

56%
Saudization

"We are aligned with and are strongly supporting progress towards the Kingdom's 2030 Vision"

Fawaz Alhokair,
Chairman

Chairman's Introduction

"We are pleased with the progress made in our transformational journey and in delivering both our pipeline of growth projects and improved financial performance. The business has delivered growth in all key financial metrics, notably increasing net profit by 48.8% year-on-year to SAR 1,501 million."

Fawaz Alhokair,
Chairman

I am pleased to introduce the Annual Report 2023 for Cenomi Centers and reflect on a year in which the company has set a new course to secure and enhance its position as Saudi Arabia's mall and lifestyle destination operator of choice.

Over nearly two decades since its founding, the company had established a premier leadership position in the Saudi retail sector, with a strong presence across the Kingdom serving retail consumers in all the major cities. Today, Kingdom of Saudi Arabia (KSA) is rapidly transforming its economy, investing extensively in new infrastructure and working cohesively towards delivery of its Vision 2030. The retail sector is a key component of that transformation. To maintain and build on our premier position in the new dynamic environment, it was apparent that a bold new vision and strategy was required. We had to adapt rapidly to meet the expectations and demands of a new generation of Saudi consumers and an influx of international visitors seeking the very best in retail and lifestyle experiences.

In setting our new direction and securing our future, the Board committed to investment to secure experienced international talent, enhance our organization and systems and develop a pipeline of new cutting-edge assets to fuel our growth. At the same time, we challenged our senior management to deliver our new vision and strategy and improve the performance of our business.

We are pleased with the progress made in our transformational journey, delivering both our pipeline of growth projects and improved financial performance. The business has delivered improvement in all key financial metrics, notably increasing net profit by 48.8% year-on-year (y-o-y) to SAR 1,501 million.

Crucially, we have secured the core senior talent required to lead the company forward. We have seen them quickly utilize their extensive global sector experience and expertise to reshape the organization, implement new systems and processes and lay the groundwork for future success.

As we move forward, we are forging new and deeper partnerships with premium brands, service providers and suppliers, as well as financial institutions. One important example is the new financing arrangement negotiated with our banking partners during 2023 and announced early in 2024. This will provide us with greater fiscal agility and underpin our capital strategy as we pursue our ambitious growth plans.

We are aligned with and are strongly supporting progress towards the Kingdom's 2030 Vision. We are committed to delivering sustainable growth, actively managing and improving our environmental performance and utilizing our assets to enhance the communities in which we operate.

We have embarked on an exciting challenge and now have a solid organizational base in place and a pipeline of new developments that is firmly on track. As a result, the Board is confident that we can build on the strong results achieved during 2023 and deliver greater success in 2024 and beyond.

Finally, I would like to thank our leadership team and all our employees, as well as our shareholders, commercial partners and other stakeholders, for their contributions and commitment as we move forward on this ambitious transformation.

CEO Message

Cenomi Centers has achieved solid progress in 2023, building a strong base for future growth and the delivery of our vision and goals. We have been guided at every stage by our five-year strategic priorities of portfolio growth, product and operational excellence, organization enhancement and sustainability leadership.

While embarking on the transformation of our business, we also delivered a robust financial performance, with growth in all our key metrics. Full year net profit rose to SAR 1,501 million up 48.8% y-o-y and revenues rose by 2.1% y-o-y to SAR 2,254 million. 2023 EBITDA was up 6.5% y-o-y to SAR 1,545 million.

Key milestones have been recorded in all aspects of our business. Our growth program of new flagship and lifestyle destinations have made excellent progress and are on track to meet their respective completion targets over the next four years. We have six new flagship and lifestyle centers in the pipeline which will deliver an additional 44% to our GLA, taking total GLA to approximately 2 million square meters by 2027. Leasing for our growth projects, including our next-generation Jawharat malls, is already well advanced and active discussions are in progress with a range of premium international brands to introduce new flagship stores. In December 2023, we opened a new lifestyle destination, U Walk Jeddah, and we held the Grand Opening in February 2024.

Crucial to the future success of our existing assets is curation of our tenants to achieve the right mix of retail brands, and dining and leisure options. The extensive program of lease review and renewals undertaken during 2023 provided the opportunity to rebalance and upgrade the range of brands, dining options and leisure facilities available to consumers who are visiting our malls in record numbers. Positive market dynamics also supported a more selective approach to our leasing program and allowed us to achieve more favorable leasing rates. Together these trends help to drive increased occupancy rates and net leasing revenues. At the same time, footfall at our centers in 2023 reached a record 124 million visitors, a 19% increase compared to 2022.

The enhancements we have made to our leadership team have brought a wealth of commercial, operational and financial expertise and experience to key positions, enabling us to recast our organization into a stronger regional operating model. We have established clearer accountability for the management of our assets, with functional teams able to leverage economies of scale and synergies across three core hubs under the leadership of our regional chief operating officers. Similarly, we have appointed a chief operating officer with specific responsibility for our new flagship assets, underpinning their importance to our growth plans. We have also invested in leading technology solutions and are implementing more efficient data-driven processes to drive enhanced decision making.

The impact of these transformative changes is reflected in the progression of our financial and operational performance through the year. Not only did we increase revenues, EBITDA and net profit on a y-o-y basis, but more importantly, the key indicators that drive these numbers, including occupancy rates, which were 92.9% across our portfolio by the end of the year, showed a marked upturn towards the end of the year. We expect to see these upward trends continue into 2024 and the full effect of the range of organizational and commercial initiatives become more evident as we move forward.

We have benefitted from strong market tailwinds and the momentum generated by our strategic initiatives to establish a strong foundation. Nevertheless, to build on the solid performance of 2023, we need to effectively execute our key growth projects, firmly embed our new process and practices, and maintain our keen commercial focus going forward. We will continue to invest in enhancing all these aspects of our business, but equally crucial will be to further enhance our organizational culture. We introduced a new set of company values in Q3 and a key priority for our leadership team in 2024 will be to align all employees with these and the new performance-led, customer centric culture they support.

I am proud and grateful for the commitment shown by our employees and contribution they have made towards growing our business, improving our performance and securing a successful future for Cenomi Centers.

"While embarking on the transformation of our business, we also delivered a robust financial performance, with growth in all our key metrics."

Alison Rehill-Erguven,
Chief Executive Officer

In this section:

Corporate Overview

Corporate Profile

Cenomi Centers is the leading owner, developer and operator of lifestyle shopping malls in Saudi Arabia and the second largest mall operator in the MENA region.

Our malls include some of the most iconic shopping and leisure facilities in the region, such as Mall of Arabia in Jeddah, Mall of Dhahran and Nakheel Mall in Riyadh and are the preferred destination for millions of customers every year. We provide Saudi shoppers with access to their favorite international, regional and local retail brands. In response to rapidly evolving market trends, we are also continually enhancing our offerings by introducing unique lifestyle concepts, and integrated dining, entertainment and leisure options, including a rollout of cineplexes throughout our portfolio.

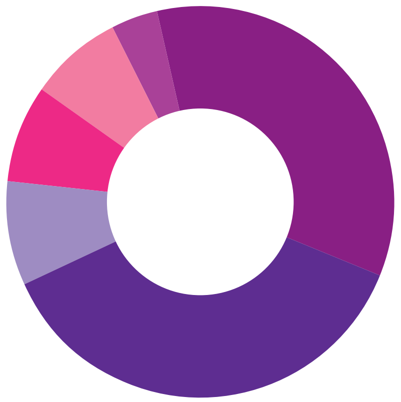
As a result, a record 124 million customers visited our destinations in 2023.

Our current portfolio of 22 super regional, regional and community malls are strategically placed across the Kingdom in 10 key cities serving approximately 80% of Saudi Arabia's population. Our facilities contain approximately 1.4 million square meters of prime gross leasable area (GLA) and over 4,500 retail stores. We also have a suite of new, innovative flagship and lifestyle destinations already under development and on track to add approximately 600 thousand square meters to our GLA by year-end 2027, increasing total GLA to approximately 2 million square meters.

Driven by our strong market presence and competitive advantages, Cenomi Centers has become the go-to partner for local and international retail brands seeking to expand or deepen their presence in the Saudi market. Our centers are home to a wide array of leading brands, including Zara, Sephora, Massimo Dutti, Michael Kors, Hugo Boss, Marks & Spencer, Nike, Lefties, Lego and Starbucks. A growing array of retailers are attracted by Cenomi Centers' unique ability to leverage our scale, deliver centers with unique and attractive building designs in optimum locations, provide access to targeted demographics, and offer superior levels of tenant and visitor service.

Founded in 2002 as Arabian Centers, the company has demonstrated a strong track record of commitment and execution to serve our customers, developing and opening new mall facilities regularly to establish ourselves as the Kingdom's leading company in our sector. In 2019, we became the only listed mall operator in Saudi Arabia. More recently, we have been sharply focused on preparing the company for the next phase of growth, underpinning our market leadership position and delivering future shareholder value, while contributing to the realization of the Kingdom of Saudi Arabia's Vision 2030. In late 2022, the company was renamed Cenomi Centers with a refreshed vision and a clear five-year strategy to guide our transformation and deliver our ambitious goals.

Ownership



Shareholders as per Share Register

- **37.21%** FAS Real Estate Company
- **8.45%** Mr. Fawaz Al-Hokair
- **8.00%** Salman Al Hokair
- **7.86%** Dr. Abdulmajid Al Hokair
- **4.0%** Al Farida Al-Thaniah Co.
- **34.48%** Remaining shareholders

Cenomi Centers at a glance

22
Number of Shopping Centers / Complexes

10
Cities

4,525
Stores

1.4M m^2
Gross Leasable Area (GLA)

124M
Visitors

6
New malls in the pipeline

Where we **operate**

Cenomi Centers' portfolio comprises 22 shopping centers, which are categorized as super-regional, regional, and community centers. Each development has a unique position in terms of location, size, design, and retail offering, ensuring a diverse retail unit mix that meets the needs of the market. Out of these 22 centers, 11 are on leased land, 10 on land owned directly by the company, and one operates under a management and operating agreement.

Largest Retail Platform in Saudi Arabia, with **22 Centers** Across Key Metropolitan Areas

Top 5 Cities

Makkah
- Makkah Mall

Jeddah
- Aziz Mall
- Mall of Arabia
- Haifa Mall
- Salaam Mall
- Yasmin Mall
- Jeddah Park
- U Walk

Riyadh
- Sahara Plaza
- Salaam Mall
- Tala Mall
- The View
- Nakheel Mall - RUH
- Hamra Mall
- U Walk

Dhahran
- Mall of Dhahran

Dammam
- Nakheel Mall - DMM

Other Cities

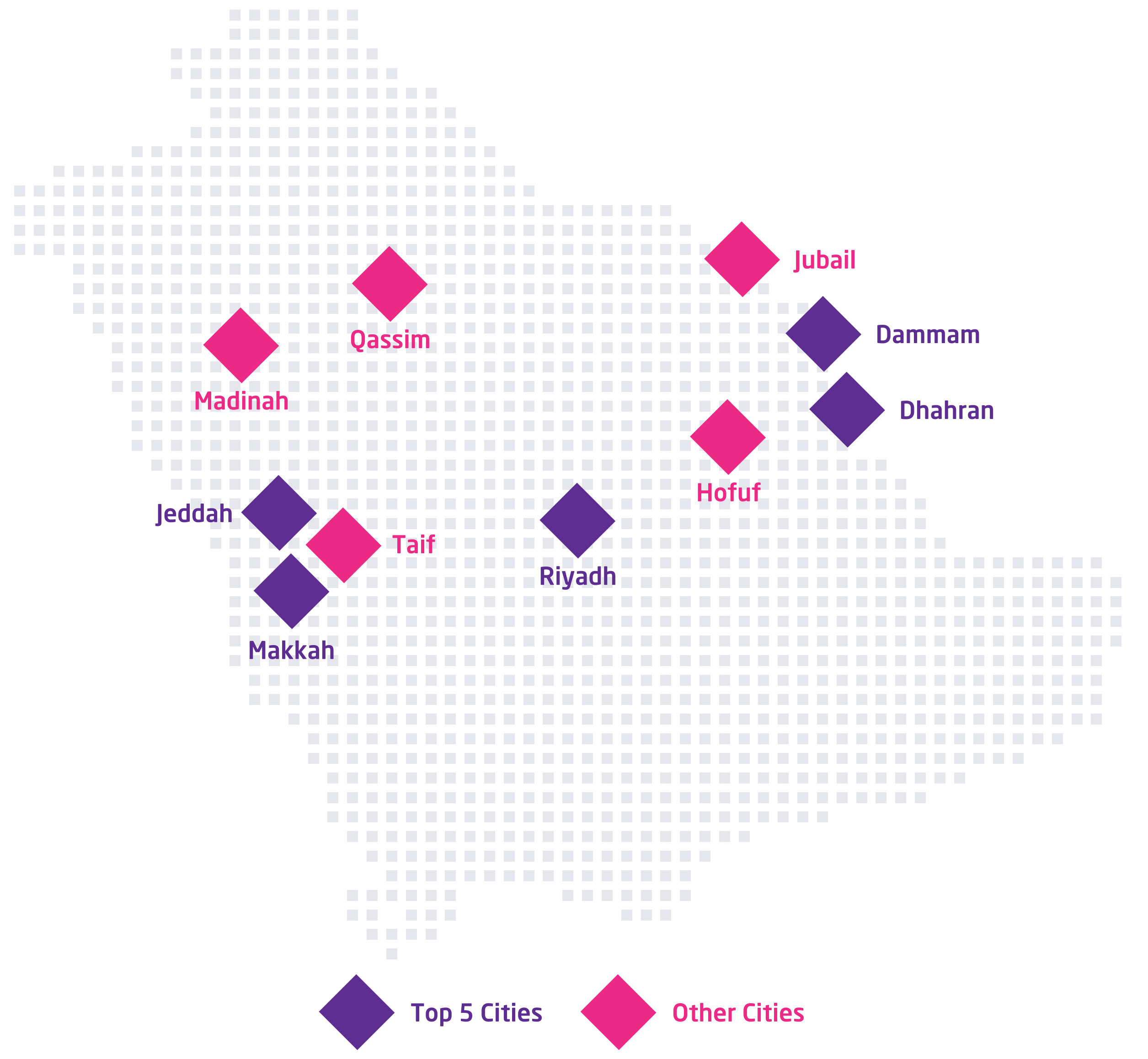
Hofuf
- Ahsa Mall

Qassim
- Nakheel Plaza

Jubail
- Jubail Mall

Madinah
- Noor Mall

Taif
- Jouri Mall



Our **Portfolio**

Steadily Building Our Portfolio of Retail Assets

'02
Sahara Plaza
Riyadh

'04
Nakheel Plaza
Qassim

Khurais Mall
Riyadh

'05
Aziz Mall
Jeddah

Mall of Dhahran
Dhahran

Salam Mall
Riyadh

'08
Mall of Arabia
Jeddah

Noor Mall
Madinah

'10
Ahsa Mall
Hofuf

'11
Makkah Mall
Makkah

Haifa Mall
Jeddah

'12
Salam Mall
Jeddah

'14
Tala Mall
Riyadh

Nakheel Mall
Riyadh

Salma Mall
Hail

'15
Jouri Mall
Taif

Jubail Mall
Jubail

'16
Yasmin Mall
Jeddah

Hamra Mall
Riyadh

'19
U Walk
Riyadh

Nakheel Mall
Dammam

'20
Nakheel Mall Extension
Riyadh

'21
Jeddah Park
Jeddah

The View
Riyadh

'23
U Walk
Jeddah

Future Growth

'24
Jubail Marina
Jubail

'25
Jawharat
Riyadh

Jawharat
Jeddah

'26
U Walk
Qassim

'27
Jawharat
Khobar

Murcia Mall
Riyadh

Region	City	Shopping Centre	Type	Year opened	GLA 000'SQM (FY2023)	Occupancy (FY2023)	% Of Rev. (FY2023)	Lease Expiry
		Nakheel Mall	Super Regional	2014	74	98.1%	12.0%	2034
		Hamra Mall	Regional	2016	55	98.4%	5.1%	Freehold
		Salaam Mall	Regional	2005	47	93.1%	3.0%	Freehold
Central	Riyadh	U Walk	Regional	2019	51	90.1%	3.7%	2046
		The View	Regional	2021	55	94.4%	4.2%	Freehold
		Tala Mall	Community	2014	21	89.9%	1.3%	2049
		Sahara Plaza	Community	2002	15	100.0%	0.2%	Freehold
	Buraidah	Nakheel Plaza	Community	2004	43	95.1%	2.0%	2029
		Salam Mall	Super Regional	2012	123	83.8%	5.8%	2032
		Mall of Arabia	Super Regional	2008	110	97.7%	11.4%	Freehold
		Jeddah Park	Super Regional	2021	121	73.4%	0.8%	M&O
	Jeddah	Aziz Mall	Regional	2005	68	91.8%	4.7%	2046
		Yasmin Mall	Regional	2016	60	92.3%	5.7%	2034
Western		Haifa Mall	Community	2011	34	84.4%	1.4%	2032
		U Walk	Regional	2023	54	40.1%	0.0%	
	Makkah	Makkah Mall	Regional	2011	37	97.5%	6.1%	Freehold
	Taif	Jouri Mall	Regional	2015	48	96.7%	4.7%	2035
	Madinah	Noor Mall	Regional	2008	67	95.0%	5.3%	Freehold
Eastern	Dhahran	Mall of Dharan	Super Regional	2005	132	96.9%	13.0%	2025
	Dammam	Nakheel Mall	Regional	2019	57	97.1%	7.0%	Freehold
	Hufof	Ahsa Mall	Regional	2010	46	87.4%	1.8%	Freehold
	Jubail	Jubail Mall	Community	2015	21	72.6%	0.7%	Freehold
LFL Occupancy					1,110	92.9%	100.0%	-
Total Occupancy					1,340	89.2%		

*GLA calculated based on store area only (excludes kiosks, warehouses, store-rooms, etc.)

EXISTING GLA
1.4M m^2

GROWTH PIPELINE
0.6M m^2

GLA END-2027
2M m^2

Our Vision is to enhance people's lives by offering inspiring destinations for Saudis and tourists visiting KSA.

Our Ambition is to become the largest and most admired developer and operator of lifestyle destinations in the KSA and beyond.

Our **Strategy**

To drive our journey to deliver our vision and mission, Cenomi Centers has established a core ambition supported by a robust and well-defined strategic framework.

Our ambition is to become the largest and most admired developer and operator of lifestyle destinations in Saudi Arabia and beyond.
Our challenge is to deliver this ambition in a fast-evolving market, which features game-changing demographics. We are experiencing the emergence of a tech-savvy younger generation and a growing middle class, both with higher levels of disposable income. Coupled with the rise in international visitors, these groups are driving meaningful shifts in the consumer landscape in Saudi Arabia, not least of which are:

- The growth of a more sophisticated customer base that is increasingly discerning in their purchasing decisions; and
- Shifting market demand from pure retail to more differentiated, lifestyle and experience-based offerings, with accelerating spending on dining, entertainment and other leisure activities.

These consumer groups are also globally mobile, which means not just that we need to enhance our position as Saudi Arabia's leading company in our sector, but can successfully compete against leading international retail and leisure destinations.

To meet these challenges, we have developed a guiding framework focused around five strategic priorities and associated goals. These priorities have been a key focus as we put in place the key building blocks for sustainable growth and the future success of our business.

We have just completed the first year of a five-year journey and we have set out how we are progressing against these strategic priorities in the Management Discussion and Analysis section that follows. A great deal has been achieved already laying the ground to deliver our strategic objectives.

"We are experiencing the emergence of a tech-savvy younger generation and a growing middle class, both with higher levels of disposable income."

Unmatched Geographic Scale
Cenomi Centers' portfolio of 22 locations offers approximately 1.4 million m² of prime GLA, covering 10 major cities.

Pipeline of Innovation Concepts
The Company enjoys a first-mover advantage in introducing innovative center designs and features.

Track Record of Commitment & Execution
Since 2002, Cenomi Centers has launched an average of 1+ new centers per annum.

Projected GLA Growth of 44%
Six pipeline locations scheduled for launch by 2027 to durably broaden Cenomi Centers' commerical reach.

Driving growth through clearly defined strategic priorities

Our strategic priorities and goals are as follows:

Portfolio Growth:

- Strengthen our leadership in Saudi Arabia with new formats and cities by introducing innovative premium offerings at our pipeline of flagship and lifestyle destination projects as well optimizing our existing centers
- Become Vision 2030's Consumer 'Partner of Choice' by providing exceptional and innovative experiences to our customers and the strategic partner of choice for retail tenants expanding their footprints in the Kingdom
- Explore focused opportunities for expansion into targeted MENA markets

Product Excellence:

- Drive a shift towards higher quality, differentiated center formats; our new flagship centers will feature Saudi Arabia's first luxury retail districts, along with immersive digital and other enhanced customer experiences that align with changing consumer trends
- Deliver the highest-value experience to everyone who visits our malls and lifestyle destinations through customer centric design and services

Operational Excellence:

- Enhance, modernize, and further automate our mall operations to achieve higher productivity and provide a consistently outstanding customer experience
- Leverage digitalization and data analytics to drive both customer and shareholder value

Organizational Enhancement:

- Drive organizational change to promote and master performance excellence, accountability and collaboration for maximum impact; embed new regional model that provides clear accountabilities and greater access to synergies between assets
- Continue to build our world-class team and capabilities to enable sustainable growth and achieve our superior quality ambition

Sustainability Leadership:

- Drive our ambitious sustainability agenda and roadmap to deliver significant impact for all our stakeholders and unlock even more shareholder value, including:
  - Installing solar power generation at a range of our assets
  - Delivering against sustainability KPI's incorporated into our financing facilities
  - Designing our new facilities to recognized international environmental standards

Our ambition is to become the largest and most admired developer and operator of lifestyle destinations in Saudi Arabia and beyond.

Strategic Priorities	Portfolio Growth	Product Excellence	Operational Excellence	Organization Enhancement	Sustainability Leadership
Key Strategic Achievements 2023	• Soft-opened U Walk Jeddah in line with communicated timeline with ~80% pre-let levels and high level of interest from potential tenants • Executing on delivering pipeline with Jawharat Jeddah and Jawharat Riyadh on schedule for opening in H2 2025	• Reduced retail GLA share from 68% to 62% as part of tenant mix optimization • Onboarded 160 brands (including 63 new brands), deepening relationships with existing tenants and introducing new concepts including Samsonite, Dyson, Lulu and Starbucks Reserve	• Delivered record-level footfall of 124 million customers, an increase of 19% y-o-y and eclipsing pre-COVID levels of 114 million • Proactive tenant management with occupancy rebounding to 92.9% amid strong brand demand • Continued progress on non-core asset sale program with ~SAR 1.1billion unlocked	• Revamped C-suite building on new CEO and CFO appointments in 2022/2023 • Created regional and flagship asset management organizations to drive scale and synergies	• Published inaugural ESG report for FY22 in 2023 • Signed PPA with FAS Energy and Marubeni to install Solar PV system • Negotiated new term facility with sustainability-linked incentives for achieving KPI targets

In this section:

Management Discussion & Analysis

Business environment and **economic outlook**

Cenomi Centers operates in a distinctive market in the Kingdom of Saudi Arabia, with its transformational agenda and unique demographics producing a favorable operating environment for the retail and lifestyle sector.

At the macroeconomic level, Saudi Arabia has emerged strongly from the challenges of the global pandemic and is progressing positively towards delivering its 2030 Vision, with sustained growth in non-oil activity projected over coming years. A range of indicators clearly demonstrate this promising economic environment.

Supporting major national infrastructure projects, Saudi Arabia was placed 10th globally in terms of foreign direct investment and achieved its 2023 goal of attracting more than 100 million domestic and international tourists. In 2023, non-oil revenues grew strongly compared to 2022 and represented over 40% of Saudi Arabia's total revenues. Saudi Arabia's non-oil sector GDP will likely grow at 3.5% on average between 2023 and 2026, and overall GDP growth rates for 2025 and 2026 are expected to be in excess of 5%. The Kingdom also continues to enjoy the positive support of international credit ratings agencies.

At the same time, Saudi Arabia also offers significant room for retail growth compared to other major markets, with retail mall GLA per capita well below other destinations both in the GCC region and beyond.

The transformational policies driving Saudi Arabia's economic growth are producing a growing middle class and increased affluence among young Saudis who account for over 60% of the Kingdom's 32.2 million population. Together with the strong growth in tourism, these rapidly emerging consumer groups are seeking a sea change in retail and lifestyle offerings, with digitally enabled experiences, international high-end brands and much more integrated shopping, dining and lifestyle offerings.

Our data driven research confirms the very substantial opportunity represented by these evolving market dynamics. It also highlights the need for us to compete with other global destinations by providing world-class retail and lifestyle offerings here in Saudi Arabia.

"In 2023, non-oil revenues grew strongly compared to 2022 and represented over 40% of Saudi Arabia's total revenues."

Key market factors

3.5%
Saudi Arabia's expected non-oil sector GDP growth rate 2023-2026

$60BN
Saudi Arabia's non-grocery retail market value - the largest and fastest growing in the GCC

49%
Saudi Arabia's share of the regional retail non-grocery market

2nd
GCC is second fastest growing luxury goods market in the world[1]

7.6%
Growth rate of the KSA luxury goods market is the fastest among all retail categories (CAGR 2018-2022)[1]

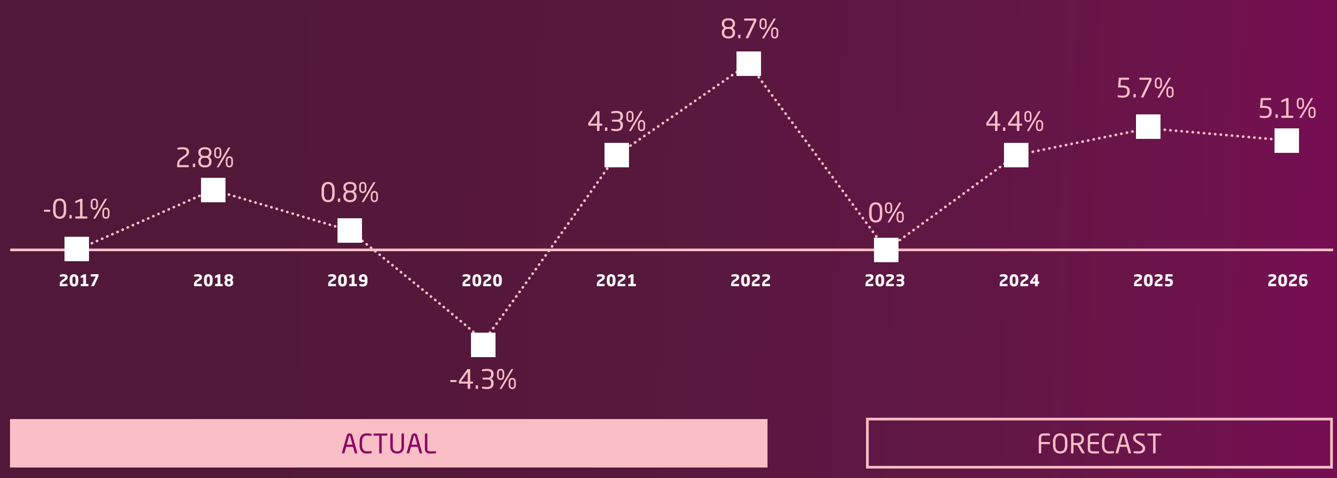
130K+
High net-worth individuals in KSA expected to grow to 180K+ by 2027, highest in GCC[2]

Source: (1) Statista

Source: (1) Statista

Source: (2) Knight Frank

Real GDP Growth Rate



Operational **Review**

In the current highly dynamic Saudi Arabian market, Cenomi Centers is transforming and growing its business guided strongly by our strategic priorities. All key decisions and developments are tested to ensure they are aligned to these priorities, contribute to our high-level objectives and add value for our stakeholders.

Portfolio Growth & Product Excellence

Both in our existing portfolio of malls and in the new flagship and lifestyle destinations under development, we are forging new concepts for Saudi consumers and visitors and progressing strongly towards our portfolio growth and product excellence goals.

The primary driver of our growth is our solid pipeline of new developments, with the first, U Walk Jeddah, completed in December 2023 and officially opened in Q1 2024. The six new assets now in the development phase comprise three flagship Jawharat facilities and three lifestyle destinations all located in strategic locations to serve key target audiences. With an aggregate of almost 600 thousand square meters of gross leasable area, they will add the equivalent of 44% of our current total GLA. This bloc of new projects is progressing on schedule to open over the next four years and is driving the balance between space devoted to retail outlets and experiential categories, including entertainment and dining, towards an optimum 60:40 mix.

Our tenant mix in 2023

62%
Retail

38%
Experiential (inc. entertainment, F&B and grocery)

Growth pipeline
3 Flagship Destinations

Our Jawharat flagship destinations represent a step change in retail and lifestyle experience for Saudi consumers, bringing highly differentiated, world-class offerings to destinations in strategic locations in the Kingdom.

These large-scale facilities will feature an optimum mix of best-in-class retail, dining, next-generation entertainment and experiential offerings, supported by technology-led customer services and leading-edge design.

Our Jawharat destinations will house Saudi Arabia's first dedicated luxury retail districts, featuring premium global brands supported by commensurate customer services including valet parking, personal shoppers, and dedicated lounges with digital ordering and delivery services.

They will also bring a range of flagship stores from the best of the world's anchor consumer brands to the Saudi market, alongside leisure districts that will contain e-gaming, multi-screen movie theaters and entertainment arenas, as well as extensive food and beverage outlets and both indoor and outdoor piazza and promenade areas.

Jawharat Riyadh is the largest of these new flagship developments, with a GLA footprint of 183 thousand square meters. It is strategically located in the upscale District of Al Raed and accessible within 30 minutes of all of Riyadh's households. It will contain over 370 outlets with a high proportion of premium stores, 30% expected to be flagship stores and debuts in Saudi Arabia for 14 new international brands.

Excellent progress was made in 2023 with construction having been accelerated during the year, and the project is on track to open during H2 2025.

Jawharat Jeddah, another of our large-scale, next-generation facilities is attractively located to serve customers in the Kingdom's largest conurbation, with approximately half of the city's population living within a 30-minute drive. It will feature over 190 outlets, including the first Saudi Arabian flagship stores for a number of leading global brands. Construction of Jawharat Jeddah is on track to open in H2 2025.

Discussions are well advanced with potential tenants covering approximately 90% of the GLA of both Jawharat developments.

As well as providing the ground-breaking Jawharat omni-channel customer experience, these facilities feature a range sustainable design features that will enable Jawharat Jeddah and Jawharat Riyadh to achieve the internationally recognized Gold Standard Leadership in Energy and Environmental Design (LEED).

Our third flagship development is Jawharat Al-Khobar, which is expected to open in 2027 and feature more than 380 retail and food and beverage outlets over its GLA footprint of 160 thousand square meters.

As part of our organizational enhancement, these flagship assets are being managed by an integrated asset team under the leadership of a dedicated chief operating officer to ensure clear accountability, maximize synergies and build common stakeholder relationships and partnerships.

World-class anchor brands and flagship stores, best in class dining, multi-purpose arenas, e-gaming, next generation digital media and experience offering

Jawharat Riyadh

GLA	183,000 m²
Outlets	370+
Expected opening	2025

Core pipeline assets with commited capex

Jawharat Jeddah

GLA	109,000 m²
Outlets	190+
Expected opening	2025

Core pipeline assets with commited capex

Jawharat Al Khobar

GLA	160,000 m²
Outlets	380+
Expected opening	2027

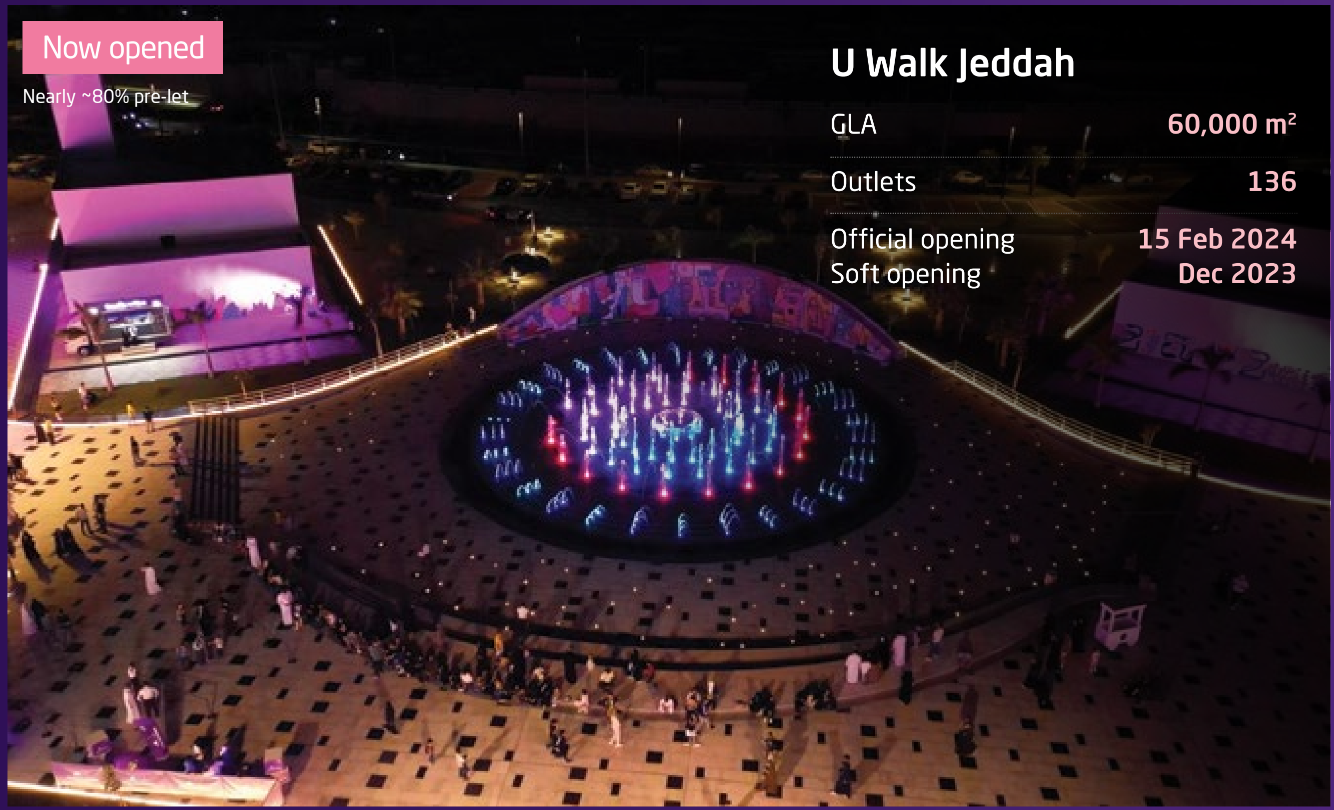
Growth pipeline
4 Lifestyle Destinations

The other major growth vehicle is our expansion into new experiential lifestyle hubs, attractively placed to bring premier lifestyle experiences to our city communities.

The first of these, U Walk Jeddah, opened its doors to customers in December 2023 and will be fully operational early in 2024. U Walk Jeddah is redefining the mall experience with its innovative design and curated offering, providing the city's first hybrid mall concept that seamlessly integrates indoor and outdoor experiences. The hybrid mall has a GLA of 60 thousand square meters and brings together trendy eateries and leading brands, features an indoor retail boulevard with over 136 stores, its own leisure district and a nearly 2 kilometer-long, open-air promenade with landscaped gardens, shaded terraces and a dancing fountain. With the successful staging of two initial festivals, U Walk Jeddah is set to be the city's premier lifestyle destination for shopping, dining and entertainment.

Building on the initial success of U Walk Jeddah, three further lifestyle destinations are under construction and on schedule to open through 2024-2027. Jubail Marina Mall, U Walk Qassim and Murcia Mall in Riyadh have GLA ranging from 30 thousand to 70 thousand square meters and are also designed to provide an optimum mix of retail and dining outlets, and leisure facilities tailored to local community requirements.

Premium city center locations, indoor/outdoor experiences, optimum retail, dining and leisure facilities mix



Jubail Marina Mall	
GLA	30,000 m²
Outlets	70+
Expected opening	H2 2024 (subject to handover by landlord)

U Walk Qassim	
GLA	70,000 m²
Outlets	135+
Expected opening	2026

Murcia Mall	
GLA	45,000 m²
Outlets	150+
Expected opening	2027

Operating agreement - no capex obligations

Additional Growth Levers

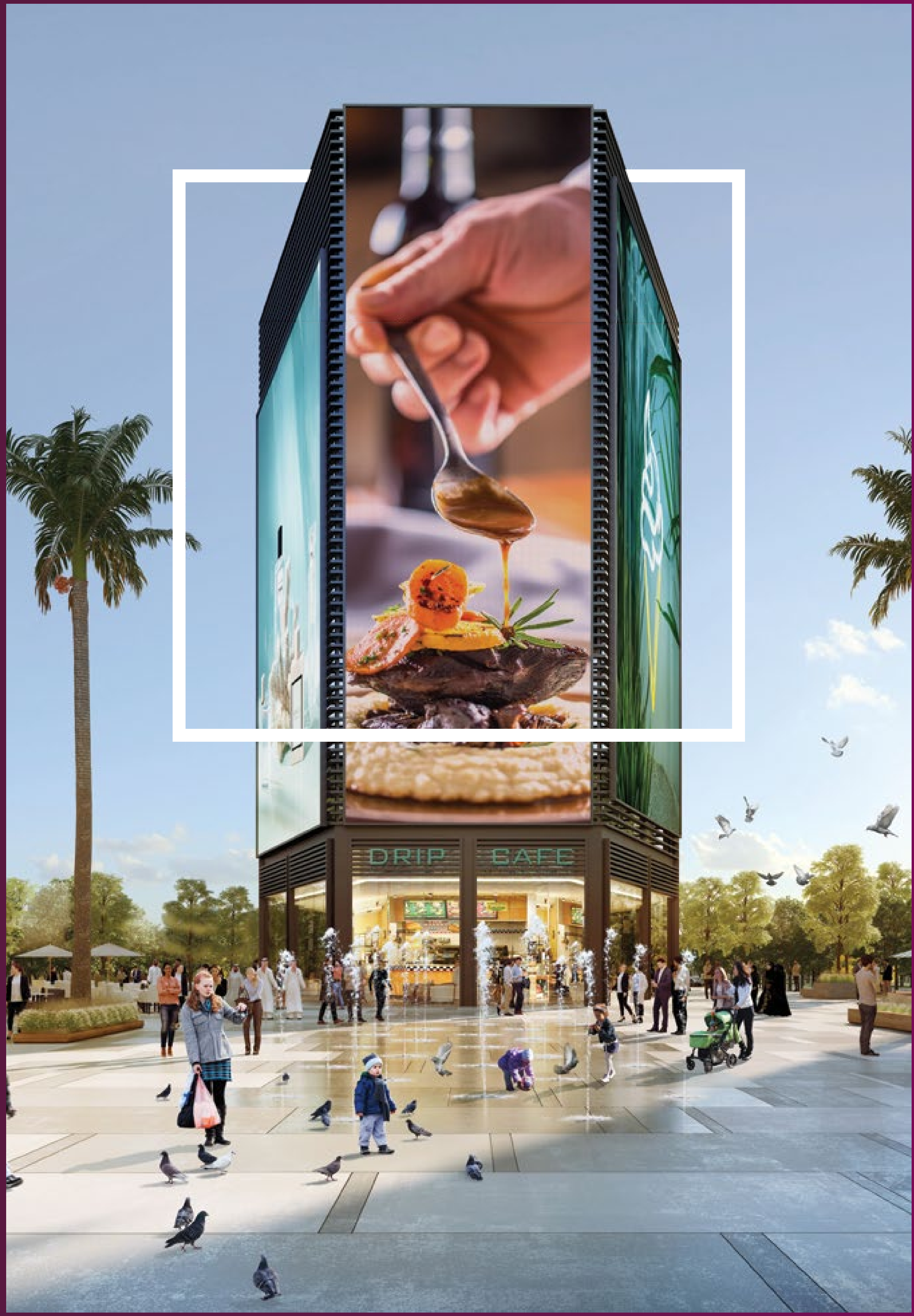
In addition to further flagship and lifestyle destinations, other levers we are pursuing to deliver growth and additional value to our business include opportunities to provide mall operations under contract to third party owners. This facility management model involves managing mall operations, and marketing and leasing activities for the mall's entire gross leasable area, employing management, technical and administrative staff and appointing maintenance, cleaning and security contractors.

This model provides an asset-light option to enable us to continue expanding our operational presence across Saudi Arabia while optimizing costs and maintaining financial flexibility.

When Jubail Marina Mall opens in H2 2024, it will become our second facility managed under such a contract, following the 2022 signing of an agreement with developer, Alghanim International Co. in consideration for 22% of the mall's annual revenue.

We are exploring many opportunities to become the partner of choice for Retail, Leisure and Dining destinations that are aligned to Vision 2030 projects and goals.

As those discussions take shape we look forward to announcing these opportunities in due course.



Operational **Excellence**

Under the third of our strategic priorities, Operational Excellence, we are applying a range of business-wide efficiency initiatives and operational practices to optimize the performance of our portfolio of existing malls and take advantage of favorable market conditions.

All our operational malls are now managed under three regional chief operating officers, who with their respective teams have clear accountability for the development and delivery of asset-level strategies, and commercial and operational plans, in line with company-wide strategy, goals, policies and standards. As well as setting clear expectations and driving alignment between functions, this new model enables greater flexibility for assets to respond to local customer needs and take advantage of synergies within regions. A similar unified asset management model has also been applied to the pipeline of flagship and lifestyle destination projects to deliver the developments and optimize operations as they go live.

Individual mall strategies have been developed, driving a shift to higher quality, diversified offerings in line with emerging trends and consumer preferences.

Tenant curation and rotation was a key activity in 2023. A significant proportion of leases put in place to support retailers and ensure continued occupancy during the period of Covid-19 related restrictions expired during the year. This provided an opportunity to achieve improved terms for renewals reflecting market conditions and the rotation of other tenants to achieve the quality of brands and mix of offerings to meet emerging consumer preferences. As this process progressed, occupancy rates were lower through the middle of the year. Nevertheless, as renewals and new leases were signed, occupancy rates reached 92.9% by the end of the year.

The active program of tenant curation also resulted in the onboarding of 63 new brands across all categories, with 17% of brands classified as international. Coupled with this curation initiative, we have also been able to take advantage of continuing market improvement post-pandemic, adjusting our pricing strategy with strong demand from both new brands and existing tenants as contracts come up for renewal.

We have also been active in diversifying sources of revenue, increasing revenue from media - digital and fixed advertising - and ancillary sources such as kiosks and pop-ups, sponsorships and brand activation events, with plans to add further streams from valet and premium parking options in 2024.

We have successfully piloted the outsourcing of facilities management to an experienced international provider capable of supplying all day-to-day operation and maintenance support services on an integrated basis. We plan to expand this approach across our operations during 2024 underpinning both efficiency and implementation of best practices in facilities management.

Across our developments and operations, we have initiated upgrades to technology and digitization. An IT rationalization program has driven greater standardization and adoption of advanced fit-for-purpose technology. In December, we launched a new end-to-end digital platform for our tenants to enhance transparency, communication and collaboration.

We also automated a range of core processes and utilized data analytics to allow our senior and asset management teams to monitor performance and support improved decision making with accurate, substantiated data. We will continue to drive cost-effective implementation of new technology and digital tools to enhance our operations in 2024.

The enhancements to our offerings and operations, coupled with continued economic growth driven by both domestic Saudi consumers and increased tourism, has resulted in a significant increase in footfall.

In 2023, new record levels of 124 million visitors were achieved. The attractiveness of our malls to consumers drove demand from retailers to maintain and enhance their presence across our portfolio. This enabled us to achieve improved leasing rates which, in turn, contributed substantially to continued improvements in financial performance.

"As renewals and new leases were signed, occupancy rates improved and reached 92.9% by the end of the year. At the same time, 160 brands were onboarded, 63 of which were new brands across all categories."

In 2023, a record **124 million customers** visited our centers. This helped improve occupancy to 92.9% by year end, onboard 160 brands, 63 of which were new brands across all categories and grow net rental revenue by 3.8% y-o-y on strong pricing momentum.

Organizational **Enhancement**

Underpinning delivery of all our growth and operational strategic priorities and goals is the quality of our organization. The capability of our employees, how we manage, develop and align them effectively with our vision, strategy and goals within a strong performance driven culture are crucial to our sustained future success. In common with our other strategic priorities, we made good progress in 2023.

We continued to build our senior leadership team, adding considerable international experience and capability through the recruitment of seasoned sector professionals. We appointed new regional chief operating officers for our Central, Eastern and Western regions and flagship asset portfolios, together with a range of key functional leaders. Our new colleagues are drawn from leading global mall operators and respected consulting companies. Utilizing their expertise, we recast our organizational structure, both in our asset management and corporate headquarters teams, to improve accountability and efficiency, and reduce costs.

Supporting the vision and strategy we developed in late 2022, we have placed greater emphasis on effective performance management and employee development. In 2023, 100% of our employees participated in career development reviews and we introduced our core values to develop and align our organization around a single, performance-based culture.

Our values represent a clear statement of the principles that define our organization and guide our approach to employees, customers and our broader stakeholder communities.

A key activity during 2024 will be to reinforce and embed these five core values throughout the organization.

At the end of 2023, some 56% of our 597 employees were Saudi nationals. A large proportion were in the early years of their careers, with 24% aged between 18 and 30 years old. We increased the number of female employees to 30%.

"We have placed greater emphasis on effective performance management and employee development"

Our Values

DELIGHT CUSTOMERS	COMMIT TO DELIVER	EXECUTE WITH EXCELLENCE	WIN TOGETHER	EMBRACE CHANGE
We focus always on our customers needs and wants	Show personal commitment to delivering results	How we work is as important as what we deliver	We work together for speed and execute for success	Have courage to think about and shape a better future





Employee Demographics

597
Number of Employees

56%
Saudization

24%
18-30 years old

30%
Female employees

CFO's Message

Financial highlights

SAR2,254M
2023 company revenues
+2.1% compared to 2022

SAR1,545M
EBITDA 2023
+6.5% compared to 2022

SAR1,501M
2023 net profit
+48.8% compared to 2022

Our robust 2023 financial performance reflects both the continued growth in the Saudi Arabian retail and lifestyle sector, and the transformational journey the company is on. We produced improved financial results across all our key performance measures but also laid the ground for sustainable growth into 2024 and beyond.

During the year, the company achieved revenues of SAR 2,254 million, compared to SAR 2,207 million in 2022, a y-o-y increase of 2.1%. Full year EBITDA was up 6.5% y-o-y to SAR 1,545 million, reflecting the ongoing financial strength of our business. Net profit was SAR 1,501 million compared to SAR 1,009 million in 2022, representing a y-o-y rise of 48.8%.

In the aftermath of the global pandemic, the outlook for the physical retail sector was uncertain with consumers having turned heavily towards online shopping when access to malls and other retail outlets was restricted. It is now evident from the record footfall Cenomi Centers has recorded in 2023 that retail and lifestyle malls are very much in demand. Our strategically driven shift towards premium brands and a greater proportion of our leased areas given over to dining and leisure outlets is attractive to our customers.

This surge in footfall is clearly of great benefit to our retailers. As leases - many of which were discounted during the pandemic - have come up for renewal, we were able to be more selective about the brands in our malls. We also achieved improved lease rates in both absolute terms and in comparison to our competitors.

In working through this process of tenant curation and rotation, renewing leases and developing new partnerships, we saw a dip in occupancy rates through the middle of the year. Nevertheless, by the end of the year occupancy rates had risen to almost 93%, trending up towards our long-term target of 94-95%. Coupled with the improved leasing rates, this points to robust leasing revenues for 2024 across our portfolio.

Increased ancillary revenue, including that from media sales, pop-up outlets and brand activations, is also on an upward trend going into 2024. The sale of non-core assets continued, with total sales nearing SAR 1 billion by the end of 2023. Our balance sheet was further supported by gains in the fair valuation of assets, reflecting the positive dynamics of the market and the outlook for leasing rates.

The SAR 5.5 billion construction capital expenditure program that is driving our growth continued on track in 2023, with excellent progress achieved on the pipeline of lifestyle destinations and next generation Jawharat mega-malls that are under development.

In pursuing our strategic goals of operating and organizational excellence, the recruitment of experienced individuals, along with the restructuring of operations and corporate functions as well as investment in processes and technology added to our costs.

However, we are already seeing the benefits of these developments in improving both the effectiveness and efficiency of our business and laying the ground for continued success. One example is procurement, where we are able to leverage our size across our regional businesses to achieve improved rates in our service contracts. We also concluded an agreement to procure renewable electricity, supplied from solar PV panels installed across a range of our sites, at rates lower than those available from the grid. We will start to see the financial benefits from these developments in 2024. Finally, during Q1 2024 we concluded two further key steps in securing the future financial health of our business.

We successfully negotiated a Shariah compliant, sustainability-linked financing agreement with a syndicate of top tier banks. The new arrangements consist of a twelve-year term sustainability-linked Murabaha facility in two tranches as well as a revolving four-year renewable Murabaha facility. The facilities provide up to SAR 5.25 billion to refinance existing debt, enhance our financial agility and support our ambitious growth plans. We will also benefit from improved pricing, amortization, and covenants package in comparison to existing facilities.

Also in March, we completed the issuance of a $500 million international USD denominated Shariah compliant Sukuk. The placement was met with strong international investor demand and enabled us to refinance a 2019 Sukuk due to mature in November 2024. An additional issuance of $100 million was also executed. With these milestone transactions, the company has made good progress towards its objective to mitigate refinancing risks and support its growth strategy. Going forward, we will continue to seek diversity of funding sources, maintain excellent relationships with local and regional banks, and enhance our presence in unsecured debt capital markets.

Frederik Foussat,
Chief Financial Officer

Financial **Performance**

Financial performance summary for the last financial four years

Summary Assets & Liabilities for the last four financial years:

KPI	FY20*	FY21*	FY22	FY23
Current assets	2,079	1,538	2,466	2,106
Non-current assets	15,882	16,117	23,411	25,645
Total Assets	17,961	17,655	25,877	27,751
Current liabilities	1,024	1,127	1,915	4,639
Non-current liabilities	10,953	10,476	9,893	8,800
Total equity	5,984	6,052	14,069	14,312
Total equity & liabilities	17,961	17,655	25,877	27,751

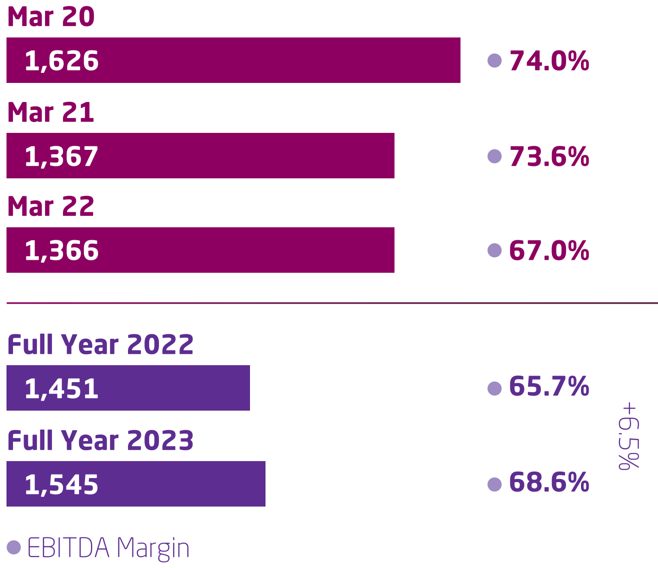
Summary Business Results for the last four financial years:

KPI	FY20*	FY21*	FY22	FY23
Revenues	2,197	1,856	2,207	2,254
Gross Profit	1,438	1,023	1,846	1,870
Operating Profit	1,133	817	1,426	1,909
Net Profit	643	487	1,009	1,501

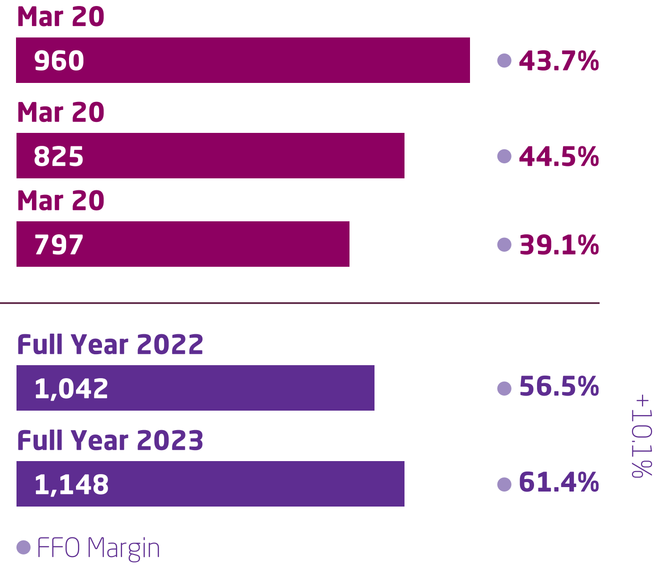
* Financial Years from April 1st to March 31st - 12 month period (before changing the fiscal year and adopting the Fair Value Model).

Improving fundamentals deliver solid core profitability

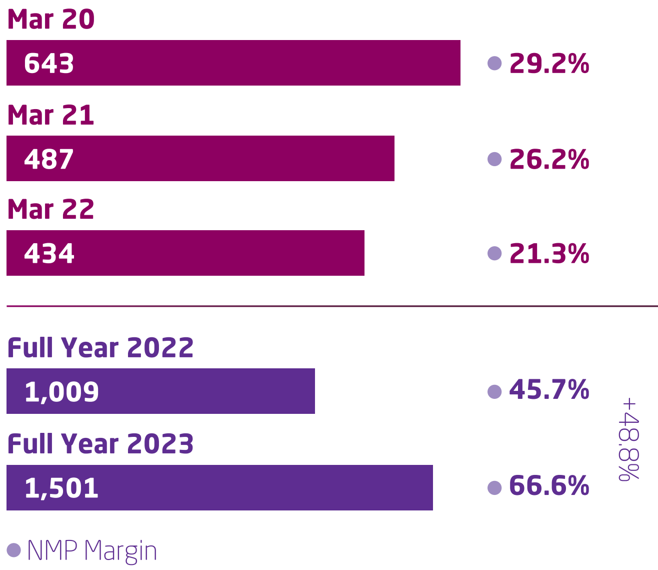
EBITDA
SAR million



FFO[1]
SAR million



Net Profit
SAR million



(1) Fund from operations (FFO) is calculated as the sum of net profit for the year/period, depreciation of PP&E and plus or minor the fair value impact of investment properties.

In this section:

Sustainability & Corporate Social Responsibility

Sustainability Leadership

Cenomi Centers is committed to playing a leading role in the sustainable management of retail and lifestyle facilities operations in Saudi Arabia. As part of our strategic transformation, we are pursuing a range of initiatives to minimize the environmental impacts of our mall operations, while contributing to the growth and sustainability of the Saudi Arabian economy and supporting the communities in which we operate.

At the end of 2023, we signed a strategic partnership with a consortium formed by FAS Energy and Marubeni Corporation, to install solar PV facilities across our existing portfolio of malls and supply renewable energy to meet our power requirements. The agreement provides for the deployment of solar PV arrays, to be owned and operated by the consortium, on the roofs and carports of thirteen of our assets for a period of twenty years. The installations will be rolled out in phases, beginning with our sites in Riyadh in early 2024, before moving on to other shopping centers across the Kingdom. All sites are expected to be completed and in operation over the next two years, supplying electricity to our facilities at competitive rates in comparison to current grid supplied power.

The initial deployment is expected to result in a total peak capacity of approximately 52MW and generate a total of 93 GWh per year. At full deployment, it is expected that up to 15% of our annual electricity requirements will come from renewable sources. At the same time, our Scope 2 emissions will be reduced by approximately 53,000 tons of CO_2 emissions per annum. The plans are a significant and tangible commitment to support Saudi Arabia in its Vision 2030 ambitions to be Net Zero by 2060.

Our new mall and lifestyle destinations provide a prime opportunity to incorporate more sustainable facilities from the outset. The new assets under development and coming into operation over the next four years will feature more sustainable materials, energy efficiency technology controlling lighting and air conditioning systems, solar PV, electric vehicle charging points, and advanced water and waste management systems, as well as sustainable landscaping and high-density greener coverage. Reflecting their leading-edge design and environmental credentials, our flagship Jawharat Jeddah and Jawharat Riyadh centers will be certified to the internationally recognized US Green Building Council's LEED (Leadership in Energy and Environmental Design) Gold Standard.

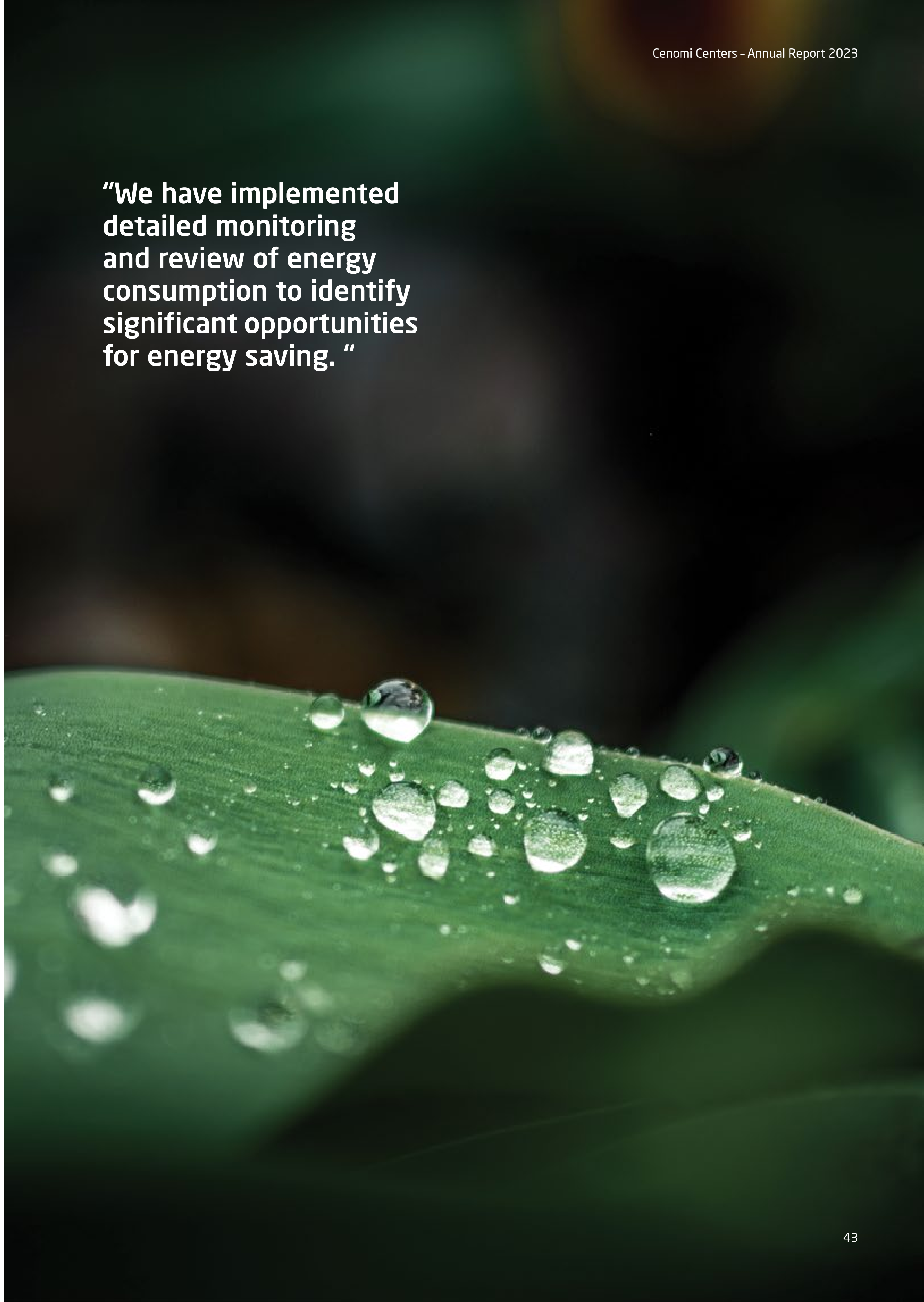
More generally, we have implemented detailed monitoring and review of energy consumption to identify significant opportunities for energy saving. As a result of our IT technology review, we have adopted a cloud computing solution across the business reducing electricity consumption and requirements for carbon intensive hardware.

Our new facilities are also being designed to offer space and facilities specifically for local communities. These range from areas available for local artists and students to display their work to medical and educational facilities developed in collaboration with local authorities and community groups. We also continued to sponsor and donate to a range of community projects and provide significant opportunities for local suppliers.

An increased emphasis on health and safety, backed by over 500 hours of targeted training, once again improved our health and safety performance, with a second year with zero lost time injuries.

Our commitment to the achievement of our sustainability and Saudi Arabia's Vision 2030 goals was a key component of our new financing facility concluded recently with a consortium of leading regional banks.

This landmark and unique sustainability linked transaction in the Saudi market within the sectors of Real Estate, Lifestyle and Leisure carries a number of sustainability linked incentives which are aligned with our ESG ambitions, as set out in the most recent sustainability report, and include a carbon emissions reduction target, increasing the percentage of assets connected to the grid and bolstering of the number of women in leadership roles.



"We have implemented detailed monitoring and review of energy consumption to identify significant opportunities for energy saving. "

Corporate Governance

In this section:

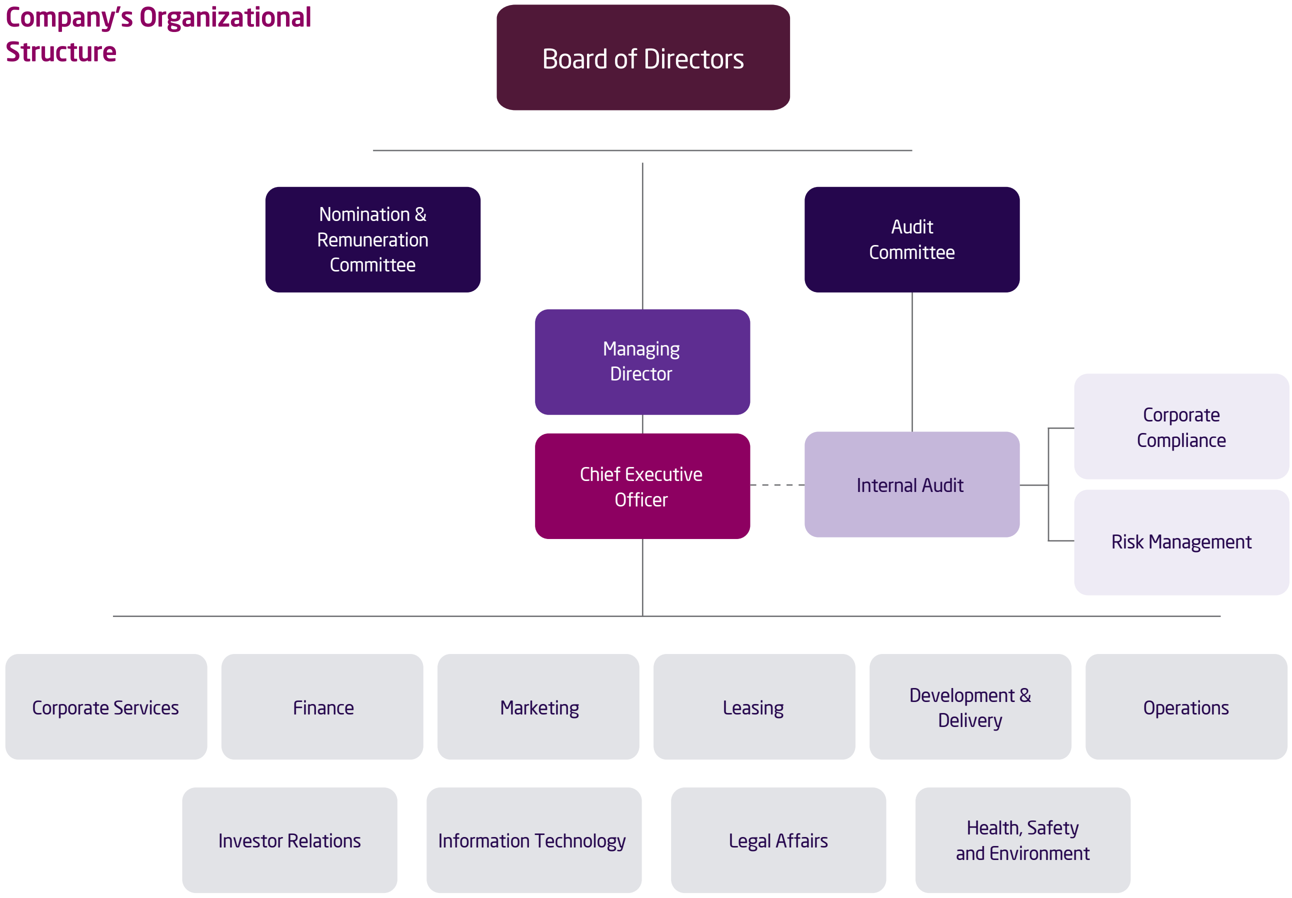
Corporate Governance – Overview

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 39);
- Conflicts of interest (Articles 40 to 46);
- Company committees (Articles 47 to 69); and
- Internal controls, external auditors, company reports and policies, and various other matters (Articles 70 to 95).

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 those highlighted in the next section below. As at 19 June 2022, the Company's Board of Directors consisted of nine (9) members, the majority of which are non-executive 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 16/11/1443H (corresponding to 16 June 2022). 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.

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 (all of them are independent), on 16/11/1443H (corresponding to 16 June 2022).
- The Board of Directors formed the Nomination and Remuneration Committee on 23/11/1443H (corresponding to 22 June 2022).
- The Company prepared the Audit Committee charter and the Nomination and Remuneration Committee charter, which were approved by the Board and ratified by the Ordinary General Assembly.

- In accordance with Article 91 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, 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; (v) Tendering Committee; (vi) Leasing Committee; and (vii) Anti-Fraud & Anti-Corruption 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 42 and 44 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 42(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/she 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 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/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 44). 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 which have been amended dated 18 January 2023, except the provisions below:

Type	Article	Clause	Justification
Guiding	Article 37	**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 plans to provide training to Board Members in the future noting that current Board Members possess the necessary capabilities and expertise.
Guiding	Article 67	**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. It should be noted that the Audit Committee is overseeing the Risk Management function in accordance with its charter.
Guiding	Article 84	**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.	The Company 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 the Company, as well as a sustainability policy that caters to the requirements of the DJSI and ESG rating agencies and index providers.
Guiding	Article 85	**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 84 above.
Guiding	Article 92	**Governance Committee:** If the Board forms a Corporate Governance committee, it shall assign to it the competencies stipulated in Article (91) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	The Board itself is overseeing Company's Governance activities.

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. Duties and responsibilities of the Board Directors are stipulated in The Saudi Companies' Law, CMA corporate governance manual.

The term of the Board of Directors is three (3) years. The Ordinary General Assembly held on 16 June 2022 has elected the current Board of Directors members for a term of (3) years starting from 19 June 2022 and ending on 18 June 2025.

The current Board of Directors, comprise the following members:

No.	Name	Position Title	Membership Type	Membership Expiry Date
1	Mr. Fawaz Abdulaziz Al Hokair	Chairman of the Board	Non-Executive	18 Jun 2025
2	Eng. Salman Abdulaziz Al Hokair	Vice-Chairman	Non-Executive	
3	Mr. Mohamad Rafic Mourad	Managing Director	Executive	
4	Dr. Abdulrahman Abdulaziz Al Tuwaijri	Director	Independent	
5	Eng. Kamel Badih Al Qalam	Director	Non-Executive	
6	Dr. Khalid Abdullah Abdulaziz Alsweilem	Director	Independent	
7	Mr. Abdulmajid Abdullah Albasri	Director	Non-Executive	
8	Mr. Turki Saud AlDayel	Director	Independent	
9	Mr. Johan Henri Brand	Director	Independent	

The current Secretary of the Board of Directors is Mr. Turki Saleh Al-Zahrani.

b. Board of Directors Biographies

1) Mr. Fawaz Abdulaziz Al Hokair (Chairman of the Board of Directors "Non-Executive"):

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 "Non-Executive"):

Current Executive Positions:	General Manger of Salman Abdulaziz Alhokair & Sons Holding Co.; General Manager of Salman Alhokair Engineering Consulting; General Manager of Kids Space Co.; General Manager of FAS Spain Est.; General Manager of Al-Farida Two Real Estate Co.; General Manager of SAH Al Oula Investment Co.; General Manager of SAH Two Investment Co.; General Manager of SAH Third Investment Co.; General Manager of Al Barakah Third Investment Co.; He also sits on several boards of other Saudi and non-Saudi companies such as Lynx Contracting Co.; FAS Real Estate Co.
Previous Executive Positions:	Chairman of the Board of Fawaz Abdulaziz Al Hokair and Partners 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; and also, General Manager of many companies such as Fawaz Abdulaziz Alhokair & Partners Holding Co.; Al Farida Real Estate Co.; FAS Construction Co.; Al Farida IT & Comms. Co.; FAS Holding for Hotels Co.; Al Bawarij International for Development & Real Estate Investment Co.;Billy Games Co
Academic Qualifications:	Bachelor's degree in architecture from King Saud University, KSA, in 1990.
Experience:	Over 30 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) Mr. Mohamad Rafic Mourad (Managing Director "Executive"):

Current Executive Positions:	MD & CEO of Saudi FAS Holding (Cenomi Group); MD of Cenomi Ltd. (Cenomi eComm)
Previous Executive Positions:	Mr. Mourad has held various senior leadership roles at major tech companies, including nearly 10 years at Google, part of which he was Google's Managing Director for the Middle East and North Africa, before moving to take on a global role in their headquarters in Silicon Valley. More recently, Mr. Mourad served as a Vice President at Instacart, the leading on-demand e-commerce player in North America. Prior to that, Mr. Mourad was in management consulting at Booz & Company (Now Strategy&), focusing on M&A and Corporate Development. Mr. Mourad has an intimate knowledge of the Saudi Arabian market both through spending more than 10 years in the country and through serving the market during his various regional and global roles.
Academic Qualifications:	• Bachelor of Science with Honors at Lebanese American University, Lebanon, 1994. • MBA at INSEAD, France, 2001.
Experience:	Mr. Mourad brings along 30 years of global management experience in technology, retail, consumer goods and e-commerce.

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

Current Executive Positions:	Chairman and Chief Executive of Al Hanaf United Trading Co.
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.

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

Current Executive Positions:	CEO of Lynx Contracting Company
Previous Executive Positions:	Group CEO & MD of Fawaz Alhokair Group.
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.

b. Board of Directors Biographies (Continued)

6) Dr. Khalid Abdullah Alsweilem (Member of the Board of Directors "Independent"):

Current Executive Positions:	• Chairman of the Board of Directors, Ashmore Saudi Arabia. • Expert, Stanford Universities and Massachusetts Institute of Technology (MIT).
Previous Executive Positions:	The former Chief Counselor and Head of Investment, the Saudi Arabian Monetary Agency (SAMA).
Academic Qualifications:	• Postdoctoral Fellowship of Economics and Financial Management - Harvard University. • PhD in Economics - University of Colorado Boulder. • Master of Economics - Boston University. • Bachelor Industrial Engineering - the University of Arizona.
Experience:	More than 31 years of experience in Economics and investment banking.

7) Mr. Abdulmajid Abdullah Mohammed Albasri (Member of the Board of Directors, and member of the Nomination and Remuneration Committee "Non-Executive"):

Current Executive Positions:	Group CFO, Cenomi Group.
Previous Executive Positions:	• Group Treasurer - Fawaz ALhokair Group. • Group Treasurer – Almarai. • Portfolio Manager - SAMBA Capital. • Audit and security analysis in Aldar Auditing Companies (a member of Grant Thornton), FALCOM Financial Company, and the James Madison Fund.
Academic Qualifications:	• Master of Applied Financial Mathematics - University of Connecticut. • Master of Economics - University of Connecticut. • Bachelor of Business Administration - James Madison University. • CFA Finance - CFA Institute. • PRM Finance - PRMIA Institute.
Experience:	More than 19 years of experience in auditing and financial analysis and portfolio management and financial management.

8) Mr. Turki Saud AlDayel (Member of the Board of Directors, and member of the Audit Committee "Independent"):

Current Executive Positions:	Managing Director of Ninety One Company.
Previous Executive Positions:	• Head of Private Equity, Raidah Investment Company. • Vice President, Saudi Fransi Capital • Associate, Abraaj Capital (Private Equity) • Manager, Riyadh Capital (Investment Bank) • Analyst, JP Morgan (Investment Bank)
Academic Qualifications:	• Bachelor of Finance - King Fahd University of Petroleum and Minerals. • The Master of Business Administration (MBA) - University of Minnesota.
Experience:	More than 16 years of experience in the field of investment banking.

9) Mr. Johan Henri Brand (Member of the Board of Directors, and member of the Nomination and Remuneration Committee "Independent"):

Current Executive Positions:	Managing Director of Johan Brand Leadership Advisory DWC-LLC
Previous Executive Positions:	• Egon Zehnder, Sr. Partner and Consultant, Executive Search (Amsterdam/ Dubai) • Pepsi Cola International, Head of Marketing/Director of PCI Management Institute • P&G Benelux, Brand Management
Academic Qualifications:	• Master of Corporate Law -Erasmus University Rotterdam (NL) • Master of Private Law-Erasmus University Rotterdam (NL) • MSc Business Economics -Erasmus University Rotterdam (NL)
Experience:	More than 36 years of experience in the fields of marketing management, executive search, and leadership advisory at CEO and Board-level

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

1) Mr. Fawaz Abdulaziz Al Hokair

Current memberships	Inside/outside Kingdom	Legal entity	Previous memberships	Inside/outside Kingdom	Legal Entity
Saudi FAS 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			

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

2) Mr. Salman Abdulaziz Al Hokair

Current memberships	Inside/ outside Kingdom	Legal entity	Previous memberships	Inside/ outside Kingdom	Legal Entity
Tadares Najd Trading	Inside	LLC	FAS First Investment and Development of Real Estate	Inside	LLC
Lynx Contracting Company	Inside	Unlisted	FAS Hotel 1- main CR	Inside	LLC
Arabian Centers Company (Cenomi Centers)	Inside	Listed	FAS Hotel 4	Inside	LLC
Saudi FAS Holding Company	Inside	Unlisted	FAS Hotel 5	Inside	LLC
Saudi Medical Company	Inside	LLC	Ice cream express	Inside	LLC
FAS Real Estate Company Limited	Inside	LLC	Cake Palace Company	Inside	LLC
Saaf International Company	Inside	LLC	Milk Taste Company	Inside	LLC
Kids Space Company	Inside	LLC	First Pie Company	Inside	LLC
Cosmetic Doctor Center Company	Inside	LLC	Fashion Retail Company	Inside	LLC
Salman Abdul Aziz Al Hokair & Sons Holding Company	Inside	LLC	FAS Retail and Commercial Investment Co. Ltd.	Inside	LLC
FAS Energy Investment Company	Inside	LLC	Food and Entertainment Company	Inside	LLC
Cosmetic Doctor clinics Center	Inside	LLC	Salman Al Hokair Engineering Consultancy Company (ECHO)	Inside	LLC
FAS First Company for Investment and Real Estate Development	Inside	LLC	Dammam Center Company	Inside	LLC
Echo Engineering Consulting Company	Inside	LLC	Generations clothing company	Inside	LLC
Al-Farida Two Real Estate	Inside	LLC	Fawaz Al Hokair & Partners Trading Company	Inside	LLC
SAH Two Investment Company	Inside	LLC	Oyoun Al Basateen Trading Company	Inside	LLC
SAH Al Oula Investment Company	Inside	LLC	FAS Hotels Company (3)	Inside	LLC
SAH Third Investment Company	Inside	LLC		Inside	LLC
Al Barakah Third Investment Company	Inside	LLC	Innovation Renewable Energy Investment Company	Inside	LLC
Focus Hospitality Company	Outside	LLC	Fine Tastes	Inside	LLC
Egyptian Centers Real Estate Development Company	Outside	Unlisted	FAS Real Estate	Inside	LLC
Marakez Real Estate Investment Company	Outside	Unlisted	Kids Space Company	Inside	LLC
Arabian Falcon Company, UK	Outside	LLC		Inside	LLC
FAS Renewable Energy Company	Outside	LLC	Coffee Centers Company	Inside	LLC
FAS Holding Company, Italy	Outside	Unlisted	Riyadh Hotels Company	Inside	LLC
FAS Real Estate Development Company, UK	Outside	LLC	Sala Entertainment Company	Inside	LLC
G&A International Consulting, UK	Outside	LLC	FAS Energy Company	Inside	LLC
FAS Energy Company, UK	Outside	LLC	Fawaz Abdulaziz AlHokair and Partners Company	Inside	LLC
FAS Company, Spain	Outside		Tadares Najd for Maintenance and Cleaning	Inside	LLC
			Al-Wahida Equipment Company Limited	Inside	LLC
			Arkan Salam Real Estate Company	Inside	LLC
			Aziz Mall Trading Company	Inside	LLC
			Erth Rasek Company	Inside	LLC
			Al Yasmeen Mall Trading Company	Inside	LLC
			Al Hamra Mall Trading Company	Inside	LLC
			Malaz Mall Trading Company	Inside	LLC
			Manzli Limited Liability company	Inside	LLC
			Housing Company	Inside	LLC
			FAS 100 Real Estate Company	Inside	LLC
			Luxurious taste	Inside	LLC
			Skill of innovation Games company	Inside	LLC
			ETQAN Facility Management	Inside	LLC
			Commercial Vehicle Centers Company	Inside	LLC
			Arab Mall Company	Inside	LLC
			Commercial Vehicle Centers Company	Inside	LLC
			Fawaz Al Hokair and Partners Holding Company	Inside	listed

Current memberships	Inside/ outside Kingdom	Legal entity	Previous memberships	Inside/ outside Kingdom	Legal Entity
			Fawaz Abdul Aziz Al Hokair & Partners Projects Co. Ltd.	Inside	LLC
			FAS Retail and Commercial Investment Company Limited	Inside	LLC

3) Mr. Mohamad Mourad

Current memberships	Inside/outside Kingdom	Legal entity	Previous memberships	Inside/outside Kingdom	Legal Entity
Arabian Centres Co. (Cenomi Centers)	Inside	Listed	Fawaz Abdulaziz AlHokair and Co. (Cenomi Retail)	Inside	Listed
Cenomi Ltd. (Cenomi eCommerce)	Inside	Unlisted			
Vogacloset	Outside	Unlisted			

4) Abdulrahman Abdulaziz Al Tuwaijri

Current memberships	Inside/outside Kingdom	Legal entity	Previous memberships	Inside/outside Kingdom	Legal Entity
Al Hanaf United Trading Co.	Inside	Listed	Saudi Aramco	Inside	Listed
Arabian Centres Co. (Cenomi Centers)	Inside	Listed	MEFIC	Inside	Unlisted
			United Mining Investment Co.	Inside	LLC

5) Eng. Kamel Badee Alqalam

Current memberships	Inside/outside Kingdom	Legal entity	Previous memberships	Inside/outside Kingdom	Legal Entity
Egyptian Centers for Real Estate Development Co., Egypt.	Outside	LLC	Amlak International for Real Estate Financing Co.	Inside	LLC
Echo Architecture Co., UK.	Outside	LLC			
Marakez for Real Estate Investment Co., Egypt.	Outside	Unlisted			
Lynx Contracting Company	Inside	Unlisted			
Arabian Centres Co. (Cenomi Centers)	Inside	Listed			

6) Dr. Khalid Abdullah Alsweilem

Current memberships	Inside/outside Kingdom	Legal entity	Previous memberships	Inside/outside Kingdom	Legal Entity
Arabian Centres Co. (Cenomi Centers)	Inside	Listed			
Ashmore Saudi Investments	Inside	Listed	None		
Gulf International Bank GIB	Inside	Listed			
Fajr Investment Company	Inside	Listed			

7) Mr. Abdulmajid Abdullah Albasri

Current memberships	Inside/outside Kingdom	Legal entity	Previous memberships	Inside/outside Kingdom	Legal Entity
Arabian Centres Co. (Cenomi Centers)	Inside	Listed			
Cenomi Retail Co.	Inside	Listed	None		
Support Group	Inside	Unlisted			

8) Mr. Turki Saud AlDayel

Current memberships	Inside/outside Kingdom	Legal entity	Previous memberships	Inside/outside Kingdom	Legal Entity
Jubail United	Inside	Unlisted	Riva	Inside	Unlisted
Arabian Centres Co. (Cenomi Centers)	Inside	Listed	Saudi Bio	Inside	Unlisted

9) Mr. Johan Henri Brand

Current memberships	Inside/outside Kingdom	Legal entity	Previous memberships	Inside/outside Kingdom	Legal Entity
Arabian Centres Co. (Cenomi Centers)	Inside	Listed	None		
Nesma United Industries	Inside	Unlisted			

d. Board of Directors Meetings

Meetings Procedures

The Board of Directors shall meet four (4) times 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 4 meetings during the full financial year 2023 (ended 31-Dec-2023) as follows:

No.	Name	9-Feb-2023	28-Mar-2023	19-Jul-2023	07-Dec-2023	Total
1	Mr. Fawaz Al Hokair	Present	Present	Present	Present	4
2	Eng. Salman Al Hokair	Present	Present	Present	Present	4
3	Mr. Mohamad Mourad	Present	Present	Present	Present	4
4	Dr. Abdulrahman Al Tuwaijri	Present	Present	Present	Present	4
5	Eng. Kamel Al Qalam	Present	Present	Present	Present	4
6	Dr. Khalid Alsweilem	Present	Present	Present	Present	4
7	Mr. Abdulmajid Albasri	Present	Present	Present	Present	4
8	Mr. Turki AlDayel	Present	Present	Present	Present	4
9	Mr. Johan Brand	Present	Present	Present	Present	4

Directors' Attendance at Shareholders General Assembly Meetings

Two Shareholders General Assembly meetings were held during the full financial year ending 31 December 2023. Below is the attendance log of the Board of Directors at those meetings:

No.	Assembly type:	Extraordinary	Ordinary
	Member Name	24/1/2023	21/6/2023
1	Mr. Fawaz Al Hokair	Absentee	Absentee
2	Eng. Salman Al Hokair	Absentee	Present
3	Dr. Abdulrahman Al Tuwaijri	Absentee	Absentee
4	Eng. Kamel Al Qalam	Present	Present
5	Mr. Mohamad Mourad	Present	Present
6	Dr. Khalid Alsweilem	Absentee	Present
7	Mr. Abdulmajid Albasri	Present	Present
8	Mr. Turki AlDayel	Present	Present
9	Mr. Johan Brand	Present	Absentee

Major Decisions Taken by the Board During the full fiscal year (ended on 31-Dec-2023):

No.	Decision Date	Board Decision
1	1/1/2023	Approval of distribution of cash dividends to the Company's shareholders in the amount of 356.25 million Saudi riyals, at the rate of 75 halalas per share, so that the number of outstanding shares is 475 million shares, for the first half period ended on September 30, 2022 AD.
2	26/1/2023	Establish of a sukuk offering programme (the "Programme") for the issue and offer of up to SAR 4,500,000,000 in aggregate principal amount of Shari'ah compliant sukuk (the "Sukuk"), which may be issued by the Company from time to time (each such issuance of Sukuk thereunder, an "Issuance", and together with the Programme Establishment, the "Transactions").
3	9/2/2023	Approving the interim financial statement for the period ended on December 31, 2022.
4	9/2/2023	Approval to start the discussions with Fawaz Abdulaziz Alhokair Company (Cenomi Retail) on a potential combination of the two companies.
5	30/3/2023	• Approval of the annual audited financial statements and the independent auditor's report for the full fiscal year of the company ending on December 31, 2022. • Approval of the Board of Directors' report for the company's full fiscal year ending on December 31,2022, AD.
6	1/4/2023	Approval for: • One-time special dividend to the shareholders for the third and last quarter (ended 31-Dec-2022) of the short financial year 2022, for the total amount of SAR 475,000,000 or SAR 1 per share, so that the number of outstanding shares is 475 million shares, following the proceeds from its successful non-core asset land sale program. • SAR 134,000,000 of dues from related parties will be settled as part of the distribution to the major shareholders.
7	22/5/2023	Approving the interim financial statement for the first quarter of the current fiscal year 2023 for the three months period ended on March 31,2023.
8	8/6/2023	• Approving the appointment of Al Rajhi Capital as a market maker for the company's shares for a period of one year from the effective date of the agreement. • Approval for opening an investment account and investment portfolio under the name of " Arabian Centres Co. (a Joint Stock Company)".
9	15/7/2023	Approval of distribution of cash dividends to the Company's shareholders in the amount of 413.25 million Saudi riyals, at the rate of 0.87 halalas per share, so that the number of outstanding shares is 475 million shares,for the first half of the financial year ending on 31 December 2023 AD.
10	8/8/2023	approving the interim financial statement for the second quarter of the current fiscal year 2023 for the three months period ended June 30,2023.
11	8/11/2023	approving the interim financial statement for the third quarter of the current fiscal year 2023 for the three month and nine-month periods ended 30 September 2023
12	7/12/2023	Approved: 1. Related Party transactions Policy 2. Policy on Related Party Tenants 3. Support Services agreement with FAS Holding. 4. The Solar Energy Agreement with Marubeni Corporation and FAS Energy.
13	17/12/2023	Call the shareholders to hold the Extraordinary General Assembly Meeting to Vote on the authorisation and approval of one or more issuances and offerings of Shari'a compliant sukuk certificates (the "Sukuk") (each, a "Sukuk Offering") in aggregate principal amount of up to SAR 3,750,000,000 (or equivalent amount in any other currencies as may be determined by the Board of Directors in their own discretion from time to time),
14	20/12/2023	Approval to suspend the discussions with Fawaz Abdulaziz Alhokair Company (Cenomi Retail) on a potential combination of the two companies until further notice

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	40,900,000	8.61%	40,900,000	8.61%	-
2	Eng. Salman Abdulaziz Al Hokair	38,000,000	8.00%	38,000,000	8.00%	-
3	Dr. Abdulrahman Abdulaziz Al Tuwaijri	-	-	-	-	-
4	Eng. Kamel Al Qalam	-	-	1,824,009	0.38%	NA
5	Mr. Mohamad Mourad	-	-	-	-	-
6	Dr. Khalid Alsweilem		-	-	-	
7	Mr. Abdulmajid Albasri		-	-	-	
8	Mr. Turki AlDayel					
9	Mr. Johan Brand		-	-	-	

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.

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 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 risk management and compliance activities, as well as 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.
- Oversee the Risk Management and Compliance functions.
- 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 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. All of the members are independent.

The following members of the Audit Committee were appointed during the Ordinary General Assembly meeting held on 16/11/1443H (corresponding to 16 June 2022) effective from 19 June 2022 for three years ending 18 June 2025. The Audit Committee has appointed its Chairman and Secretary during the meeting held on 22 June 2022.

Audit Committee Members

No.	Name	Title
1	Mr. Fahad Ibrahim Al Khorayef	Chairman (Independent)
2	Mr. Turki Saud Al-Dayel	Member (Independent)
3	Mr. Wissam Moukahal	Member (Independent)

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

Name	Education	Work Experience	Current Positions	Previous Positions
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 • CEO of Tourism Development Fund • CEO of Al Khorayef Financial & Business Advisory • Member of the Board of Erteqa Financial Company • Member of the Audit & Risk Committee of the Al Khorayef Group • Chairman of the Board of Wathiqa 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 • Senior Consultant, General Department of Insurance Control, Saudi Central Bank • Rector Investment Advisor / General Manager, Princess Nourah University
Mr. Wissam Moukahal	• Bachelor's degree in Finance from Lebanese American University • U.S. Certified Public Accountant (CPA) from the State of California • Certified Fraud Examiner - ACFE - USA	Financial, Accounting and Banking sectors	• Board Member - Halo Investing, UAE • Member of the Board Advisory Committee - Minum Energy, Brazil. • Board Advisor - Classic Fashion Apparel Industry Ltd., Jordan	• Board Member - Peninsula Real Estate, UAE • Audit Committee Member - Gulf Capital, UAE • Board & Audit Committee Member - Anghami, UAE • Board advisor and Risk Committee Member - Salama Takaful, UAE • CEO - Bank of Sharjah, UAE • Chairman - Macquarie Group MENA, UAE • Partner - Deloitte ME, UAE • External Audit Manager - Arthur Andersen
Mr. Truki Saud Al-Dayel	Please refer to Mr. Truki Saudi Al-Dayel's biography in the "Board of Directors Biographies" section above.			

Audit Committee Meetings

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

Meeting Date	Mr. Fahad Al Khorayef	Mr. Turki Al-Dayel	Mr. Wissam Moukahal
8 Feb 2023	Present	Present	Present
14 Mar 2023	Present	Present	Present
29 Mar 2023	Present	Present	Present
21 May 2023	Present	Present	Present
8 Aug 2023	Present	Present	Present
12 Sep 2023	Present	Present	Present
13 Sep 2023	Present	Present	Present
19 Oct 2023	Present	Present	Present
6 Nov 2023	Present	Present	Present
19 Dec 2023	Present	Present	Present
20 Dec 2023	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:
   • Appointment of external auditors.
   • Key internal audit recommendations.
   • Company Risk Management System.
6. Encouraging management to promote compliance with policies, procedures, internal controls, risk management and governance.
7. Reviewing external auditor's reports and management letter.
8. Reviewing and approving the internal audit annual plan.
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 for the selection of external auditors in order to review the Company's quarterly financial statements for the second and third quarters of the financial year (FY) 2023, to audit the annual financial statements for the FY 2023, and to review the first quarter of FY 2024, and the Board recommended the selection and approval of their remuneration.

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 three 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 by the Board resolution by circulation on Wednesday corresponding to June 22, 2022

Nomination and Remuneration Committee Members

No.	Name	Title
1	Mr. Johan Henri Brand	Chairman (Independent)
2	Eng. Kamel Badih Al Qalam	Member
3	Mr. Abdulmajid Abdullah Albasri	Member

For a brief overview of the members of the Nomination and Remuneration Committee, please refer to the "Board of Directors Biographies" section above.

Nomination and Remuneration Meetings

During the year, the Committee held three meetings. The attendance of the previous and current committee members for these meetings was as follows:

Meeting Date	Mr. Johan Brand	Eng. Kamel Al qalam	Mr. Abdulmajid Albasri
18-Jan-2023	Present	Present	Present
17- Jul-2023	Present	Present	Present
5- Dec-2023	Present	Present	Present

Board of Directors and Committees' Members Remuneration

a-1) Current Board Members Remuneration from its appointment at 19-Jun-2022 until the end of the Fiscal Year on 31-Dec-2023 (In Saudi Riyal):

	Fixed Benefits							Variable Benefits								
	Certain amount	Attendance allowance for board Sessions	Total of Attendance allowance for board sessions	In-kind Benefits	Technical, administrative and consulting	reward of the chairman of the board, the managing	Grand total	percentage of profits	Periodic bonuses	Short - term incentive plans	Long - term incentive plans	Granted shares	Grand total	severance pay	Grand total	expenses allowance
First: Independent Directors																
Dr. Abdulrahman Al Tuwaijri	300,000	100,000	-	-	-	-	400,000	-	-	-	-	-	-	-	400,000	-
Dr. Khalid Alsweilem	389,315	100,000	150,000	-	-	-	639,315	-	-	-	-	-	-	-	639,315	-
Mr. Turki AlDayel	519,315	100,000	315,000	-	-	-	934,315	-	-	-	-	-	-	-	934,315	-
Mr. Johan Brand	400,000	100,000	45,000	-	-	-	545,000	-	-	-	-	-	-	-	545,000	-
Second: Non-Executive Directors																
Mr. Fawaz Al Hokair	300,000	100,000	-	-	-	-	400,000	-	-	-	-	-	-	-	400,000	-
Eng. Salman Al Hokair	300,000	100,000	-	-	-	-	400,000	-	-	-	-	-	-	-	400,000	-
Eng. Kamel Al Qalam	400,000	100,000	45,000	-	-	-	545,000	-	-	-	-	-	-	-	545,000	-
Mr. Abdulmajid Albasri	489,315	100,000	195,000	-	-	-	784,315	-	-	-	-	-	-	-	784,315	-
Third: Executive Directors																
Mr. Mohamad Mourad	300,000	100,000	-	-	-	-	400,000	-	-	-	-	-	-	-	400,000	-

b. Board Committees Remuneration during the Financial Year ended on 31 December 2023 (Saudi Riyal):

Name	Fixed Remuneration (Except for the Allowance for Attending Board Meetings)	Allowance for Attending Committee Meetings	Total
Audit Committee			
Mr. Fahad Al Khorayef	130,000	165,000	295,000
Mr. Turki Al-Dayel	130,000	165,000	295,000
Mr. Wissam Moukahal	130,000	165,000	295,000
Total	**390,000**	**495,000**	**885,000**
Nomination and Remuneration Committee			
Mr. Johan Brand	100,000	45,000	145,000
Eng. Kamel Al Qalam	100,000	45,000	145,000
Mr. Abdulmajid Albasri	100,000	45,000	145,000
Total	**300,000**	**135,000**	**435,000**

Senior Executives

a. Senior Executive Team

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

Mrs. Alison Rehill-Erguven - Chief Executive Officer

Previous experience: Before joining Cenomi Centers, held the role of CEO for Pradera Retail Asia, a joint venture that was formed with Macquarie Bank's MIRA division, based in Shanghai, China, for 5 years. This JV was subsequently acquired in 2021 by Brookfield Asset Management, one of the world's largest alternative asset managers, where Alison led the transition of PRA into Brookfield and acted as Senior Advisor and Acting Head of Commercial Real Estate for Brookfield Properties in China where she was responsible for all retail assets including shopping malls, offices, and mixed-use developments. Before working in China, Alison spent several years in Turkey and Europe as Managing Director and Board Director for Pradera.

Qualifications:

- Master's degree in organizational leadership with honors from Colorado State University.
- Bachelor's degree in Marketing and International Trade with honors from the Fashion Institute of Technology, State University of New York.

Experience: Has more than two decades of extensive shopping mall and retail real estate experience having been based in and managed operations in some of the world's most prominent emerging markets across Asia, Europe, and Latin America. In addition, she has more than 10 years of experience working in the US market with global industry-leading companies, like General Growth Properties and Simon Property Group.

Mr. Frederik Foussat - Chief Financial Officer

Previous experience: Working in the region since 2015, Frederik has held senior finance positions for large regional family conglomerates, including UAE-based Majid Al Futtaim Properties' regional portfolio of shopping malls and development projects. Prior to that, he spent 11 years developing Grosvenor's Fund Management business with a focus on office and retail real estate investment management across Europe and responsibilities over finance, operations and transactions.

Qualifications: MSc in Business Management from EDHEC Business School (France).

Experience:

- 25+ years' experience in the banking, audit, and corporate sectors including 20 years managing commercial real estate investments across Europe and the Middle-East.
- Transformation projects, business performance management, M&A and funding activities.

Mr. Ghassan Abu Mutier - Chief Development & Delivery Officer

Previous experience: Before joining Cenomi Centres, Ghassan held the position of Group Supply Chain Director from 2012 to 2015. In this role, he reported directly to the CEO and was responsible for planning and development to organize and optimize the supply chain process. Additionally, Ghassan led a range of project delivery initiatives to ensure successful outcomes.

Qualifications:

- Bachelor of Science in Geology and Environmental Science - Yarmouk University Jordan
- Master of Business - University of Cumbria London (Ongoing final dissertation)

Experience: Over 27 years of experience in real estate development and architectural design fields.

Mr. Turki Saleh Al Zahrani - Chief Corporate Services Officer

Previous experience: Mr. Al Zahrani Al-Zahrani holds the position of Chief Corporate Services Officer, and the authorized signatory/representative of the company and a member of many committees inside and outside the company. Previously, he had held many positions in the field of human resources, including the Director of Human Resources at Géant Saudi Arabia, a limited liability company established in the Kingdom of Saudi Arabia and active in the trading field. He had also held the position of Director of Human Resources and Administrative Affairs at Al-Othaim Holding Company, a closed joint stock company based in Saudi Arabia and operates in the commercial, real estate and industrial sectors.

Qualifications: Bachelor's degree in business administration.

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

Mr. Naji Fayad - Chief Internal Audit Officer

Previous positions: Prior to joining Cenomi, Mr Fayad spent 15 years in the finance and insurance sectors as the Director of Internal Audit, and later as the Chief Financial Officer and acting Chief Risk Officer. He also served two terms as a Board member and Audit Committee Chair of a Saudi Publicly listed company. His experience includes 10 years as the Audit Director at Deloitte and Touche in Montreal, Canada. He has been a board member of the International Internal Audit Standards Board (IIASB) at IIA-Global, USA since 2019.

Qualifications: MBA from the American University of Beirut; Postgraduate degree in Accounting from McGill University, Canada; he is also a Chartered Accountant and holds multiple professional and academic certifications.

Experience: Over 25 years of experience in Finance, Internal Audit, Governance, Risk management and Compliance.

Mr. Lijo Kankapadan - Chief Technology & Information Officer

Previous positions:

- IT Head Malls, Hospitality & Entertainment. Emaar Properties PJSC Dubai Responsible for product strategy, management, strategic integration, and innovation by aligning with stakeholders for business needs, user needs, and feasibility.
- Head Of IT. Dubai Developments and Roda Hotels Dubai: headed the Tech-Led business transformation focusing 'Digital operations' and 'Digital Customer
- Corporate Director of IT, Emaar Hospitality Group Dubai
- Regional Manager - Professional Services. Oracle Hospitality Asia Pacific
- Manager Information systems. Villa Shipping & Trading, Villa Hotels, Maldives
- Co-founder & Head of development. Penta Software House India

Qualifications: Bachelor of Engineering - Computer Science

Experience: Over 30+ years of experience in the field of Technology Leading business transformation

Mr. Livio Fabi - Chief Operating Officer - Central Region

Previous positions: After starting his career in Italy with Klepierre, a top mall operator in Europe, Livio joined Cushman & Wakefield, a global real estate consulting firm, where he held several senior positions.

Following his move to the UAE, Livio served as Mall General Manager at Line Investments & Property and, later, joined Miral, a premier Abu Dhabi developer and operator of leisure, entertainment and retail destinations, as Head of Asset Management for Retail and Leisure Assets.

Immediately prior to joining Cenomi, Livio worked as Director Asset Management Retail, Entertainment, and Residential at KAFD.

Qualifications:

- Master's degree Economics and Banking
- Certified Shopping Center Manager (CSM)

Experience: Over 25 years in managing retail developments and operations with leading international mall operators and real estate firms in Europe and the Middle East.

Mr. Joao Diogo - Chief Operating Officer - Western Region

Previous positions: João held several positions in Retail Real Estate Development, Property and Asset Management companies in Europe and Turkey. Prior to joining Cenomi Centers he held the position as Managing Director at Multi Corporation overseeing the business in Spain and Portugal with full P&L responsibilities, Prior to that João worked as Asset Management Director in Turkey, Spain, and Portugal, responsible for 15 assets with a market value of 1.3B dollars.

Qualifications:

- Master's degree in business administration
- AESE/IESE - Lisbon/Portugal, Madrid Spain, NY/USA, and Ahmedabad India
- Degree in Management and Finance - Lisbon, Portugal
- Institute of Financial and Management Studies in Lisbon

Experience: Worked in multiple regional and global markets with over 28 years of dealing with global organizations in retail real estate, development, property and asset management companies, private equity, and institutional funds from banks.

Mr. Serge Said Younane - Chief Operating Officer - Eastern Region

Previous experience: Before joining Cenomi Centers, held for two years the role of Head of Retail Properties for Al Ghurair Group Real Estate, a Dubai based leading diversified conglomerate operating shopping malls and residential properties, where Serge led full change management, business and financial transformation, digitization, and redevelopment of the shopping malls portfolio. Before moving to Dubai, Serge spent 10 years with Majid Al Futtaim Properties as Head of Leasing for the Levant and Head of shopping malls in Lebanon, successfully leading in adverse environments.

Qualifications

- Master's degree in business administration - Ecole Superieure De Commerce De Paris (ESCP) - Paris, France
- Master's degree in business administration -Ecole Superieure Des Affaires (ESA) – Beirut, Lebanon
- Bachelor's degree in French Antiques Business & Expertise - Institut Des Etudes Supereures Des Arts (IESA), Paris I - Paris, France
- Bachelor's degree in interior design & architecture - Academie Charpentier, Paris Vi - Paris, France

Experience: Has more than two decades of extensive experience in real estate development, shopping malls management & operations, property and asset management. Held executive roles with the industry-leading retail real estate organizations and has a demonstrated history of high performance across the GCC and the Levant. Skilled in achieving change management and transformation of difficult assets in challenging markets into financially profitable properties.

Mr. Bruno Salim Wehbe - Chief Operating Officer - Flagship Assets

Previous experience: Before re-joining Cenomi Centers in November 2023, Bruno was Chief Strategy Officer for Cenomi Group (April 2022-November 2023) and Chief Portfolio & Asset Mgmt. Officer for Arabian Centres (2018-2020) and IPO co-lead.

Prior to his experience with Cenomi and Arabian Centers, Bruno spent 12+ years in top-tier consulting firm Booz Allen Hamilton where he led the firm's MENA Real Estate business, in addition to Strategy&/Booz & Company serving Vision 2030's local real estate agenda and the region's top real estate developers and asset managers.

Qualifications

- MBA from Insead
- Master of Science from the London School of Economics
- Bachelor of Engineering in Computer and Communications from the American University of Beirut

Experience: Bruno has 17+ years of experience in real estate Asset Management, strategy, and top-tier real estate consulting with a core understanding of the Saudi market and Vision 2030.

b. Senior Executives Remuneration*

the below table details the total remuneration paid to the top five senior executives (including the CEO and CFO), of which are not board members, during the financial year ended 31 December 2023 (In Saudi Riyals):

Fixed	Salaries	12,892,488
	Allowances	640,000
	In-kind Benefits	-
	Total	**13,532,488**
Variable	Periodic remuneration	-
	Profits	-
	Short-term incentive plans	-
	Long-term incentive plans	-
	Granted Shares (Value)	-
	Total	**-**
	End of Service Benefits	-
	Other Benefits	-
	Grand Total	**13,532,488**

* The Company is committed to disclose total remuneration of the Senior Executive Management in accordance with the requirements of Article 93 (4-b) of the Corporate Governance Rules. To protect the interests of the Company, its shareholders, and its employees, and to avoid any damage that may result from the disclosure in details as per job titles and positions, hence description of remuneration is not presented pursuant to Appendix (1) Remuneration Schedule of Corporate Governance Rules related to Senior Executives.

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

No.	Name	Shares at Be-ginning of Year	Shares at End of Year	Change	% Change
1	Mrs. Alison Rehill-Erguven (CEO)	-	-	-	-
2	Mr. Frederik Foussat (Chief Financial Officer)	-	-	-	-
3	Mr. Ghassan Abu Mutair (Chief Development & Delivery Officer)	-	-	-	-
4	Mr. Turki Al Zahrani (Chief Corporate Services Officer)	-	-	-	-
6	Mr. Naji Fayad (Chief Internal Audit Officer)	-	-	-	-
7	Mr. Lijo Kankapadan (Chief Technology & Information Officer)	-	-	-	-
8	Mr. Livio Fabi (Chief Operating Officer - CR)	-	-	-	-
9	Mr. Joao Diogo (Chief Operating Officer - WR)	-	-	-	-
10	Mr. Serge Younane (Chief Operating Officer - ER)	-	-	-	-
11	Mr. Bruno Wehbe (Chief Operating Officer - Flagship Assets)	-	-	-	-

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.

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 is paid to the members of the Board of Directors, the members of the board committees and senior executives, that is shown in the related tables in this report, in accordance with the "Remuneration Policy for Board of Directors, Committees and Executive Management" approved by the Shareholders General Assembly on 30 September 2020 and based on the recommendation of the Nomination and Remuneration Committee. Knowing that there was no deviation in the remuneration payment from the policy.

Annual Review of Internal Controls Effectiveness

The internal control system has an important role to play in the success of any organization. The Company 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 and personnel required for 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 Company's departments, 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 recommendations raised to management 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.

The Audit Committee studied and followed up 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 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, when applicable, 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.

Subsidiaries and Affiliates

Name of Subsidiary*	Capital (SAR)	Nature of Business	Ownership %	
			Direct	Indirect
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%
Mall of Arabia 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 Hamra Mall Trading Company	100,000	Real Estate	95%	5%
Al Erth Al Rasekh Trading Company	100,000	Real Estate	95%	5%
Derayah Destination Arabia Diversified Fund	-	Real Estate	100%	-
Riyad Real Estate Development Fund – Jawharat AlRiyadh (ii)	-	Real Estate	100%	-
Riyad Real Estate Development Fund – Jawharat Jeddah (iii)	-	Real Estate	100%	-

*All subsidiaries are limited liability companies incorporated in KSA.

(i) During the nine-month period ended 31 December 2022, the Group invested in a newly established private real estate fund named Riyad Real Estate Development Fund - Jawharat AlRiyadh. The Group signed an agreement with Riyad Capital Company to manage the fund. The units were subscribed by transfer of a parcel of land, construction work in progress and advances to contractor to the fund with a carrying value of SAR 2,796 million.

(ii) During the nine-month period ended 31 December 2022, the Group invested in a newly established private real estate fund named Riyad Real Estate Development Fund - Jawharat Jeddah. The Group signed an agreement with Riyad Capital Company to manage the fund. The units were subscribed by transfer of a parcel of land, construction work in progress and advances to contractor to the fund with a carrying value of SAR 1,568 million.

Shares and Debt Instruments Issued by Subsidiaries

On 20 November 2019, Arabian Centres Sukuk Limited (a special purpose company owned by Cenomi Centers 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 SAR 1,875 million), at a par value of USD 0.2 million each, annual yield of 5.375% payable semi-annually and a maturity of five years. Sukuk Certificates may be subject to early redemption at the option of the Company as per certain specified conditions mentioned in the Sukuk Certificate.

On 7 April 2021, Arabian Centres Sukuk II Limited (a special purpose company owned by Cenomi Centers established for the purpose of issuing Sukuk) completed the issuance of a 5.5 International USD denominated Shari'ah compliant Sukuk "Sukuk II Certificates" amounting to USD 650 million (equivalent SAR 2,437.5 million), at a par value of USD 0.2 million each, annual yield of 5.625% payable semi-annually. On 28 July 2021, the Company issued additional Sukuk II certificates amounting to USD 225 million (equivalent SAR 843.75 million), at a premium of 4.75%. Sukuk Certificates may be subject to early redemption at the option of the Company as per specified conditions mentioned in the Sukuk Certificate.

Those issuances came in line with Cenomi Centers' financial strategy of transitioning from a fully secured capital structure towards unsecured financing.

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).

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) (amended on December 7, 2023, and approved by the Board of Directors) 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.

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 December 2023	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.	290,547,535	Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect controlling shareholders.
Saudi FAS Holding Company	Renting of office space and other business support activities.	3,296,527	Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are direct controlling shareholders.
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries (ii)	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.	23,801,302	Owned by a relative of the controlling shareholders.
Lynx Contracting Company (formerly known as Fawaz Abdulaziz Al Hokair & Partners Real Estate Company) (iii)	Currently, the Company exclusively relies on FARE for the construction of its shopping malls.	(94,791,180)	Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect controlling shareholders.
Tadaris Al Najd Security Company (iv)	TNS provides security services to all of the Company's shopping malls.	(66,011,599)	Salman Abdulaziz Alhokair, as a director of the Company, is the direct sole shareholder.
Majd Al Amal Co. Limited and its associates (v)	Leases spaces in several of the Company's shopping malls. The term of the leases range from 3 to 7 years.	22,666,608	Owned by relatives of the controlling shareholders.
Salman & Sons Holding Co and its associates (vi)	Leases spaces in several of the Company's shopping malls mainly for entertainment purposes.	54,855,505	Owned by relatives of the controlling shareholders.
Ezdihar Holding Co and its subsidiaries (vii)	Leases spaces in several of the Company's shopping malls mainly for trading purposes.	55,610,260	Owned by relatives of the controlling shareholders.
Others (viii)		(5,710,933)	

(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) 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.

(iii) 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).

(iv) 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.

(v) Majd Al Amal Co. Limited and its associates is a mix of entities which leases spaces in several of the Company's shopping malls. The term of the leases range from 3 to 7 years. The Company is owned by close family members of the Controlling Shareholders. Entities includes Majd Al Amal Co. limited (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.

(vi) 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.

(vii) 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 centre 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.

(viii) Others mainly include transactions with Etqan Facilities Management, DAAM Support Maintenance& Cleaning Company, FAS Energy, Cenomi E-commerce, Business Flower, Medical Health Development Company, Echo Design Consultant, Fahad Abdulaziz Al Hokier Trading EST, FAS Technologist Trading Company, and Nail Place Trading Est. These entities are owned by close family members of the Controlling Shareholder (Fawaz Abdulaziz Alhokair) and their close family members.

The following transactions took place with the board of director members (as disclosed in notes to F/S for the year ended on 31 December 2023):

Description	SAR
Board of Directors expenses	5,862,945

Summary of Account Balances with Related Parties:

Entity	Balances as of 31 December 2023
Saudi FAS Holding Company	8,401,207
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	246,035,225
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	24,116,051
Lynx Contracting Company (formerly known as Fawaz Abdulaziz Al Hokair & Partners Real Estate Company)	(94,791,180)
Tadaris Al Najd Security Company	8,164,179
Majd Al Amal Co. Limited and its associates	5,244,635
Salman & Sons Holding Co and its associates	71,048,857
Ezdihar Holding Co and its subsidiaries	92,784,508
Others	20,661,681

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 42 and 44 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.

Borrowings

In November 2019, the Group entered into a long-term Islamic facility arrangement amounting to SAR 5,250 million (equivalent to USD 1,400 million), with local and international banks. This facility is divided into Murabaha facility up to SAR 500 million (maturing in 12 years), Ijara facilities up to SAR 4,000 million (maturing in 8 and 12 years) and Revolving Murabaha up to SAR 750 million (maturing in 3 years). These facilities are fully utilized as of reporting date.

During the year ended 31 December 2023, a subsidiary of the Group has entered into a long-term Islamic facility arrangement amounting to SAR 1,000 million with a local bank.The long-term loan is repayable in unequal semi-annual instalments and are subject to commission rates based on SIBOR plus an agreed commission rate. The facilities are secured by Lands.

During the period ended 31 December 2022, the Group borrowed an additional SAR 575 million from the existing Revolving Murabaha Facility.

During the period ended 31 December 2022, a subsidiary of the Group has entered into a long-term Islamic facility arrangement amounting to SAR 800 million with a local bank.

During the year ended 31 December 2023, the Group has drawn-down SAR 508 million (period ended 31 December 2022: SAR 63 million) from the facilities. The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained

On 20 November 2019, Arabian Centres Sukuk Limited (a special purpose company owned by Cenomi Centers 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 SAR 1,875 million), at a par value of USD 0.2 million each, annual yield of 5.375% payable semi-annually and a maturity of five years. Sukuk Certificates may be subject to early redemption at the option of the Company as per certain specified conditions mentioned in the Sukuk Certificate.

On 7 April 2021, Arabian Centres Sukuk II Limited (a special purpose company owned by Cenomi Centers established for the purpose of issuing Sukuk) completed the issuance of a 5.5 International USD denominated Shari'ah compliant Sukuk "Sukuk II Certificates" amounting to USD 650 million (equivalent SAR 2,437.5 million), at a par value of USD 0.2 million each, annual yield of 5.625% payable semi-annually. On 28 July 2021, the Company issued additional Sukuk II certificates amounting to USD 225 million (equivalent SAR 843.75 million), at a premium of 4.75%. Sukuk Certificates may be subject to early redemption at the option of the Company as per specified conditions mentioned in the Sukuk Certificate.

The below table details the borrowing details of the Company by 31 December 2023:

Borrowing type	Balance at 1 January 2023	Period	Net drawdown / (repayments) during year	Balance at 31 December 2023	Maturity date
Long-term Islamic facility	3,259,161,079	3 to 12 years	639,970,493	3,899,131,572	2025-2034
Sukuk I	1,874,950,000	5 years	-	1,874,950,000	2024
Sukuk II	3,281,250,000	5.5 years	-	3,281,250,000	2026
Total	**8,415,361,079**		**639,970,493**	**9,055,331,572**	

Outstanding Statutory Payments

Government Party	Actual Payments for the Fiscal Year ended on 31 December		Accruals for the Fiscal Year ended session 31 December	
	2023	2022	2023	2022
Zakat and Value Added Tax (VAT)	117,314,101	149,977,382	82,322,997	60,230,976
GOSI	9,330,611	6,907,762	1,694,822	-
Passports and visas	32,589	1,221,727	-	-
Baldiya	376,272	1,519,725	-	-
Chamber of Commerce	52,465	88,981	-	-
Total	**127,106,038**	**159,715,577**	**84,017,819**	**60,230,976**

Zakat, Taxes and Fees

Status of Zakat Assessments

The Company has submitted the Zakat return up to the year ended 31 December 2022 but didn't obtain the provisional Zakat certificate. The Zakat certificate is valid until 31 July 2023. Until the year ended 31 March 2019, the Ultimate Parent Company prepared and submitted combined Zakat returns for the Ultimate Parent Company and its wholly owned subsidiaries, including Cenomi Centers, 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 SAR 38.66 million as Group's share of Zakat liability for the years 2017 to 2019. The group has Zakat provision of SAR 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 December 2023 (Saudi Riyal)	31 December 2022 (Saudi Riyal)
Balance at beginning of the year	51,221,357	41,187,722
Provision for the year	40,473,225	37,102,712
	91,694,582	**78,290,434**
Transferred to Ultimate Parent Company	--	--
Paid during the year	(23,310,387)	(27,069,077)
Balance at end of the year	**68,384,195**	**51,221,357**

Dividends

A) 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.

B) Dividends Distribution for the periods of the financial year 2023(From 01-Jan-2023 to 31-Dec-2023):

Distribution Period	Distribution Date	Amount Per Share (SAR)	Total Distribution Amount (SAR Mn)	Period Net Income (SAR Mn)	% Of Distribution to Net Income
Special dividend	25- Apr-2023	1 SAR	475	804.7	59%
First half	13 - Aug-2023	0.87 SAR	413.25	725.1	57%

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.

Fines and Penalties

No penalties have been imposed on the Company by the Capital Market Authority during the full fiscal year 2023.

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 full fiscal year ended on 31 December 2023:

No.	Date	Reason
1	02-Jan-2023	Company's procedures
2	24-Jan-2023	Shareholders General Assembly
3	24-Jan-2023	Dividend Distribution
4	6-Apr-2023	Dividend Distribution
5	02-May-2023	Company's procedures
6	21-June-2023	Shareholders General Assembly
7	25-July-2023	Dividend Distribution
8	31-July-2023	Company's procedures
9	31-Aug-2023	Company's procedures
10	28-Sep-2023	Company's procedures
11	31-Oct-2023	Company's procedures
12	30-Nov-2023	Company's procedures

Major Shareholders List

Below are the major shareholders list of the Company, and movements during the fiscal year 2023, 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 Beginning of Year (Millions)	% Of Capital	Shares at the Year End	% Of Capital	Change (Millions)	% Change
1	FAS Real Estate Co.	197.4	41.6%	176.8	37.21%	-20.64	-10.46%
2	Mr. Fawaz Al-Hokair	40.9	8.6%	40.1	8.45%	-0.78	-1.91%
3	Eng. Salman Al-Hokair	38.0	8.0%	38.0	8.0%	0.0	0.0%
4	Dr. Abdulmajid Al-Hokair	38.0	8.0%	37.3	7.86%	-0.66	-1.73%
5	Al Farida Al-Thaniah Co.	19.0	4.0%	19.0	4.0%	0.0	0.0%
	Total	**333.3**	**70.2%**	**311.22**	**65.5%**	**-22.08**	**-6.6%**

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 December 2023 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 December 2023.

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 is no inconsistency with the standards approved by the Saudi Organization for Certified Public Accountants.
12. 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

In this section:

KPMG Professional Services
Roshn Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة روشن ، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Arabian Centres Company

Opinion

We have audited the consolidated financial statements of **Arabian Centres Company** ("the Company") (and its subsidiaries) (collectively referred to as "the Group"), which comprise the consolidated statements of financial position as at 31 December 2023, the consolidated statements of profit or loss, comprehensive income for the year ended 31 December 2023, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

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

Key Audit Matters

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

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Revenue recognition	
See Notes 7(c) and 25 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
During the year ended 31 December 2023, the Group recognized total revenue of SR 2.25 billion (nine-months ended 31 December 2022: SR 1.69 billion). The Group revenue mainly consists of rental income from lease contracts. Revenue recognition is considered a key audit matter since revenue is a key measure of the Group's performance and there is a risk that revenue may be overstated resulting from the pressure management may face to achieve performance targets and without achieving revenue recognition requirements as per requirements of IFRS Accounting Standards.	Our audit procedures, included among others: – Assessed the Group accounting policies by considering the requirements of the relevant accounting standards; – Assessed the design and implementation, and testing the operating effectiveness of both manual and automated controls over: ○ The accuracy and validity of the input of key terms of the contract, ○ Tenant's acknowledgement to the amendments of lease contracts; and ○ Recognition of revenue accurately over the term of the lease contracts. – Evaluated key contractual arrangements including rental discounts by considering relevant documentation and agreements with the customers; – Tested revenue recognized during the year in respect of a sample of lease contracts to assess whether revenue recognized under these contracts complies with Group's revenue recognition and terms of the lease contracts; – Obtained, on a sample basis, accounts receivable balance confirmations from the Group's tenants and investigating any discrepancies; – Tested manual journal entries posted to the revenue accounts to identify any unusual items; – Performed cut off procedures to assess that revenue was recognised in the correct period; and – Evaluated the disclosures included in the consolidated financial statements.

All amounts are presented in Saudi Riyals unless otherwise stated.

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Impairment of investment properties	
See Note 7(d) and 8 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
As at 31 December 2023, the Group owned investment properties with a carrying value of SR 25.33 billion (31 December 2022: SR 23.08 billion) which are used for earning rentals and capital appreciation. Valuation of investment properties is considered a key audit matter since valuation of the property portfolio is a significant area of judgement, underpinned by a number of assumptions and has a high degree of estimation uncertainty, with a potentially significant range of reasonable outcomes. The Group engaged multiple professionally qualified external valuers to fair value its property portfolio performing their work in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation Professional Standards in line with Capital Market Authority ("CMA") requirements to obtain two valuations for each investment property. The property portfolio (excluding lands) was valued using the discounted cash-flows method. The valuation of land is based on the sales comparison method. Key inputs in the valuation process included discount rates, yield rates, contracted estimated rental values and forecasted occupancy which are influenced by prevailing market forces and the specific characteristics of each property in the portfolio.	Our audit procedures, included among others: – Evaluated the experience and qualification of the real estate valuation experts appointed by management and whether the valuation approach was suitable for determining the fair value of the properties; – Verified the accuracy of the underlying data by agreeing the specific details (area, location etc.) of the investment properties as per the valuation reports with the Group records and title deeds of the investment properties; – Verified on sample basis whether property-specific current information supplied to the external valuers by management reflects the underlying property records held by the Group which have been tested during our audit; – Verified the mathematical calculation that management has taken lower of the two fair valuations for each investment property as required in line with CMA requirements; – Involved our real estate valuation specialist to assess the valuation methodology and determine whether significant assumptions including market comparability for land, discount rates, annual growth rate and yield rates for shopping malls are within an acceptable range; – Where assumptions and the resulting fair values were outside expected range or otherwise deemed unusual, we undertook further inquiries with the external valuers to challenge the assumptions; and – Evaluated the adequacy of the financial statement disclosures, including disclosure of key assumptions, judgements and sensitivities.

All amounts are presented in Saudi Riyals unless otherwise stated.

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

All amounts are presented in Saudi Riyals unless otherwise stated.

KPMG

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

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

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

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

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

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

KPMG Professional Services

كي بي إم جي للاستشارات المهنية
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Hani Hamzah A. Bedairi
License No: 460

Al Riyadh, 21 Ramadan 1445H
Corresponding to: 31 March 2024

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of financial position
As at 31 December 2023

	Notes	31 December 2023	31 December 2022
Assets			
Investment properties	8	**25,333,791,089**	23,075,741,378
Property and equipment	10	**56,647,114**	63,412,471
Accrued revenue – non-current portion	23(ii)	**157,058,122**	182,392,826
Investment in equity accounted investee	12A	**78,634,195**	63,714,723
Investment at FVTPL	12B	**81,576**	1,159,414
Other non-current assets	13	**18,681,804**	24,818,172
Non-current assets		**25,644,893,900**	23,411,238,984
Development properties	11	**353,531,069**	345,683,721
Accrued revenue	23(ii)	**78,529,061**	91,196,413
Accounts receivable and others	13	**464,470,288**	466,408,306
Amounts due from related parties	14B	**483,752,516**	417,815,065
Prepayments and other assets	15	**128,104,372**	128,190,642
Other investments	12C	**303,026,022**	--
Cash and cash equivalents	16	**84,995,834**	610,445,796
		1,896,409,162	2,059,739,943
Asset held for sale	8A	**209,924,358**	405,880,057
Current assets		**2,106,333,520**	2,465,620,000
Total assets		**27,751,227,420**	25,876,858,984
Equity			
Share capital	17	**4,750,000,000**	4,750,000,000
Share premium	17	**411,725,703**	411,725,703
Statutory reserve	18	**873,992,101**	722,492,544
Other reserves	18	**4,106,041**	16,511,299
Retained earnings		**8,231,652,970**	8,118,388,376
Equity attributable to the shareholders of the Company		**14,271,476,815**	14,019,117,922
Non-controlling interest		**40,491,288**	49,482,783
Total equity		**14,311,968,103**	14,068,600,705
Liabilities			
Loans and borrowings	20	**5,881,705,199**	7,433,674,604
Lease liabilities	9	**2,839,886,903**	2,383,687,028
Employee benefits	21	**35,809,551**	28,486,108
Other non-current liabilities	22(ii)	**42,697,177**	47,571,467
Non-current liabilities		**8,800,098,830**	9,893,419,207
Loans and borrowings – current portion	20	**3,104,998,958**	903,315,625
Lease liabilities – current portion	9	**328,383,213**	255,589,354
Accounts payable and other liabilities	22	**703,108,095**	454,263,679
Provision		**30,000,000**	5,000,000
Amount due to related parties	14B	**102,087,353**	6,339,458
Unearned revenue	23(i)	**302,198,673**	239,109,599
Zakat liabilities	24B	**68,384,195**	51,221,357
Current liabilities		**4,639,160,487**	1,914,839,072
Total liabilities		**13,439,259,317**	11,808,258,279
Total equity and liabilities		**27,751,227,420**	25,876,858,984

The attached notes from 1 to 37 are an integral part of these consolidated financial statements.
These consolidated financial statements were authorized for issue by the Board of Directors, on behalf of the Shareholders, on 15 Ramadan 1445H (corresponding to 25 March 2024) and signed on its behalf by:

Frederik Foussat	**Alison Rehill-Erguven**	**Fawaz Al-Hokair**
Chief Financial Officer	*Chief Executive Officer*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

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Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of profit or loss
For the year ended 31 December 2023

	Notes	Year ended 31 December 2023	Nine-month period ended 31 December 2022	Year ended. 31 December 2022 "Pro forma"
Revenue	25	2,253,673,262	1,687,534,280	2,206,702,284
Cost of revenue - Direct costs	26	(383,488,576)	(285,790,026)	(361,030,133)
Gross profit		1,870,184,686	1,401,744,254	1,845,672,151
Other operating income	27A	291,453,490	3,572,849	23,590,467
Net fair value gain / (loss) on investment properties	8A	369,929,259	60,760,555	(13,365,104)
Advertisement and promotion expenses	27B	(65,453,810)	(28,544,793)	(38,183,916)
General and administrative expenses	27C	(348,548,924)	(197,276,021)	(269,677,046)
Impairment loss on accounts receivable and accrued revenue rentals	13	(189,674,873)	(83,315,372)	(66,441,489)
Other operating expenses	27D	(18,421,762)	(26,574,648)	(55,640,332)
Operating profit		1,909,468,066	1,130,366,824	1,425,954,731
Finance income	30B	7,124,755	--	--
Finance costs over loans and borrowings	27E	(253,816,842)	(146,848,717)	(187,640,162)
Finance costs over lease liabilities	9A	(110,436,822)	(102,262,967)	(142,754,329)
Net finance costs		(357,128,909)	(249,111,684)	(330,394,491)
Share from loss of equity-accounted investee	12	(10,870,750)	(7,159,334)	(18,203,735)
Profit before zakat		1,541,468,407	874,095,806	1,077,356,505
Zakat charge	24	(40,473,225)	(37,102,712)	(68,506,413)
Profit for the year / period		1,500,995,182	836,993,094	1,008,850,092
Profit for the year / period is attributable to:				
- Shareholders of the Company		1,514,995,569	831,907,569	1,007,086,123
- Non-controlling interest		(14,000,387)	5,085,525	1,763,969
		1,500,995,182	836,993,094	1,008,850,092
Earnings per share				
Basic and diluted earnings per share	28	3.19	1.75	2.12

The attached notes from 1 to 37 are an integral part of these consolidated financial statements.

Frederik Foussat	Alison Rehill-Erguven	Fawaz Al-Hokair
Chief Financial Officer	*Chief Executive Officer*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of comprehensive income
For the year ended 31 December 2023

	Notes	Year ended 31 December 2023	Nine-month period ended 31 December 2022	Year ended 31 December 2022 "Pro forma"
Profit for the year / period		1,500,995,182	836,993,094	1,008,850,092
Other comprehensive income/(loss)				
Items that are or may be reclassified subsequently to consolidated statement of profit or loss:				
- Cash flow hedges – effective portion of changes in fair value	30B	80,794	1,962,835	6,077,777
- Cash flow hedges – reclassified to profit or loss	30B	(7,124,755)	--	--
- Foreign currency translation difference of equity accounted investee	12A	561,377	(923,491)	(923,491)
Items that will not be reclassified to consolidated statement of profit or loss:				
- Re-measurement of defined benefit liability	21A	(3,694,235)	1,473,615	3,278,274
Total comprehensive income for the year / period		1,490,818,363	839,506,053	1,017,282,652
Total comprehensive income for the year / period attributable to:				
- Shareholders of the Company		1,504,818,750	834,420,528	1,015,518,683
- Non-controlling interests		(14,000,387)	5,085,525	1,763,969
		1,490,818,363	839,506,053	1,017,282,652

The attached notes from 1 to 37 are an integral part of these consolidated financial statements.

Frederik Foussat	Alison Rehill-Erguven	Fawaz Al-Hokair
Chief Financial Officer	*Chief Executive Officer*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of changes in equity
For the year ended 31 December 2023

	Notes	Share capital	Share premium	Statutory reserve	Other reserves	Retained earnings	Total	Non-Controlling interest	Total equity
		Attributable to shareholders of the Company							
Balance at 1 April 2022		4,750,000,000	411,725,703	639,301,787	13,998,340	7,725,921,564	13,540,947,394	44,397,258	13,585,344,652
Total comprehensive income for the period									
Profit for the period		--	--	--	--	831,907,569	831,907,569	5,085,525	836,993,094
Other comprehensive income		--	--	--	2,512,959	--	2,512,959	--	2,512,959
Total comprehensive income for the period		--	--	--	2,512,959	831,907,569	834,420,528	5,085,525	839,506,053
Transfers to statutory reserve		--	--	83,190,757	--	(83,190,757)	--	--	--
Transactions with shareholders of the company									
Dividends	19	--	--	--	--	(356,250,000)	(356,250,000)	--	(356,250,000)
Balance at 31 December 2022		4,750,000,000	411,725,703	722,492,544	16,511,299	8,118,388,376	14,019,117,922	49,482,783	14,068,600,705
Balance at 1 Jan 2023		**4,750,000,000**	**411,725,703**	**722,492,544**	**16,511,299**	**8,118,388,376**	**14,019,117,922**	**49,482,783**	**14,068,600,705**
Total comprehensive income for the year									
Profit for the year		--	--	--	--	**1,514,995,569**	**1,514,995,569**	**(14,000,387)**	**1,500,995,182**
Other comprehensive loss		--	--	--	**(10,176,819)**	--	**(10,176,819)**	--	**(10,176,819)**
Total comprehensive income for the year		--	--	--	**(10,176,819)**	**1,514,995,569**	**1,504,818,750**	**(14,000,387)**	**1,490,818,363**
Deficit on sale of treasury shares	18	--	--	--	--	**(722,526)**	**(722,526)**	--	**(722,526)**
Transfers to statutory reserve		--	--	**151,499,557**	--	**(151,499,557)**	--	--	--
Changes in ownership interests									
Sale of shares to non-controlling interest		--	--	--	--	**(5,008,892)**	**(5,008,892)**	**5,008,892**	--
Transactions with shareholders of the company									
Treasury shares acquired	17B	--	--	--	**(2,228,439)**	--	**(2,228,439)**	--	**(2,228,439)**
Dividends	19	--	--	--	--	**(1,244,500,000)**	**(1,244,500,000)**	--	**(1,244,500,000)**
Balance at 31 December 2023		**4,750,000,000**	**411,725,703**	**873,992,101**	**4,106,041**	**8,231,652,970**	**14,271,476,815**	**40,491,288**	**14,311,968,103**

The attached notes from 1 to 37 are an integral part of these consolidated financial statements.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of cash flows
For the year ended 31 December 2023

	Notes	Year ended 31 December 2023	Nine-month period ended 31 December 2022
Cash flows from operating activities:			
Profit before Zakat		1,541,468,407	874,095,806
Adjustments for:			
- Depreciation on property and equipment	10	16,779,309	13,468,735
- Depreciation on right-of-use assets	8A	--	5,550,331
- Impairment loss on accounts receivable and accrued revenue rentals	13	189,674,873	83,315,372
- Provision for employee benefits	21A	9,068,677	5,140,951
- Finance costs over loans and borrowings	27E	253,816,842	145,848,717
- Finance costs over lease liabilities	9A	110,436,822	102,262,967
- Advances to suppliers written-off	27D	--	3,000,000
- Gain on disposal of derivatives	30B	(7,124,755)	--
- Share of loss from equity-accounted investee and other	12A	10,870,750	7,159,334
- (Gain)/loss on disposal of investment property	27A&D	(238,668,127)	23,283,650
- Gain on termination of lease	27A	(16,286,468)	--
- Fair value gain of other investments	12B&C	(6,640,195)	(381,442)
- Gain on disposal of investments	12B&C	(403,678)	(180,000)
- Lease rental concession	9A	(3,750,000)	(2,812,500)
- Gain on disposal of subsidiary	33	--	(10,100)
- Net fair value gain on investment properties	8	(369,929,259)	(60,760,555)
		1,489,313,198	1,159,981,366
Changes in:			
- Accounts receivable and other		(128,667,688)	(217,938,448)
- Amounts due from related parties, net		(245,875,853)	(87,981,296)
- Prepayments and other current assets		(6,957,691)	(34,084,330)
- Accounts payable, other liabilities and provision		263,479,548	(2,275,759)
- Accrued revenue		(14,930,743)	71,615,604
- Development properties	11	(7,847,348)	(52,830,271)
- Unearned revenue		63,089,074	(30,120,804)
Cash generated from operating activities		1,411,602,497	846,365,962
Employee benefits paid	21A	(4,694,352)	(618,803)
Zakat paid	24B	(23,310,387)	(27,069,077)
Net cash from operating activities		1,383,597,758	818,678,082
Cash flows from investing activities:			
Additions to investment properties, net	8	(995,519,549)	(508,138,246)
Acquisition of equity-accounted investee	12A	(25,228,845)	(7,790,731)
Acquisition of property and equipment	10	(10,013,952)	(4,369,527)
Proceeds from disposal of investment property	8A	644,549,184	230,528,350
Acquisition of other investments	12C	(322,274,093)	--
Proceeds from disposal of investments	12B&C	27,369,782	6,000,000
Net cash used in investing activities		(681,118,473)	(283,770,154)

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of cash flows (continued)
For the year ended 31 December 2023

	Notes	Year ended 31 December 2023	Nine-month period ended 31 December 2022
Cash flows from financing activities:			
Proceeds from loans and borrowings	20B	**708,350,701**	638,308,994
Repayments of loans and borrowings	20B	**(68,380,208)**	(102,563,584)
Transaction costs paid	20B	**(10,500,000)**	(5,118,750)
Payment of commission expense over loans and borrowings	22 & 30B	**(563,849,078)**	(402,729,521)
Proceeds from sale of treasury shares acquired	17B	**390,754,132**	--
Repurchase of treasury shares	17B	**(393,705,097)**	--
Repayments of lease liabilities – principal portion	9A	**(66,982,413)**	(124,108,142)
Repayments of lease liabilities – interest portion	9A	**(159,267,284)**	(128,128,879)
Dividends paid	19	**(1,064,350,000)**	(356,250,000)
Net cash used in financing activities		**(1,227,929,247)**	(480,589,882)
Net (decrease) / increase in cash and cash equivalents		**(525,449,962)**	54,318,046
Cash and cash equivalents at beginning of the year / period		**610,445,796**	556,127,750
Cash and cash equivalents at end of the year / period	16	**84,995,834**	610,445,796
Significant non-cash transactions:			
- Dividend settled against due from related party balances		**180,150,000**	--
- Disposal of subsidiaries	33	--	750,000
- Capitalized investment property paid by related party		--	1,300,000
- Investment in joint venture paid by related party		--	222,991
- Employee benefits transferred to the related party		**(745,117)**	--

The attached notes from 1 to 37 are an integral part of these consolidated financial statements.

Frederik Foussat	**Alison Rehill-Erguven**	**Fawaz Al-Hokair**
Chief Financial Officer	*Chief Executive Officer*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements
For the year ended 31 December 2023

1. REPORTING ENTITY

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

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

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

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

On 29 December 2022, the shareholders approved the change of the fiscal year of the Company to 31 December from 31 March. Accordingly, the amounts presented in the consolidated financial statements are not entirely comparable. The Group has included additional comparative information in the consolidated statement of profit or loss for the year ended 31 December 2022.

The new Companies Law issued through Royal Decree M/132 on 01/12/1443H (corresponding to June 30, 2022) (hereinafter referred as "the New Law") came into force on 26/06/1444 H (corresponding to January 19, 2023) as well as the amended implementing regulations issued by the Capital Market Authority (CMA) based on the New Law. For certain provisions of the New Law and the amended CMA implementing regulations, full compliance is expected not later than two years from 26/6/1444H (corresponding to January 19, 2023). The management is in process of assessing the impact of the New Law and will amend its By-laws with the amendments in the provisions required to align with the provisions of the New Law and the amended CMA implementing regulations, and with any other amendments that may take advantage of the New Law and the amended CMA implementing regulations. Consequently, the Company shall present the amended By-laws to the shareholders in its Extraordinary General Assembly meeting for their ratification.

At 31 December 2023 the Group has net current liabilities of SR 2.5 billion (2022: net current assets SR 0.6 billion) which is mainly due to the current maturity of loans and borrowings of SR 3.1 billion. Subsequent to the year end, the Group has restructured its loan and borrowings to address the liquidity crunch. Refer note 35 for details.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements
For the year ended 31 December 2023

1.Reporting entity (continued)

Following is the list of subsidiaries included in these consolidated financial statements as at 31 December 2023 and 31 December 2022:

No	Subsidiaries	Country of incorporation	Direct ownership interest held by the Group as at: 31 December 2023	Direct ownership interest held by the Group as at: 31 December 2022	Indirect ownership interest held by the Group as at: 31 December 2023	Indirect ownership interest held by the Group as at: 31 December 2022	Share Capital (SR)	Number of shares issued
1	Al Bawarij International for Development & Real Estate Investment Company	Kingdom of Saudi Arabia	**95%**	95%	--	5%	500,000	500
2	Al Makarem International for Real Estate Development Company	Kingdom of Saudi Arabia	**95%**	95%	--	5%	500,000	500
3	Oyoun Al Raed Mall Trading	Kingdom of Saudi Arabia	**95%**	95%	5%	5%	100,000	100
4	Oyoun Al Basateen Company for Trading	Kingdom of Saudi Arabia	**95%**	95%	--	5%	100,000	100
5	Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin AlHokair and Company	Kingdom of Saudi Arabia	**50%**	50%	--	--	500,000	500
6	Yarmouk Mall Company Limited	Kingdom of Saudi Arabia	**95%**	95%	5%	5%	500,000	500
7	Mall of Arabia Company Limited	Kingdom of Saudi Arabia	**95%**	95%	--	5%	500,000	500
8	Dhahran Mall Trading Company Limited	Kingdom of Saudi Arabia	**95%**	95%	5%	5%	500,000	500
9	Al Noor Mall Trading Company Limited	Kingdom of Saudi Arabia	**95%**	95%	--	5%	500,000	500
10	Al Yasmeen Mall Trading Company Limited	Kingdom of Saudi Arabia	**95%**	95%	--	5%	100,000	100
11	Al Hamra Mall Trading Company Limited	Kingdom of Saudi Arabia	**95%**	95%	--	5%	100,000	100
12	Al Erth Al Rasekh Trading Company Limited	Kingdom of Saudi Arabia	**95%**	95%	5%	5%	100,000	100
13	Derayah Destination Arabia Diversified Fund	Kingdom of Saudi Arabia	**100%**	100%	--	--	--	--
14	Riyad Real Estate Development Fund – Jawharat AlRiyadh ***(i)***	Kingdom of Saudi Arabia	**100%**	100%	--	--	--	--
15	Riyad Real Estate Development Fund – Jawharat Jeddah ***(ii)***	Kingdom of Saudi Arabia	**100%**	100%	--	--	--	--

i) During the nine-month period ended 31 December 2022, the Group invested in a newly established private real estate fund named Riyad Real Estate Development Fund – Jawharat AlRiyadh. The Group signed an agreement with Riyad Capital Company to manage the fund. The units were subscribed by transfer of a parcel of land, construction work in progress and advances to contractor to the fund with a carrying value of **SR 2,796 million.**

ii) During the nine-month period ended 31 December 2022, the Group invested in a newly established private real estate fund named Riyad Real Estate Development Fund – Jawharat Jeddah. The Group signed an agreement with Riyad Capital Company to manage the fund. The units were subscribed by transfer of a parcel of land, construction work in progress and advances to contractor to the fund with a carrying value of **SR 1,568 million.**

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

2. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants and Company's by-laws.

3. Basis of measurement

These consolidated financial statements are prepared under the historical cost convention, except for the following material items in the consolidated statement of financial position:

- Other investments at fair value
- Derivative financial instruments at fair value
- Employee end of service benefits using projected unit credit method
- Investment properties at fair value

4. Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyal ("SR"), which is the functional currency of the Company.

5. Significant accounting estimates, assumptions and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses and assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

A. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material differences in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Group used these assumptions and estimates on the basis available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment test of non-financial assets
Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

Fair value of investment properties
The fair value of investment properties is determined by using valuation techniques. For further details of the judgement and assumption made, see note 8.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

5. Significant accounting estimates, assumptions and judgements (continued)

A. Estimates and assumptions (continued)

Long-term assumptions for employee benefits
Employees end-of-service benefits represent obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

Measurement of Expected Credit Loss (ECL) allowance for accounts receivable: key assumptions in determining the weighted average loss rate
The Group's exposure to credit risk is influenced mainly by the individual characteristics of the customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with other social-economic factors. Such estimates are based on assumptions relating to those factors and actual results may differ, resulting in future changes to the impairment.

B. Critical judgements in applying accounting standards

The following critical judgements have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of the reasonable certainty of exercising options of lease term extension
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

5. Significant accounting estimates, assumptions and judgements (continued)

B. Critical judgements in applying accounting standards (continued)

Determination of the incremental borrowing rate of lease liabilities

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necesSRy to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when the need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates.

Determination of control and significant influence
i. Management's judgement in assessing control over consolidated subsidiaries:
Subsidiaries are all investees over which the Group has control. The Group's management considers that the Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has equal or less than a majority of the voting or similar rights of an investee, the Group considers all other relevant facts and circumstances in assessing whether it has power over an investee, including any contractual and other such arrangements which may affect the activities which impact investees' return.

The determination about whether the Group has power thus depends on such relevant activities, the way decisions about the relevant activities are made and the rights the Group has in relation to the investees.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

5. Significant accounting estimates, assumptions and judgements (continued)

B. Critical judgements in applying accounting standards (continued)

Determination of control and significant influence (continued)
Based on above considerations, management of the Group believes:
- there is a pattern of past and existing practice of the Group's involvement in the relevant activities of these investees resulting in an impact on their returns and also indicating a more than passive interest of the Group in such investees; and
- the Group has created an environment in which the set-up and function of these investees and their interrelationship with the Group leads towards a judgement of 'control'.

Hence, the Group has consolidated those investees, which meet the above criteria as part of the Group's consolidated financial statements.

ii. Management's judgement in assessing significant influence over investees:
Judgement is required, particularly where the Group owns shareholding and voting rights of generally 20% and above but where the management does not believe that it has 'control' or 'joint control' over such investee.

In case of such investee, the Group's management has concluded it has 'significant influence' in line with the requirements of IFRSs as endorsed in KSA. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee but is not 'control' or 'joint control'. IFRSs as endorsed in KSA provides various indicators of 'significant influence', including representation in the Board of Directors and participation in policymaking process.

By virtue of the Group's shareholding rights in the investee's general meetings, as well as the Group's representation on Board of Directors of such investee and the Group's involvement in operating and financial policies and decision making, management believes it has 'significant influence' over such investee ("associate").

The Group is accounting for such investment in an associate under the equity method of accounting.

6. Changes in material accounting policies

The Group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 7. Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

7. Summary of material accounting policies

A. Basis of consolidation

i. Subsidiaries

Please refer to *note 5* for details on judgements applied by the Group in respect of determination of control.

These Consolidated Financial Statements comprising the Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the Consolidated Financial Statements of the Group include assets, liabilities and the results of the operations of the Company and its subsidiaries, as set out in note (1). The Company and its subsidiaries are collectively referred to as the "Group". Subsidiaries are entities controlled by the Group. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

7. Summary of material accounting policies (continued)

A. Basis of consolidation (continued)

The Group has control over Al Qassem Company for Entertainment and Commercial Projects despite owning 50% of the ordinary shares due to existence of veto rights in Board of Directors meeting who are involved in decision making for relevant activities.

NCI is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiaries have the same reporting periods.

ii. Joint Venture

Joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Company's interest in Joint ventures are accounted for using the equity method.

B. Foreign currencies

Foreign currency transactions are translated into Saudi Riyal (SR) at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of profit or loss. Translation of non-monetary items depends on whether they are recognized at historical cost or at fair value. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in consolidated statement of comprehensive income or consolidated statement of profit or loss).

C. Revenue recognition

The Group generates revenue from the following:

Rental income
Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms. Accrued revenue is recognized to the extent that the revenue has been earned but not yet billed.

Tenant lease incentives including rental discounts are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. Unamortized portion of these incentives are classified under accrued revenue in the consolidated statement of financial position.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the consolidated statement of profit or loss when the right to receive them arises.

Turnover rent
The Group recognizes income from turnover rent on the basis of turnover reports submitted by the tenants. In the absence of reports, management makes its own assessment about the tenants achieving or exceeding the stipulated turnover in the lease contracts based on their historical performance. Revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of revenue recognized will not occur.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

7. Summary of material accounting policies (continued)

C. Revenue recognition (continued)

Service charges, management charges and other expenses recoverable from tenants
Income arising from expenses recharged to tenants is recognized over time in the period in which the compensation becomes due. Service and management charges related to repairs and maintenance of the building facilities and other such receipts are included in revenue while the related costs, which are included as part of cost of revenue, as the management considers that the Group acts as a principal in this respect.

Service charges related to utilities for heavy users are presented net of the related costs and are recorded as part of "commission income on provisions for utilities for heavy users, net" under revenue in the consolidated statement of profit or loss, since the management considers that the Group acts as an agent in this respect.

The Group has applied IFRS 15 "Revenue from Contracts with Customers" to allocate consideration in the contract to each lease and non-lease component.

Principal versus agent consideration
The Group has evaluated its arrangements to determine whether it is a principal, and report revenues on a gross basis, or an agent, and report revenues on a net basis. In this assessment, the Group has considered if it has obtained control of the specified services before they are transferred to the customer, as well as other indicators such as the party primarily responsible for fulfilment, inventory risk and discretion in establishing price. The Group has concluded it is the principal in all of its revenue arrangements (except for service charges related to utilities for heavy users – as discussed in the previous section) since it is the primary obligor, it has pricing latitude and is also exposed to credit risks.

Presentation and disclosure requirements
As required for the consolidated financial statements, the Group disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Please refer to *note 25* for the disclosure on disaggregated revenue.

Interest income
Interest income is recognized using the Effective Interest Rate ("EIR") method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original EIR.

Dividend income
Dividend income from investments is recognized when the Group's rights to receive payment have been established.

Other income
All other income are recognized on an accrual basis when the Group's right to earn the income is established.

D. Investment properties

Investment properties comprise completed properties and properties under construction or redevelopments that are held to earn rentals or for capital appreciation or both. Properties held under a lease are classified as investment properties when they are held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for administrative functions.

Investment properties are measured initially at cost, including transaction costs and where applicable borrowing costs.

Investment properties that are obtained through a lease are measured initially at the lease liability amount adjusted for any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

7. Summary of material accounting policies (continued)

D. Investment properties (continued)

After initial recognition, investment properties (including properties under construction) are carried at fair value. Investment properties that are being redeveloped for continuing use as investment properties or for which the market has become less active continues to be measured at fair value.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property and the fair value is reassessed.

If a valuation obtained for a property held under a lease is net of all payments expected to be made, any related lease liability recognised separately in the consolidated statement of financial position is added back, to arrive at the carrying value of the investment property for accounting purposes. Changes in fair values are recognised in the consolidated statement of profit or loss.

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

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

E. Property and equipment

Property and equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes all amounts necessary to bring the asset to the present condition and location to be ready for its intended use by management. Expenditures on repairs and maintenance are expensed to the consolidated statement of profit or loss in the period they are incurred. Subsequent expenditures that increase the value or materially extend the life of the related assets are capitalized. Leaseholds improvements are amortized on a straight-line basis over the shorter of the useful life of the improvement and the term of the lease.

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

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

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

7. Summary of material accounting policies (continued)

E. Property and equipment (continued)

Residual values, useful lives and methods of depreciation of property and equipment are reviewed on an annual basis, and adjusted prospectively if appropriate, at each reporting date. Properties under construction, which are not ready for its intended use, are not depreciated.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the period when the asset is derecognized.

The carrying amounts of property and equipment is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

F. Development properties

Development properties are properties that are being developed with a view to sell. The Group's development properties arise when the Group purchase properties with an intention to sale or when there is a change in use of investment properties evidenced by the commencement of development with a view to sale. The investment properties are reclassified as development properties at their carrying amount at the date of their reclassification. They are subsequently carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less costs to complete development and selling expenses.

The operating cycle of development properties is such that the majority of development properties are held for longer period and will not be realized within twelve months.

G. Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, cheques under collection and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, used by the Group in the management of its short-term commitments and are available to the Group without any restriction.

H. Financial instruments

i. Non-derivative financial instruments
a. Non-derivative financial assets

The Group initially recognises financial assets on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). For Investments designated as FVOCI and for which management has an intention to sell such investments within a period of 12 months from the financial year end, are classified under current assets.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

7. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

H. Financial instruments (continued)

i. Non-derivative financial instruments (continued)
a. Non-derivative financial assets (continued)

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the Consolidated Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets:

Financial Assets at Amortised Cost
Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the Consolidated Statement of Profit or Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Financial Assets at FVTPL
All financial assets not classified as measured at amortized cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

b. Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Non-derivative financial liabilities of the Group comprise of bank borrowings and trade and other payables.

ii. Derivative financial instruments
Derivative financial instruments including commission rate swaps are measured at fair value. All derivatives are carried at their fair value as assets where the fair value is positive and as liabilities where the fair value is negative. Any related transaction costs are recognized in the consolidated statement of profit or loss as incurred.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to consolidated statement of profit or loss.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

7. Summary of material accounting policies (continued)

H. Financial instruments (continued)

ii. Derivative financial instruments (continued)

The Group has cash flow hedges (please refer to note 30B) which are exposed to the impact of LIBOR. The Group uses financial instruments as part of its risk management strategy to manage exposures arising from variation of commission rates that could affect net income or other comprehensive income and applies hedge accounting to these instruments. The Group has certain borrowings where the reference rate is linked to the LIBOR. The Group is assessing the impact to ensure a smooth transition from LIBOR to new benchmark rates.

I. Impairment of financial instruments

The Group applies the simplified approach for measuring ECL for accounts receivable and contract assets, which requires expected lifetime losses to be recognised from initial recognition of the receivables and contract assets. Accounts receivable have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates were derived from historical information of the Group and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factor such as gross domestic product growth rate.

Other financial assets such as due from related parties, employees' receivables, bank balances have low credit risk and the impact of applying ECL is immaterial.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

J. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

7. Summary of material accounting policies (continued)

J. Fair value measurement (continued)

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

K. Expenses

Advertisement and promotion expenses principally comprise expenses incurred in promotion and advertisement of the shopping malls. All other expenses are classified as cost of revenues and general and administration expenses.

General and administration expenses include expenses not specifically part of the cost of revenue and promotion and advertising expenses. Allocations between general and administration expenses and cost of revenues, when required, are made on a consistent basis.

L. Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of assets, which are necessarily take a substantial period of time to get ready for their intended use, are added to the cost of assets, until such time as the assets are substantially ready for their intended use. No borrowing costs are capitalised during idle periods.

All other borrowing costs are recognised in the Consolidated Statement of Profit or Loss in the period in which they are incurred.

M. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre- zakat rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognized as financial charges.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

7. Summary of material accounting policies (continued)

N. Employee benefits and post-employment benefits

i. Short-term obligations
All short-term obligations or liabilities for employees salaries, wages and other monetary and non-monetary benefits are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

ii. End-of-services benefits obligation
End of services benefits obligations are payable to all employees employed as per Saudi Arabian Labor and Workmen Law as well as the Group's policy.

The Group's obligation in respect of employee retirement benefits is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value.

Group sets the assumptions used in determining the key elements of the costs of meeting such future obligations. These assumptions are set after consultation with the Group's actuaries and include those used to determine regular service costs and the financing elements related to the liabilities. The calculation of employee retirement benefit liability is performed by a qualified actuary. The actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labor and Workmen Law as well as the Group's policy.

Re-measurement of employee retirement benefit liability, which comprise of actuarial gains and losses are recognised immediately in the Consolidated Statement of Comprehensive Income. The Group determines interest expense on the employee retirement benefit liability for the period by applying the discount rate used to measure the employee retirement benefit liability at the beginning of the annual period, taking into account any change in the net employee retirement benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to employee retirement benefits are recognised in the Consolidated Statement of Profit or Loss.

O. Zakat

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

P. Dividends

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

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

7. Summary of material accounting policies (continued)

Q. Leases

Right-of-use asset and lease liability
The Group recognizes a right-of-use asset and a lease liability for lease agreements of lands and buildings at the lease commencement date. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group measures the right-of-use assets that meet the definition of investment property using the fair value model applied to its investment property (see note 7D). Right-of-use assets linked to owner occupied buildings are measured applying the cost model relevant to that specific class of property, plant and equipment as described in note 7E and tested for impairment.

For COVID -19 rent related concessions the Group assessed that the eligible rent concessions are a direct consequence of the COVID-19 pandemic and are not being considered as lease modifications. Any other rent concessions in leases are considered as a lease modification.

R. Segment reporting

An operating segment is a component of the Group:

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

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

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

S. Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less costs to sell except for the assets are investment properties or financial assets.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

8. Investment properties

	Notes	31 December 2023	31 December 2022
Investment properties	8A	**24,427,232,699**	22,345,814,321
Advance payment for projects under construction	8B	**906,558,390**	729,927,057
		25,333,791,089	23,075,741,378

A. Investment properties

	Notes	31 December 2023	31 December 2022
Balance at the beginning of the year / period		**22,751,694,378**	23,366,553,661
Additions during the year / period		**1,305,400,862**	620,277,916
Lease addition during the year /period		**534,208,206**	--
Disposal during the year/period	(i)	**(405,880,057)**	(253,812,000)
Disposal on sale of subsidiary	33	**--**	(557,480,304)
Impact of reassessment of lease	9C	**81,804,409**	(479,055,119)
Depreciation on right-of-use asset		**--**	(5,550,331)
Net fair value gain on investment properties	(ii)	**369,929,259**	60,760,555
Balance at the end of the year / period	(vii)	**24,637,157,057**	22,751,694,378
Presented in consolidated statement of financial position as:			
Investment properties		**24,427,232,699**	22,345,814,321
Assets held for sale	(iii)	**209,924,358**	405,880,057
		24,637,157,057	22,751,694,378

i. During the year ended 31 December 2023, the Group disposed of a portion of the Jawharat Riyadh land, as part of strategic non-core land bank sale program, for a net proceeds of **SR 644.5 million** resulting in a gain of **SR 238.6 million** which has been recorded under other operating income in the consolidated statement of profit or loss.

During the period ended 31 December 2022, the Group disposed of the Olaya land, as part of strategic non-core land bank sale program, for a net proceeds of **SR 230 million** resulting in a loss on disposal of **SR 23.3 million** which is recorded under other operating expenses in the consolidated statement of profit or loss.

ii. During the year ended 31 December 2023, the Group terminated a project under development and related land operating lease agreement. Net fair value gain for the period includes a loss of **SR 142.6 million** relating to termination of the project under development.

iii. During the year ended 31 December 2023, the Group entered into an agreement to sell a land and is in the process of completing the pre-conditions to execute the sale. The Group is also committed to sell an owned mall and is in the process of completing the pre-conditions to execute the sale. The sales are considered highly probable and accordingly, the carrying values of the land and the mall have been classified as assets held for sale under current assets.

iv. On 15 May 2022, there was partial fire outbreak at the Mall of Dhahran in the Eastern Province of Saudi Arabia. The mall was closed for a short period and reopened its doors on 7 June 2022, with an exception to some damaged area that is currently under restoration. The impact of the fire outbreak has been factored in by the valuers in the fair value of the mall. Surveyors are in the process of assessing the extent of loss, following which the Group will file a claim for reimbursement with the insurers.

v. All leasehold interests meet the definition of an investment property and, accordingly, the Group has accounted for the right-of-use assets as part of investment property as allowed by IFRS 16. The lands are restricted to be used for commercial purposes in relation to the Group's businesses and the right to renew the lease is based on mutual agreements between the parties. If the respective leases are not renewed the land and buildings will be transferred to the lessors at the end of the lease term.

vi. Projects under construction pertains to expenditure relating to malls which are in the course of construction as at the end of the reporting period and these are expected to be completed within 2 to 5 years. During the period ended 31 December 2023, the Group capitalized finance costs amounting to SR 384.5 million (31 December 2022: SR 223.8 million).

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

8. Investment properties (continued)

A. Investment properties(continued)

vii. The carrying amount at reporting date includes the fair value of the following:

	31 December 2023	31 December 2022
Shopping malls on owned lands	**11,929,917,260**	11,001,779,497
Shopping malls on leasehold lands	**6,644,698,513**	6,496,382,519
Owned lands/buildings held as investment properties	**335,776,375**	290,359,220
Projects under construction – Fair value	**5,726,764,909**	4,963,173,142
	24,637,157,057	22,751,694,378

viii. Fair value of investment properties

a) *Fair value hierarchy*

The fair value measurement for investment property of **SR 24,637 million** (31December 2022: SR 22,752 million) has been categorized as a level 3 fair value based on the significant unobservable inputs adopted by the valuer in the valuation technique used which are future retail rental payment terms; discount rates; capitalization rate (yields); and forecasted occupancy.

The fair value of investment properties as at the reporting dates for all properties, whether owned or leased, is determined by independent external valuers with appropriate qualifications and experience in the valuation of properties. Effective dates of the valuations are 31 December 2022 and 31 December 2023 and are prepared in accordance with Royal Institution of Chartered Surveyors ("RICS") Global Standards 2020 which comply with the international valuation standards and the RICS Professional Standards. The valuations have been performed by Colliers Saudi Arabia, ValuStart and NATA Real Estate Appraisal Company. As per the CMA regulations, the Group has opted for the lower of the two valuations for the properties performed by the independent and competent valuers.

b) *Inter-relationship between key unobservable inputs and fair value measurement*

31 December 2023

Property	Fair value SR million	Valuation technique	Significant unobservable input	Range
Shopping Malls	**18,575**	Discounted cash flows	Occupancy (%) Future rent growth (%) Discount rate (%)	**76% - 100%** **2% - 4%** **9% - 18%**
Projects under construction	**5,727**	Discounted cash flows – Residual method	Occupancy (%) Future rent growth (%) Discount rate (%)	**90% - 95%** **2%** **12% - 14%**
Owned land	**336**	Comparable transaction	Average price (SR /sqm)	**215-8,943**

31 December 2022

Property	Fair value SR million	Valuation technique	Significant unobservable input	Range
Shopping Malls	17,498	Discounted cash flows	Occupancy (%) Future rent growth (%) Discount rate (%)	66% - 100% 2% - 5% 10% - 21%
Projects under construction	4,964	Discounted cash flows – Residual method	Occupancy (%) Future rent growth (%) Discount rate (%)	90% - 95% 2% 12% - 16%
Owned land	290	Comparable transaction	Average price (SR /sqm)	210 - 8,834

The estimated fair value would increase/(decrease) if the discount rates were lower/(higher) and/or the growth rates and occupancy % were higher/(lower).

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

8. Investment properties (continued)

A. Investment properties (continued)

viii. Fair value of investment properties (continued)

c) *Reconciliation of level 3 fair value as per fair valuer to accounting fair value*

Accrued lease income at the reporting date, relating to the accounting for operating lease rentals on a straight line basis as per IFRS 16 and lease liabilities have been adjusted from the fair valuation as per fair valuer, in order to avoid double counting of assets and liabilities, as mentioned below:

	31 December 2023	31 December 2022
Fair value of land and buildings as per fair valuer	**21,896,776,377**	20,456,023,688
Less: Adjustment for accrued operating lease income	**(235,587,183)**	(273,589,240)
Add: carrying amount of lease liabilities	**2,975,967,863**	2,569,259,930
Total carrying amount of investment properties	**24,637,157,057**	22,751,694,378

ix. Amounts recognized in the consolidated statement of profit or loss for investment property that generated income.

	Year ended 31 December 2023	Nine-month 31 December 2022	Year ended 31 December 2022
Revenue from investment property	**2,253,673,262**	1,687,534,280	2,206,702,284
Direct operating expenses on properties that generated rental income	**(383,488,576)**	(285,790,026)	(361,030,133)

x. The following table shows the valuation technique to measure fair value of investment property

Discounted cash flows	The gross fair value (net costs to complete), as applicable, is derived using DCF and is benchmarked against net initial yield.
Comparable transaction	Properties held for future development are valued using comparable methodology which involves analyzing other relevant market transactions.

B. Advance payments for projects under construction

It represents advance payments to the contractors for the construction of shopping malls, which are under various stages of completion.

			Construction work services received		**Balances**	
Name of party	**Business status**	**Relationship**	**31 December 2023**	31 December 2022	**31 December 2023**	31 December 2022
Lynx Contracting Company	Limited Liability	Fellow subsidiary	**224,576,431**	275,070,858	**905,103,726**	720,068,772
Others	--	--	**--**	--	**1,454,664**	9,858,285
					906,558,390	729,927,057

Lynx Contracting Company is a related party being controlled by the controlling shareholders of the Group. With the consent of the Shareholders, Group has signed a framework agreement with Lynx Contracting Company for the construction of projects and has engaged the company for design and construction services for all of its current Projects under Construction. Business relationships with Lynx are at arms' length and contract are only entered with Lynx after due tendering processes and cost verifications from third parties.

As is market practice, advance payments are required by the contractor from time to time in relation with design work, mobilization, advance procurement of long lease items. Advances paid are commensurate with the associated contract values and repayment mechanisms are in place against progress billing.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

9. Lease liabilities

A. Lease liabilities

The Group leases parcels of Lands. The lands are restricted to be used for commercial purposes in relation to the Group's businesses and the right to renew the lease is based on mutual agreements between the parties. Lease liabilities are presented in the consolidated statement of financial position as follows:

	Notes	**31 December 2023**	31 December 2022
Balance at beginning of the year /period		**2,639,276,382**	3,804,207,572
Additions during the year /period		**534,208,206**	--
Lease payments during the year /period		**(226,249,697)**	(252,237,021)
Rent concessions during the year /period		**(3,750,000)**	(2,812,500)
Remeasurement of lease liabilities	*9C*	**81,804,409**	(479,055,119)
Disposal on sale of subsidiary	*33*	**--**	(558,955,429)
Lease termination		**(16,286,468)**	--
Interest expense during the year /period		**110,436,822**	102,262,967
Interest capitalized for projects under construction		**48,830,462**	25,865,912
Balance at end of the year / period		**3,168,270,116**	2,639,276,382

	31 December 2023	31 December 2022
Non-current portion of lease liabilities	**2,839,886,903**	2,383,687,028
Current portion of lease liabilities	**328,383,213**	255,589,354
Balance at end of the year / period	**3,168,270,116**	2,639,276,382

B. Group Commitments to lease contracts

	31 December 2023	31 December 2022
Within one year	**494,775,188**	370,264,495
After one year but not more than five years	**1,072,021,062**	932,753,602
More than five years	**4,096,274,563**	3,045,417,085
	5,663,070,813	4,348,435,182

C. Lease remeasurements

During the year ended 31 December 2023, the group engaged in negotiations with the landlord but did not reach a conclusion or agreement to terminate the lease. As a result, the management decided to reassess and extend the lease term until July 2025. Management's assessment of whether termination rights should be exercised are based on associated economic incentives and disincentives of the decision.

During the year ended 31 December 2022, the Group assessed that significant capital expenditure is required on a leased operational mall to continue to attract footfall and generate appropriate returns. The Group based on a cost benefit analysis did not find the additional capital expenditures commercially feasible in comparison to other projects in pipeline and reassessed the lease term considering the exercise of termination rights available under a land lease which allows the Group to cancel a lease with a prior notice of one year. As a result of the reassessment of the lease term of the land, lease liability and right-of-use assets (included under investment properties) have reduced.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

10. Property and equipment

Reconciliation of carrying amount

	Tools and equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Capital work in progress	Total
Cost:						
Balance at 1 April 2022	146,403,275	96,141,574	3,633,902	50,279,631	--	296,458,382
Additions during the period	180,765	645,209	--	2,940,652	602,901	4,369,527
Transfers	(2,386,227)	2,502,593	--	(116,366)	--	--
Disposal	--	--	(613,040)	--	--	(613,040)
Balance at 31 Dec 2022	144,197,813	99,289,376	3,020,862	53,103,917	602,901	300,214,869
Additions during the year	**3,704,425**	**2,628,146**	**316,500**	**449,275**	**2,915,606**	**10,013,952**
Balance at 31 December 2023	**147,902,238**	**101,917,522**	**3,337,362**	**53,553,192**	**3,518,507**	**310,228,821**
Accumulated depreciation						
Balance at 1 April 2022	114,880,863	79,199,958	3,633,902	26,231,980	--	223,946,703
Charge for the period	5,247,327	5,176,622	--	3,044,786	--	13,468,735
Transfers	--	(5,304)	--	5,304	--	--
Disposal	--	--	(613,040)	--	--	(613,040)
Balance at 31 December 2022	120,128,190	84,371,276	3,020,862	29,282,070	--	236,802,398
Charge for the year	**6,783,619**	**6,254,270**	**47,156**	**3,694,264**	**--**	**16,779,309**
Balance at 31 December 2023	**126,911,809**	**90,625,546**	**3,068,018**	**32,976,334**	**--**	**253,581,707**
Carrying amounts:						
At 31 December 2022	24,069,623	14,918,100	--	23,821,847	602,901	63,412,471
At 31 December 2023	**20,990,429**	**11,291,976**	**269,344**	**20,576,858**	**3,518,507**	**56,647,114**

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

11. Development properties

	31 December 2023	31 December 2022
Cost		
Balance at the beginning of the year /period	**345,683,721**	292,853,450
Additions during the year /period	**7,847,348**	52,830,271
Balance at the end of the year /period	**353,531,069**	345,683,721

This represents property under development for commercial and residential purpose located in Buraydah, Qassim. The property is being developed with the intention of resale and is hence classified as development properties in these consolidated financial statements.

12. Investments

	Note	31 December 2023	31 December 2022
Investment in equity-accounted investee	*12A*	**78,634,195**	63,714,723
Investments at FVTPL	*12B*	**81,576**	1,159,414
Other investment	*12C*	**303,026,022**	--
		381,741,793	64,874,137

A - Investment in equity-accounted investee

Name of an entity		31 December 2023	31 December 2022
FAS Lab Holding Company (Associate)	(i)	**78,384,195**	**63,714,723**
Khozam Mall Real Estate Development Company (Joint venture)	(ii)	**250,000**	**--**
		78,634,195	**63,714,723**

i. This represents a 50% equity investment in the share capital of FAS Lab Holding Company, an LLC incorporated in the Kingdom of Saudi Arabia, which is engaged primarily in leading the digital initiatives of the Group including but not limited to providing the malls visitors and shoppers with a specialized and advanced loyalty program, simplified and innovative consumer financing solutions and an e-commerce platform.

Reconciliation of carrying amount

	Opening balance	Additions	Share in losses	Other Comprehensive income / (loss)	Ending Balance
31 December 2023	**63,714,723**	**24,978,845**	**(10,870,750)**	**561,377**	**78,384,195**
31 December 2022	63,783,826	8,013,722	(7,159,334)	(923,491)	63,714,723

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

12. Investments (continued)

A. Investment in equity accounted investee (continued)

Summarized financial statements.

	31 December 2023	31 December 2022
Assets	**309,698,148**	294,510,053
Liabilities	**(129,448,843)**	(136,527,133)
Net Assets	**180,249,305**	157,982,920
Net assets attributable to owners of investee	**142,735,591**	123,268,440
Share of net assets (50%)	**71,367,796**	61,634,220
Adjustments – Due to additional contribution	**7,016,399**	2,080,503
Carrying amount of investee	**78,384,195**	63,714,723
Revenue	**409,293,398**	389,720,819
Loss from continuing operations	**(18,914,175)**	(12,685,030)
Total comprehensive loss	**(18,477,365)**	(11,140,002)
Loss for the year / period attributable to shareholders of the Company	**(20,395,349)**	(14,318,667)
Share of loss for the year / period	**(10,870,750)**	(7,159,334)

(ii) This represents a 50% equity investment in the share capital of Khozam Mall Real Estate Development Company, a closed joint stock Company incorporated in the Kingdom of Saudi Arabia, which is engaged primarily in the construction of real estate projects. The Company was established during the year and is yet to commence commercial operations.

B. Investment at FVTPL

Name of the real estate fund	31 December 2023	31 December 2022
Al Jawhara Real Estate Fund *(i)*	**81,576**	1,159,414

i. This represents 0.03% equity investment in Al Jawhara Real Estate Fund (formerly known as Digital City Fund) purchased for SR 6.8 million. During the nine-month period ended 31 December 2022, the Group sold units in the fund and realized a gain on disposal of investment of SR 180,000 in the consolidated statement of profit or loss. As at 31 December 2023, the net asset value (NAV) of the investment amounted to SR 0.08 million (31 December 2022: SR 1.2 million) and SR 0.31 million of unrealized fair value loss is recognized in the consolidated statement of profit or loss (31 December 2022: gain of SR 0.38 million). During the year ended 31 December 2023, fund has divested its investment portfolio of SR 0.77 million.

Reconciliation of carrying amount

	Investments at FVTPL
Balance at 1 April 2022	6,597,972
Revaluation adjustments	
Unrealized gain to consolidated statement of profit or loss	381,442
Movement	
Disposals	(5,820,000)
Balance at 31 December 2022	1,159,414
Balance at 1 Jan 2023	**1,159,414**
Revaluation adjustments	
Unrealized loss to consolidated statement of profit or loss	**(308,056)**
Movement	
Disposals	**(769,782)**
Balance at 31 December 2023	**81,576**

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

12. Investments (continued)

C. Other investment

At 31 December 2023, a Group's subsidiary Riyadh Real Estate Development Fund held 166,699 units of Riyadh SR Diversified Trade Fund at a unit price of SR 1,817.8 for trading purposes.

	31 December 2023	31 December 2022
Balance at beginning of the year	**--**	--
Additions	**322,274,093**	--
Disposals	**(26,196,322)**	--
Fair value change	**6,948,251**	--
Balance at end of the year	**303,026,022**	--

	31 December 2023	31 December 2022
Proceed	**26,600,000**	--
Carrying amount	**(26,196,322)**	--
Gain on disposal	**403,678**	--

13. Account receivable and others

Accounts receivable comprise interest free net receivables due from tenants with no credit rating. Before accepting any new customer, management of the Group assesses the potential customer's credit quality and defines credit limits. Accounts receivable are, in part, covered by promissory notes to secure the payment of lease obligations, with accelerated lease resolution mechanisms for defaulting tenants available through the Saudi Unified Ejar platform.

Reconciliation of carrying amount

	Note	31 December 2023	31 December 2022
Gross accounts receivable		**661,063,892**	559,615,062
Receivable from Jeddah Park landlord	*(i)*	**107,599,551**	103,012,258
Less: Impairment loss on accounts receivable	*(a)*	**(285,511,351)**	(171,400,842)
		483,152,092	491,226,478
Less: Non-current advances	*(i)*	**(18,681,804)**	(24,818,172)
		464,470,288	466,408,306

(i) This amount has been paid by the Company as initial support payments for the Jeddah park mall. The non-current portion represents amounts expected to be collected after one year from the reporting date.

(a) Movement in the impairment loss allowance was as follows:

		31 December 2023	31 December 2022
Balance at beginning of the year		**171,400,842**	180,657,894
Impairment charge for the year /period		**114,110,509**	68,710,474
Write-off		**--**	(77,967,526)
Balance at end of the year		**285,511,351**	171,400,842
Amounts directly charged to consolidated statement of profit and loss			
- ***Impairment of accrued revenue***	*(ii)*	**52,932,799**	14,604,898
- ***Receivables written off***	*(iii)*	**22,631,565**	--

Please refer to Note *30C* for ageing of expected credit loss allowance on receivables.

(ii) It represents release of unamortized portion of rent-free period / lease straight lining to profit or loss on account of termination of lease.
(iii) The receivables adjusted due to retrospective change in calculation method from revenue earned to cash collected by the mall operated by the Group.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

14. Related party transactions and balances

For the purpose of these consolidated financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, and vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or entities. Balances and transactions between the Company and its subsidiaries, which are related parties within the Group, have been eliminated on consolidation.

A. Key management personnel compensation

The remuneration of directors and other key management personnel ('KMP') are as follow:

	Year ended 31 December 2023	Nine-month 31 December 2022
End of service benefits	**5,291,604**	3,398,489
Salaries and short-term benefits	**22,211,312**	10,673,287
Total key management compensation	**27,502,916**	14,071,776

B. Related party transactions and balances

I - Related party balances are presented in the consolidated statement of financial position as follows:

	31 December 2023	31 December 2022
Amount due from related parties	**483,752,516**	417,815,065
Amount due to related parties	**(102,087,353)**	(6,339,458)

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

14. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

II - During the year / period, the Group transacted with its related parties. The terms of those transactions are approved by management/Board of Directors in the ordinary course of business. The significant transactions and the related amounts are as follows:

			Transactions for year / period				Balance as at	
Name of related party	**Note**	**Business status**	**Rental income and other fees / services**	**Services received**	**Others**	**Total**	**Due from**	**Due to**
31 December 2023								
Transactions with ultimate parent								
Saudi FAS Holding Company	(i)	Closed Joint Stock Company	**3,296,527**	**--**	**--**	**3,296,527**	**8,401,207**	**--**
Transactions with fellow subsidiaries								
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	(ii)	Joint Stock Company	**355,595,535**	**--**	**(65,048,000)**	**290,547,535**	**246,035,225**	**--**
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	(iii)	Joint Stock Company	**23,801,302**	**--**	**--**	**23,801,302**	**24,116,051**	**--**
Salman & Sons Holding Co and its associates	(iv)	Limited Liability Company	**54,855,505**	**--**	**--**	**54,855,505**	**71,048,857**	**--**
Majd Al Amal Co. Limited and its associates	(v)	Limited Liability Company	**22,666,608**	**--**	**--**	**22,666,608**	**5,244,635**	**--**
Tadaris Alnajd Security Company	(vi)	Limited Liability Company	**--**	**(66,011,599)**	**--**	**(66,011,599)**	**8,164,179**	**--**
Ezdihar Holding Co and its subsidiaries	(vii)	Limited Liability Company	**55,610,260**	**--**	**--**	**55,610,260**	**92,784,508**	**--**
Lynx Contracting Company	(xi)	Limited Liability Company	**--**	**(94,791,180)**	**--**	**(94,791,180)**	**--**	**(94,791,180)**
Others, net	(viii)	Limited Liability Companies	**7,104,959**	**(13,490,055)**	**674,163**	**(5,710,933)**	**27,957,854**	**(7,296,173)**
			522,930,696	**(174,292,834)**	**(64,373,837)**	**284,264,025**	**483,752,516**	**(102,087,353)**
31 December 2022								
Transactions with ultimate parent								
Saudi FAS Holding Company	(i)	Closed Joint Stock Company	2,030,205	--	539,818	2,570,023	--	--
Transactions with fellow subsidiaries								
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	(ii)	Joint Stock Company	283,835,925	--	--	283,835,925	158,196,905	--
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	(iii)	Joint Stock Company	16,356,992	--	--	16,356,992	16,177,998	--
Salman & Sons Holding Co and its associates	(iv)	Limited Liability Company	34,135,645	--	--	34,135,645	90,313,341	--
Majd Al Amal Co. Limited and its associates	(v)	Limited Liability Company	20,830,188	--	--	20,830,188	47,670,205	--
Tadaris Alnajd Security Company	(vi)	Limited Liability Company	--	(46,450,654)	--	(46,450,654)	3,637,973	--
Ezdihar Holding Co and its subsidiaries	(vii)	Limited Liability Company	37,129,171	--	--	37,129,171	88,138,532	--
Others, net	(viii)	Limited Liability Companies	4,472,060	(3,571,084)	(1,300,000)	(399,024)	13,680,111	(6,339,458)
			398,790,186	(50,021,738)	(760,182)	348,008,266	417,815,065	(6,339,458)

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

14. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

III - Information about the fellow subsidiaries and their relationship

i. Saudi FAS Holding Company is the ultimate parent of the Company via assignment of shares by the Company's immediate parent company (FAS Real Estate Company Limited). The Company has various transactions with its ultimate parent in relation to ongoing business support activities provided by the ultimate parent.

ii. Fawaz Abdulaziz Al Hokair Company, a subsidiary of the Company's ultimate parent Saudi FAS Holding Company, is one of the Group's Key Account Tenants and leases stores in various of the Company's malls. The Company is party to a framework agreement with Fawaz Abdulaziz Al Hokair Company which aims to ensure that all tenancy leases between the parties for all of the Company's malls are conducted on a basis which are approved by the management / Board of Directors.

iii. Abdul Mohsin Al Hokair Group for Tourism and Development leases space for indoor and outdoor family entertainment centres in the Group's shopping malls. These leases range from 5 to 10 years in length. Abdul Mohsin Al Hokair and Tourism and Development is owned by a relative of the Controlling Shareholders.

iv. Salman & Sons Holding Co and its associates is a mix of entities which leases spaces in several of the Group's shopping malls mainly for entertainment purposes. These entities are owned by the controlling shareholder (Salman Abdulaziz Alhokair) and their close family members. These are as follows:

- Sala Entertainment Company leases space for an indoor soft play entertainment venue in the Company's shopping malls. The leases are for a term of 10 years.
- Kids Space Company leases space in the Mall of Arabia (Jeddah) for 'Kidzania', a children's interactive play centre. The term of the lease is ten years, with renewal unless one party gives notice. The lease contains turnover rent provisions and rent escalation mechanics.
- Via Media, Vida first for beverages Est., Vida Trading Est. and Fashion District Co. leases spaces in several of the Group's shopping malls. The term of the leases range from 1 to 3 years.
- Skills Innovative Games leases space for entertainment venues in Yasmeen Mall Jeddah. The term of the lease is approximately 10 years.

v. Majd Al Amal Co. Limited and its associates is a mix of entities which leases spaces in several of the Company's shopping malls. The term of the leases range from 3 to 7 years. The Company is owned by close family members of the Controlling Shareholders. Entities includes Majd Al Amal Co. limited, Wealth Company Limited, Almuzn Foods and SRya Al Majd Co.

vi. Tadaris Alnajd Security Company (TNS) currently provides security services to all of the Group's shopping malls. The entity is owned by the controlling shareholder (Salman Abdulaziz Alhokair) and his close family members. The Company entered into a civil security services agreement with TNS for the provision of civil security services in the malls, which includes the provision of security guards and other security personnel and security vehicles. The agreement is automatically renewable by mutual consent.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

14. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

vii. Ezdihar Holding Co and its subsidiaries is a mix of entities which leases spaces in several of the Group's shopping malls mainly for trading purposes. These entities are owned by close family members of the Controlling Shareholder (Fawaz Abdulaziz Alhokair) and their close family members. These are as follows:

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

viii. Others mainly include transactions with Etqan Facilities Management, DAAM Support Maintenance& Cleaning Company, FAS Energy, Cenomi E-commerce, Business Flower, Medical Health Development Company, Echo Design Consultant, Fahad Abdulaziz Al Hokier Trading EST, FAS Technologist Trading Company, and Nail Place Trading Est. These entities are owned by close family members of the Controlling Shareholder (Fawaz Abdulaziz Alhokair) and their close family members.

ix. Fawaz Abdulaziz Alhokair, Salman Abdulaziz Alhokair and Abdulmajeed Abdulaziz Alhokair are the ultimate controlling shareholders of the Company.

x. See note 30C (i) for expected credit losses on related party receivables.

xi. This is amount owed to Lynx Contracting Company for construction works received.

15. Prepayments and other assets

		31 December 2023	31 December 2022
Advances to suppliers		**28,562,820**	65,347,072
Prepaid expenses		**29,195,617**	23,866,183
VAT receivables		**44,715,809**	8,970,615
Employees' receivables		**4,135,734**	4,171,460
Profit rate swaps used for hedging	*30B*	**--**	7,043,961
Cash in portfolio account (restricted cash)	(i)	**2,049,034**	--
Others	*(ii)*	**19,445,358**	18,791,351
		128,104,372	128,190,642

(i) This is cash maintained in investor account of the Company with its Market Maker for purpose of trading in Company's equity shares listed on stock exchange.

(ii) This mainly includes margin amounting to SR 10 million paid to obtain letters of guarantee related to acquisition of investment in FAS Lab Holding Company.

16. Cash and cash equivalents

	31 December 2023	31 December 2022
Bank balances – current accounts	**84,125,834**	378,077,716
Cheques under collection	**--**	231,323,093
Cash in hand	**870,000**	1,044,987
	84,995,834	610,445,796

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

17. Share capital

A) Share capital

The movement in share capital and share premium are as follows:

	No. of shares	Share capital	Share premium
Balance at 31 December 2023	475,000,000	4,750,000,000	411,725,703
Balance at 31 December 2022	475,000,000	4,750,000,000	411,725,703

B) Treasury shares reserve

During the year ended 31 December 2023, the Company entered into a market making agreement with Al Rajhi Capital to provide continuous buying and selling of the Company's shares. The reserve for Company's treasury shares comprise the cost of Company's shares held by the Group. As at 31 December 2023, the Company held 109,187 of its shares (2022: Nil). All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

18. Reserves

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

Other reserves
Other reserves include foreign currency reserve, treasury shares reserve, hedging reserve and reserve for actuarial gain/loss of employees' end-of-service benefits.

19. Dividends and distribution

a. December 2023

i. On 13 July 2023, the Board of Directors resolved to distribute dividends for the first half of the year ending 31 December 2023 amounting to SR 0.87 per share aggregating to SR 413,250,000. The dividends were paid/adjusted on 13 August 2023.

ii. On 2 April 2023, the Board of Directors resolved to distribute dividends for the second half of the period ended 31 December 2022 amounting to SR 1 per share aggregating to SR 475,000,000. The dividends were paid/adjusted on 16 April 2023.

iii. On 1 January 2023, the Board of Directors resolved to distribute interim dividends for the first half of the period ended 31 December 2022 amounting to SR 0.75 per share aggregating to SR 356,250,000. The dividends were paid/adjusted on 12 February 2023.

31 December 2022

i. On 2 July 2022, the Board of Directors resolved to distribute an interim dividend for the second half of the year ended 31 March 2022 amounting to SR 0.75 per share aggregating to SR 356,250,000. The dividend was paid on 26 July 2022.

ii. On 23 January 2022, the Board of Directors resolved to distribute an interim dividend for the year ended 31 March 2022 amounting to SR 0.75 per share aggregating to SR 356,250,000. The Company paid dividends during the prior year.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

20. Loans and borrowings

	Note	31 December 2023	31 December 2022
Islamic facilities with banks			
- Facility 1	*(i)*	**3,286,561,312**	3,148,652,682
- Facility 2	*(ii)*	**558,058,069**	58,190,245
Sukuk	*(iii)*	**5,142,084,776**	5,130,147,302
	20 B	**8,986,704,157**	8,336,990,229
Loans and Borrowings - Current liabilities		**3,104,998,958**	903,315,625
Loans and Borrowings - Noncurrent liabilities		**5,881,705,199**	7,433,674,604
		8,986,704,157	8,336,990,229

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

A. Terms and repayment

(i) *Facility 1*
The Group entered into a long-term Islamic facility arrangement amounting to SR 5,250 million (equivalent USD 1,400 million), with local and international banks. This facility is divided into a Murabaha facility up to SR 500 million (maturing in 12 years), Ijara facilities up to SR 4,000 million (maturing in 8 and 12 years), and Revolving Murabaha up to SR 750 million (maturing in 3 years). These facilities are fully utilized and partially repaid as at reporting date.

The long-term loan is repayable in unequal semi-annual instalments and are subject to commission rates based on SIBOR/LIBOR plus an agreed commission rate. In order to reduce its exposure to commission rate risks the Group has entered into an Islamic profit rate swap for portion of its long-term loan. For details refer *note 30B*.

The facilities are secured by pledges of insurance policies and proceeds of rental income as well as security over land and buildings of several malls with carrying amount of **SR 6 billion.**

During the year ended 31 December 2023 the Group borrowed an additional **SR 200 million** (nine-month period ended 31 December 2022: SR 575 million) from the existing Revolving Murabaha Facility.

During the year ended 31 December 2023, the Group also requested its lenders of long-term Islamic facility to waive the repayment of principal amounting to SR 85 million due on 27 November 2023 and restructure the existing facility. The lenders accepted the waiver request and the Group's long-term Islamic facility was restructured on 13 February 2024. Refer note 36.

(ii) *Facility 2*
During the year ended 31 December 2023, the Group has drawn-down SR 508 million (period ended 31 December 2022: SR 63 million) from the facilities. The facility is non-recourse to the Company.

During the year ended 31 December 2023, a subsidiary of the Group has entered into a long-term Islamic facility arrangement amounting to SR 1,000 million with a local bank. The facility is non-recourse to the Company.

During the period ended 31 December 2022, a subsidiary of the Group has entered into a long-term Islamic facility arrangement amounting to SR 800 million with a local bank.

The long-term loan is repayable in unequal semi-annual instalments and are subject to commission rates based on SIBOR plus an agreed commission rate. The facilities are secured by Lands.

The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained.

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20. Loans and borrowings (continued)

(iii) Sukuk

On 7 April 2021, Arabian Centres Sukuk II Limited (a special purpose company established for the purpose of issuing Sukuk) issued a Five and half-year International USD denominated Shari'ah compliant Sukuk "Sukuk II Certificates" amounting to USD 650 million (equivalent SR 2,437.5 million), at a par value of USD 0.2 million each, annual yield of 5.625% payable semi-annually. On 28 July 2021, the Company issued additional Sukuk II certificates amounting to USD 225 million (equivalent SR 843.75 million), at a premium of 4.75%. Sukuk Certificates may be subject to early redemption at the option of the Company as per specified conditions mentioned in the Sukuk Certificate.

On 20 November 2019, Arabian Centres Sukuk Limited (a special purpose company established for the purpose of issuing Sukuk) issued an International USD denominated Shari'ah compliant Sukuk "Sukuk Certificates" amounting to USD 500 million (equivalent SR 1,875 million), at a par value of USD 0.2 million each, annual yield of 5.375% payable semi-annually and a maturity of five years. Sukuk Certificates may be subject to early redemption at the option of the Company as per certain specified conditions mentioned in the Sukuk Certificate.

B. Reconciliation of carrying amount

		Islamic facility with banks		Sukuk	Total
		Facility 1	*Facility 2*		
Balance at 1 April 2022		2,723,415,669	--	5,156,200,000	7,879,615,669
Proceeds received during the period		574,999,999	63,308,995	--	638,308,994
Repayments made during the period		(102,563,584)	--	--	(102,563,584)
	(i)	3,195,852,084	63,308,995	5,156,200,000	8,415,361,079
Un-amortized transaction costs	*(ii)*	(47,199,402)	(5,118,750)	(53,478,788)	(105,796,940)
Deferred Sukuk premium	*(iii)*	--	--	27,426,090	27,426,090
Balance at 31 December 2022		3,148,652,682	58,190,245	5,130,147,302	8,336,990,229
Balance at 1 Jan 2023		**3,195,852,084**	**63,308,995**	**5,156,200,000**	**8,415,361,079**
Proceeds received during the year		**200,000,000**	**508,350,701**	**--**	**708,350,701**
Repayments made during the year		**(68,380,208)**	**--**	**--**	**(68,380,208)**
	(i)	**3,327,471,876**	**571,659,696**	**5,156,200,000**	**9,055,331,572**
Un-amortized transaction costs	*(ii)*	**(40,910,564)**	**(13,601,627)**	**(34,263,790)**	**(88,775,981)**
Deferred Sukuk premium	*(iii)*	**--**	**--**	**20,148,566**	**20,148,566**
Balance at 31 December 2023		**3,286,561,312**	**558,058,069**	**5,142,084,776**	**8,986,704,157**

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

	Islamic facility with banks	Sukuk	Total
31 December 2022			
Within one year	903,315,625	--	903,315,625
Between two to five years	1,312,147,537	5,156,200,000	6,468,347,537
More than five years	1,043,697,917	--	1,043,697,917
	3,259,161,079	5,156,200,000	8,415,361,079
31 December 2023			
Within one year	**1,229,998,958**	**1,875,000,000**	**3,104,998,958**
Between two to five years	**1,823,377,412**	**3,281,200,000**	**5,104,627,412**
More than five years	**845,755,202**	**--**	**845,705,202**
	3,899,131,572	**5,156,200,000**	**9,055,331,572**

Arabian Centres Company (A Saudi Joint Stock Company)
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For the year ended 31 December 2023

20. Loans and borrowings (continued)

B. Reconciliation of carrying amount (continued)

ii. Un-amortized transaction costs movement is as follows:

	Notes	Islamic facilities with banks Facility *1*	Facility *2*	Sukuk	Total
Balance at 1 April 2022		53,463,354	--	67,890,041	121,353,395
Arrangement fees paid		--	5,118,750	--	5,118,750
Amortization for the period	*27E*	(4,650,111)	--	(11,969,122)	(16,619,233)
Capitalized arrangement fees		(1,613,841)	--	(2,442,131)	(4,055,972)
Balance at 31 December 2022		47,199,402	5,118,750	53,478,788	105,796,940
Balance at 1 Jan 2023		**47,199,402**	**5,118,750**	**53,478,788**	**105,796,940**
Arrangement fees paid		**500,000**	**10,000,000**	**--**	**10,500,000**
Amortization for the year	*27E*	**(3,456,220)**	**--**	**(16,017,443)**	**(19,473,663)**
Capitalized arrangement fees		**(3,332,618)**	**(1,517,123)**	**(3,197,555)**	**(8,047,296)**
Balance at 31 December 2023		**40,910,564**	**13,601,627**	**34,263,790**	**88,775,981**

iii. Deferred Sukuk premium

This represents the premium received on further issuance of Sukuk II (i.e. Issue price less face value of the certificate) and is amortized over the life of the instrument using the effective interest rate at the date of initial recognition of the instrument. Movement is as follows:

	Notes	Sukuk	Total
Balance at 1 April 2022		32,911,308	32,911,308
Amortization for the period	*27E*	(5,485,218)	(5,485,218)
Balance at 31 December 2022		27,426,090	27,426,090
Balance at 1 Jan 2023		**27,426,090**	**27,426,090**
Amortization for the year	*27E*	**(7,277,524)**	**(7,277,524)**
Balance at 31 December 2023		**20,148,566**	**20,148,566**

21. Employee benefits

The Group grants end-of-service benefits (benefit plan) to its employees taking into consideration the local labor law requirements in KSA. The benefit provided by this benefit plan is a lump sum based on the employees' final salaries and allowance and their cumulative years of service at the date of the termination of employment.

The benefit liability recognized in the consolidated statement of financial position in respect of defined benefit end-of-service plan is the present value of the DBO at the reporting date.

The DBO is calculated periodically by qualified actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using yields on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation (equivalent to a duration of around 12 years). In countries where there is no deep market in such bonds, the market rates on government bonds are used. As there are insufficient corporate and government bonds in the Kingdom to generate a credible discount rate, the discount rate has instead been based on US Treasury bonds adjusted for country differences between the US and Saudi Arabia.

Re-measurement amounts of actuarial gains and losses on the DBO, if any, are recognized and reported within other reserves under the consolidated statement of comprehensive income and in the consolidated statement of changes in equity.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
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21. Employee benefits (continued)

A. Movement in employee benefits liability

	31 December 2023	31 December 2022
Balance at the beginning of the year/ period	**28,486,108**	25,437,575
Total amount recognized in the consolidated statement of profit or loss		
Current service cost	**7,584,358**	4,503,448
Interest cost	**1,484,319**	637,503
	9,068,677	5,140,951
Amount recognized in the consolidated statement of comprehensive income		
Actuarial loss / (gain) arising from		
– financial assumptions	**2,897,352**	(3,809,397)
– other assumptions and experience adjustments	**796,883**	2,335,782
	3,694,235	(1,473,615)
Benefits paid	**(4,694,352)**	(618,803)
Benefits transfer to related party	**(745,117)**	--
Balance at end of the year / period	**35,809,551**	28,486,108

B. Significant actuarial assumptions

The significant actuarial assumptions used were as follows:

	31 December 2023	31 December 2022
Economic assumptions		
Gross discount rate	**4.85%**	4.85%
Withdrawal rate	**20%**	20%
Salary growth rate	**4%**	3%
Retirement age	**60**	60

C. Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions made in the calculation is as follows:

	31 December 2023		31 December 2022	
	Increase	Decrease	Increase	Decrease
Salary inflation (1% movement)	**39,116,388**	**32,889,415**	31,148,794	26,139,175
Discount rate (1% movement)	**32,937,447**	**39,121,473**	26,198,626	31,125,583
Withdrawal rate (20% movement)	**34,940,430**	**36,649,502**	28,020,442	28,841,718

22. Accounts payable and other liabilities

	Notes	31 December 2023	31 December 2022
Accounts payable			
Accounts payable	*(i)*	**311,470,025**	118,951,524
		311,470,025	118,951,524
Other liabilities			
Accrued finance cost	*(iii)*	**65,474,885**	77,823,293
Tenants' security deposits	*(ii)*	**124,365,613**	111,101,639
Accrued expenses		**136,966,624**	106,823,669
Employees' salaries and benefits		**50,892,146**	23,485,973
Government duties & taxes		**13,938,802**	16,077,581
		391,638,070	335,312,155
Accounts payable and other liabilities		**703,108,095**	454,263,679

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22. Accounts payable and other liabilities (continued)

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

ii. Non-current portion of tenants' security deposits aggregating to SR 42.7 million (31 December 2022: SR 47.5 million) are disclosed as other non-current liabilities.

iii. Movement in accrued finance cost is as follows:

	Note	31 December 2023	31 December 2022
Balance at beginning of the year / period		**77,823,293**	152,188,605
Commission expense	*27E*	**237,870,621**	134,975,419
Payment of finance costs		**(570,973,833)**	(402,729,521)
Capitalized finance costs		**320,754,804**	193,388,790
Balance at end of the year / period		**65,474,885**	77,823,293

23. Contract balances

i. Unearned revenue represents cash received against services to be performed or goods to be delivered by the Group in the future. At the end of each accounting period, adjusting entries are made to recognize the portion of unearned revenue that has been earned during the year. The amount of SR 239,109,599 included in contract liabilities at 31 December 2022 has been recognised as revenue in 2023 (nine-months ended 31 December 2022: SR 269,230,403).

ii. Accrued revenue represents the following:

		31 December 2023	31 December 2022
Unamortized portion of lease incentives			
- discounts	*(a)*	**51,053,368**	58,455,703
- rent free period and straight-lining		**184,533,815**	215,133,536
		235,587,183	273,589,239
Presented in statement of financial position as follows:			
Accrued revenue – non-current portion		**157,058,122**	182,392,826
Accrued revenue – current portion		**78,529,061**	91,196,413
		235,587,183	273,589,239

(a) As at 31 March 2021 management approved a total discount of **SR 579 million** which is amortized over the remaining period of leases with tenants. The impact of rent relief for year ended 31 December 2023 is **SR 35.4 million** (nine-month period ended 31 December 2022: SR 71.8 million).

24. Zakat

A. Amounts recognized in consolidated statement of profit or loss

Computation of zakat charge is as follows:

	31 December 2023	Nine-month 31 December 2022
Shareholders' equity and other payables	**25,407,709,441**	26,775,867,635
Adjusted net income	**1,459,800,130**	848,143,946
Deductions	**(25,849,173,040)**	(26,430,913,901)
Zakat base	**1,018,336,531**	1,193,097,680
Zakat at 2.5% (higher of adjusted net income or Zakat base)	**40,473,225**	37,102,712

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24. Zakat (continued)

B. Reconciliation of carrying amount

	Note	31 December 2023	31 December 2022
Balance at beginning of the year / period		**51,221,357**	41,187,722
Current year / period zakat charge	*24A*	**40,473,225**	37,102,712
Payments		**(23,310,387)**	(27,069,077)
Balance at end of the year / period		**68,384,195**	51,221,357

C. Status of assessment

Status of zakat assessments is as follows:

- The Group has submitted the zakat return up to the year ended 31 December 2022 but did not obtain the provisional zakat certificate. The zakat certificate expired on 31 July 2023. The Group has requested ZATCA for an installment plan to pay zakat which is currently under approval.
- Until the year ended 31 March 2019, the Ultimate Parent Company prepared and submitted combined zakat returns for the Ultimate Parent Company and its wholly owned subsidiaries, including Arabian Centres Company, to the Zakat, Tax and Customs Authority as per Zakat, Tax and Customs Authority letter. The ultimate parent Company has received final assessment order for zakat until the year 31 March 2016.

25. Revenue

	Year ended 31 December 2023	Nine-month 31 December 2022	Year ended 31 December 2022
Income from leases			
Rental income	**2,089,447,034**	1,551,012,427	2,028,348,177
Turnover rent	**64,170,896**	39,249,253	50,086,726
Revenue from contracts with customers			
Service and management charges income	**95,673,728**	93,827,739	124,076,798
Commission income on provisions for utilities for heavy users, net	**4,381,604**	3,444,861	4,190,583
	2,253,673,262	1,687,534,280	2,206,702,284

Rental income include fixed service and management charges income related to utilities, maintenance, cleaning and security charges of Malls' premises as a part of rent for each of the tenants for the year ended 31 December 2023 amount to SR 243 million (nine month period ended 31 December 2022: SR 186 million and twelve month period ended 31 December 2022: SR 246 million)

Group as a lessor:
The Group has entered into operating leases on its investment properties portfolio consisting of various buildings. These leases have terms of between 1 to 5 years. Leases include a clause to enable upward revision of the rental charge depending on the lease agreements. Future minimum rentals receivable under non-cancellable operating leases as at the end of the reporting periods are as follows:

	Year ended 31 December 2023	Nine-month 31 December 2022
Less than one year	**1,422,247,702**	1,684,089,141
One to two years	**854,332,236**	944,636,861
Two to three years	**449,143,105**	488,859,439
Three to four years	**266,409,287**	306,340,609
Four to five years	**207,885,695**	182,272,188
More than five years	**288,301,243**	332,696,064
	3,488,319,268	3,938,894,302

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26. Direct costs

	Year ended 31 December 2023	Nine-month 31 December 2022	Year ended 31 December 2022
Utilities expense	**107,739,461**	95,728,245	121,046,335
Cleaning expense	**70,079,400**	53,740,463	72,643,356
Security expense	**63,701,951**	45,941,136	45,147,917
Repairs and maintenance	**58,138,097**	43,102,756	55,425,054
Employees' salaries and other benefits	**48,280,598**	30,727,055	39,853,024
Insurance	**30,062,522**	7,108,336	9,235,348
Depreciation of right-of-use asset (note 8)	**--**	5,550,331	9,656,009
Others	**5,486,547**	3,891,704	8,023,090
	383,488,576	285,790,026	361,030,133

27. Income and expenses

A. Other operating income

	Notes	Year ended 31 December 2023	Nine-month 31 December 2022	Year ended 31 December 2022
Gain on sale of investment property	*8A(i)*	**238,668,127**	--	--
Recovery of written off receivables		**17,134,975**	--	--
Gain on lease termination	*9*	**16,286,468**	--	--
Gain on investments at FVTPL		**7,351,929**	381,442	473,990
Compensation received from landlord		**3,750,000**	2,812,500	3,750,000
Commission income on bank deposits		**1,208,939**	--	102,682
Foreign exchange gain		**1,358,397**	--	24,943
Gain on disposal of investment in real estate fund		**--**	180,000	180,000
Waiver of amount payable to disposed subsidiaries	*33(b)*	**--**	--	18,129,016
Other income		**5,694,655**	198,907	929,836
		291,453,490	3,572,849	23,590,467

B. Advertisement and promotion expenses

	Year ended 31 December 2023	Nine-month 31 December 2022	Year ended 31 December 2022
Material and Promotions	**31,724,317**	13,509,105	18,070,000
Advertisement	**22,449,769**	7,965,781	9,966,177
Sponsorship	**11,279,724**	7,069,907	10,147,739
	65,453,810	28,544,793	38,183,916

C. General and administrative expenses

	Note	Year ended 31 December 2023	Nine-month 31 December 2022	Year ended 31 December 2022
Employees' salaries and other benefits		**180,389,009**	101,615,167	152,106,775
Professional fees	*(i)*	**78,025,492**	40,922,839	48,499,171
Others		**32,186,410**	18,721,090	20,161,796
Depreciation on property and equipment	*10*	**16,779,309**	13,468,735	20,016,118
Communication and internet expense		**16,222,583**	9,977,170	13,224,443
Government expenses		**12,162,781**	5,585,978	7,799,479
Board expenses		**5,884,935**	3,313,258	4,643,221
Insurance expense		**4,186,694**	2,569,305	2,935,932
Maintenance		**2,711,711**	1,102,479	290,111
		348,548,924	197,276,021	269,677,046

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27. Income and expenses (continued)

C. General and administrative expenses (continued)

(i) Auditors' remuneration for the statutory audit of the Group's consolidated financial statements and the financial statements of its subsidiary for the year ended 31 December 2023 amount to SR 2.1 million (nine month period ended 31 December 2022: SR 2.5 million). Auditors' remuneration for the review of the Group's interim financial information during the year ended 31 December 2023 amounts to SR 0.6 million (nine month period ended 31 December 2022: SR 0.5 million). Fee for other statutory and related services provided by the auditors to the Group amounts to SR 1.6 million (2022: SR 1.5 million).

D. Other operating expenses

	Note	**Year ended 31 December 2023**	Nine-month 31 December 2022	Year ended 31 December 2022
Fund brokerage fees		**16,113,705**	--	--
Loss on disposal of investment property	*8(i)*	**--**	23,283,650	23,283,650
Impairment loss on advances to suppliers		**--**	3,000,000	3,000,000
Loss on transfer of subsidiaries	*33(b)*	**--**	--	18,194,017
Real estate tax on purchase of investment property		**--**	--	12,645,300
Others		**2,308,057**	290,998	(1,482,635)
		18,421,762	26,574,648	55,640,332

E. Finance costs over loans and borrowings

	Notes	**Year ended 31 December 2023**	Nine-month 31 December 2022	Year ended 31 December 2022
Commission expense	*22 (iii)_*	**237,870,621**	134,975,419	172,834,440
Amortization of upfront fees	*20B(ii)*	**19,473,663**	16,619,233	22,198,601
Deferred Sukuk premium	*20B(iii)*	**(7,277,524)**	(5,485,218)	(7,286,931)
Bank charges		**3,750,082**	739,283	(105,948)
		253,816,842	146,848,717	187,640,162

28. Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to the ordinary Shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period as all the Company's shares are ordinary shares. Diluted earnings per share is calculated by adjusting the basic earnings per share for the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	Year ended 31 December 2023	Nine-month 31 December 2022	Year ended 31 December 2022
Profit attributable to ordinary shareholders	**1,514,995,569**	831,907,569	1,007,086,123
Weighted average number of ordinary shares	**474,946,199**	475,000,000	475,000,000
Basic and diluted earnings per share	**3.19**	1.75	2.12

29. Operating segments

The Group's activities and business lines used as a basis for the financial reporting are consistent with the internal reporting process and information reviewed by the Chief operating decision maker (CODM). Management considers the operations of the Group as a whole as one operating segment as all subsidiaries engage in similar business activities.

The Group's revenue, gross profit, investment properties, total assets and total liabilities pertaining to the Group's operations as a whole are presented in the consolidated statement of financial position and in the consolidated statement of profit or loss and other comprehensive income.

All of the Group's operations are conducted in KSA. Hence, geographical information is not applicable in this case. Revenue from top five customer represent 21% of the total revenue of the Group.

All amounts are presented in Saudi Riyals unless otherwise stated.

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30. Financial instruments – fair values and risk management

A. Accounting classification and fair values

Financial instruments have been categorized as follows:

Financial Assets	*Notes*	**31 December 2023**	31 December 2022
Other investments	*12*	**303,107,598**	1,159,414
Other financial asset		**25,630,126**	22,962,811
Amounts due from related parties	*14B*	**483,752,516**	417,815,065
Accounts receivable	*13*	**464,470,288**	466,408,306
Accrued revenue	*23*	**184,533,815**	215,133,536
Cash and cash equivalents	*16*	**84,995,834**	610,445,796
Profit rate swaps used for hedging	*30B*	**--**	7,043,961
		1,546,490,177	1,740,968.889

Financial Liabilities	*Notes*	**31 December 2023**	31 December 2022
Loans and borrowings	*20*	**8,986,704,157**	8,336,990,229
Lease liabilities	*9*	**3,168,270,116**	2,639,276,382
Accounts payable	*22*	**311,470,025**	118,951,524
Tenants' security deposits	*22*	**167,062,790**	158,673,106
Amount due to related parties	*14B*	**102,087,353**	6,339,458
Other liabilities		**253,333,655**	208,132,935
		12,988,928,096	11,468,363,634

The following table presents the Group's financial instruments measured at fair value at 31 December 2023 and 31 December 2022:

	31 December 2023				
	Carrying amount	**Fair value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets					
Investment at FVTPL					
Al Jawhara Real Estate Fund	**81,576**	**--**	**--**	**81,576**	**81,576**
Other Investments					
Riyadh SR Diversified Trade Fund	**303,026,022**	**303,026,022**	**--**	**--**	**303,026,022**

	31 December 2022				
	Carrying amount	**Fair value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets					
FVTPL					
Al Jawhara Real Estate Fund	1,159,414	--	--	1,159,414	1,159,414
Derivatives designated as hedging instruments (b)	7,043,961	--	7,043,961	--	7,043,961

i. The valuation is derived based on net asset value of the fund which is based on market multiples derived from comparable companies to the investee and adjusted for non-marketability of the investee.

ii. The fair value of commission rate swaps have been calculated by a third party expert, discounting estimated future cash flows on the basis of market expectation of future interest rates, representing Level 2 in the IFRS 13 fair value hierarchy.

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

30. Financial instruments – fair values and risk management (continued)

B. Derivatives designated as hedging instruments.

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

Description of the hedged items	Hedging instrument	Fair Value	31 December 2023	31 December 2022
Commission payments on floating rate loan	IRS	Positive	--	7,043,961

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

The hedging instrument expired on 31 May 2023 with net amount being settled between the parties. Total amount of cash flow hedge reserve has been reclassified to statement of profit or loss during the period amounting to **SR 7,124,755.**

C. Financial risk management

The Group has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including commission rate risk, real estate risk, currency risk and commodity risk)
- Capital management risk

The Group's principal financial liabilities are loans and borrowings. The main purpose of the Group's loans and borrowings is to finance the acquisition and development of the Group's investment properties portfolio. The Group has accounts receivable, amounts due to and from related parties, accounts payable and cash and bank balances that arise directly from its operations.

i. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its leasing activities, including deposits with banks and financial institutions.

Credit risk is managed by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

Bank balances and deposits are held with local banks with sound external credit ratings.

Accounts Receivable
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and sector in which customers operate.

Each entity within the Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the entity's standard payment and delivery terms and conditions are offered. The review includes financial statements, industry information and in some cases bank references.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

30. Financial instruments – fair values and risk management (continued)

C. Financial risk management(continued)

i. Credit risk (continued)

Accounts Receivable (continued)
Credits to each customer are reviewed periodically. The Group limits its exposure to credit risk by offering credit terms which are typically not longer than three months on average.

In monitoring customer credit risk, customers are grouped according to their credit characteristics trading history with the Group and existence of previous financial difficulties.

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth.

The following table provides information about the exposure to credit risk and ECLs for accounts receivable from customers as at 31 December 2023 and 31 December 2022:

	31 December 2023		
	Gross carrying amount	Weighted-average loss	Loss allowance (%)
0–90 days	**83,039,100**	**9,923,114**	**11.9%**
91–180 days	**96,459,059**	**21,261,842**	**22.0%**
181–270 days	**77,277,912**	**23,971,570**	**31.0%**
271–360 days	**76,584,474**	**27,635,387**	**36.1%**
361 –450 days	**56,940,741**	**24,900,250**	**43.7%**
451 -540 days	**60,238,746**	**28,250,452**	**46.9%**
541 –630 days	**37,169,284**	**21,824,918**	**58.7%**
631 -720 days	**25,229,159**	**16,091,064**	**63.8%**
More than 720 days	**148,125,417**	**111,652,754**	**75.4%**
	661,063,892	**285,511,351**	

	31 December 2022		
	Gross carrying amount	Weighted-average loss	Loss allowance (%)
0–90 days	110,173,161	13,707,754	12.0%
91–180 days	99,288,349	16,421,056	16.5%
181–270 days	86,585,249	15,381,037	17.8%
271–360 days	44,653,878	11,210,581	25.1%
361 –450 days	44,176,668	13,460,611	30.5%
451 -540 days	36,635,522	13,984,109	38.2%
541 –630 days	33,821,347	14,963,099	44.2%
631 -720 days	29,279,546	15,327,850	52.4%
More than 720 days	75,001,342	56,944,745	75.9%
	559,615,062	171,400,842	

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Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

30. Financial instruments – fair values and risk management (continued)

C. Financial risk management (continued)

i. Credit risk (continued)

Due from related parties
An impairment analysis is performed at each reporting date on an individual basis for the major related parties. The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from related parties (please refer to note *14B*). The Group does not hold collateral as a security. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operate. The Group evaluates the risk with respect to due from related parties as low, as majority of the related parties are owned by the same shareholders. The evaluation is based on actual historical credit loss history, and the ongoing support from Shareholder to collection activities, with retentions on dividend pay-out of SAR 180 million in 2023. Expected credit losses on receivables from related parties have been assessed as immaterial hence no impairment has been recognised in respect of these receivables.

Financial instruments and cash deposit
Credit risk from balances with banks and financial institutions is managed by Company's treasury in accordance with the Group's policy. Cash is substantially placed with national banks with sound credit ratings ranging BBB+ and above or in money market instruments from reputable managers associated with leading domestic banks. The Group does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

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Arabian Centres Company (a Saudi joint stock company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

30. Financial instruments – fair values and risk management (continued)

C. Financial risk management (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The management believes that the Group is not exposed to significant risks in relation to liquidity and maintains different lines of credit. At reporting date, the Group was in a net current liabilities position amounting to SR 2.5 billion (Refer note 1).

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Contractual maturities of financial liabilities:	Carrying amount	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
31 December 2023							
Accounts payable	**311,470,025**	**311,470,025**	**--**	**--**	**--**	**--**	**311,470,025**
Tenants' security deposits	**167,062,790**	**96,996,647**	**27,368,966**	**22,991,278**	**19,619,879**	**86,020**	**167,062,790**
Other liabilities	**253,333,655**	**253,333,655**	**--**	**--**	**--**	**--**	**253,333,655**
Due to related parties	**102,087,353**	**102,087,353**	**--**	**--**	**--**	**--**	**102,087,353**
Lease liabilities	**3,168,270,116**	**340,891,212**	**153,883,976**	**262,440,390**	**809,580,672**	**4,096,274,563**	**5,663,070,813**
Loans and borrowings	**8,986,704,157**	**1,254,349,593**	**2,185,961,624**	**5,002,159,747**	**1,169,005,133**	**874,832,506**	**10,486,308,603**
	12,988,928,096	**2,359,128,485**	**2,367,214,566**	**5,287,591,415**	**1,998,205,684**	**4,971,193,089**	**16,983,333,239**
31 December 2022							
Accounts payable	118,951,524	118,951,524	--	--	--	--	118,951,524
Tenants' security deposits	158,673,106	93,131,320	17,970,319	29,753,412	17,383,626	434,429	158,673,106
Other liabilities	208,132,935	208,132,935	--	--	--	--	208,132,935
Due to related parties	6,339,458	6,339,458	--	--	--	--	6,339,458
Lease liabilities	2,639,276,382	195,135,113	175,129,382	254,286,890	678,466,712	3,045,417,085	4,348,435,182
Loans and borrowings	8,336,990,229	1,076,009,249	321,974,381	2,516,369,539	5,154,645,105	1,255,230,891	10,324,229,165
	11,468,363,634	1,697,699,599	515,074,082	2,800,409,841	5,850,495,443	4,301,082,405	15,164,761,370

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Arabian Centres Company (a Saudi joint stock company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

30. Financial instruments – fair values and risk management (continued)

C. Financial risk management (continued)

iii. Market risk

Market risk is the risk that changes in market prices, such as currency rates and interest rates that will affect the Group's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Commission rate risk
Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group has no significant commission bearing long-term assets, but has commission bearing liabilities at 31 December 2023 and at 31 December 2022. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

The following table demonstrates the sensitivity of the Group to a reasonably possible change, with all other variables held constant, of the Groups profit before zakat (through the impact on floating rate borrowings):

(Loss)/gain through the consolidated statement of profit or loss	31 December 2023	31 December 2022
Floating rate debt:		
SIBOR/LIBOR +100bps	**(38,991,316)**	(24,443,708)
SIBOR/LIBOR -100bps	**38,991,316**	24,443,708

Real estate risk
The Group has identified the following risks associated with the real estate portfolio:

- The cost of the development projects may increase if there are delays in the planning process. The Group uses advisors who are experts in the specific planning requirements in the project's location in order to reduce the risks that may arise in the planning process.
- A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property. To reduce this risk, the Group reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises from recognized assets and liabilities which are denominated in currency that is not Group's functional currency. The Group has certain US Dollar denominated financial liabilities which are not exposed to significant currency risk as Group's functional currency is pegged to US Dollar.

Arabian Centres Company (a Saudi joint stock company)
Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

30. Financial instruments – fair values and risk management (continued)

C. Financial risk management (continued)

iv. Capital management risk

The Board's policy is to maintain an efficient capital base as to maintain investor, creditor and market confidence and to sustain future development of its business.

The Group's objectives when managing capital are:
i. to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
ii. to provide an adequate return to shareholders

The Group monitors capital using a ratio of 'net debt' to 'equity'. Net debt is calculated as total liabilities less cash and cash equivalents and short-term investments held for trading. The Group's net debt to equity ratio at 31 December 2023 was as follows.

	31 December 2023	31 December 2022
Total liabilities	**13,439,259,317**	11,808,258,279
Cash and cash equivalents	**(84,995,834)**	(610,445,796)
Other investments	**(303,026,022)**	--
Net debt	**13,051,237,461**	11,197,812,483
Total equity	**14,311,968,103**	14,068,600,705
Net debt to equity	**0.91**	0.80

31. Commitments and contingencies

	Note	31 December 2023	31 December 2022
Commitments			
Commitments for projects under construction	*(i)*	**4,173,329,989**	3,265,050,000
Outstanding bank guarantees		**10,000,000**	13,000,000

i. These commitments pertain to construction of shopping malls across the Kingdom of Saudi Arabia.

32. Standards new currently effective requirements and standards issued but not yet effective

In addition to note 6, the group has also applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023.

New Standards, Amendment to Standards and Interpretations:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Amendments to IAS 8
  The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- Amendments to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction
  These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

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Arabian Centres Company (a Saudi joint stock company)
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For the year ended 31 December 2023

32. Standards new currently effective requirements and standards issued but not yet effective (continued)

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted them in preparing these Consolidated Financial Statements. These amendments' are not expected to have significant impact in the Group's Consolidated Financial Statements.

- Amendments to IFRS 16 – Leases on sale and leaseback
  These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

- Amendments to IAS 1 - Non-current liabilities with covenants and Classification of Liabilities as Current or Non-current Amendments
  These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

- Amendments to IAS 7 and IFRS 7 - Supplier finance arrangements

- Amendments to IAS 21 - Lack of Exchangeability

- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

33. Disposal of subsidiaries

a) During the nine-month period ended 31 December 2022, the Group sold its 100% equity interest in two subsidiaries (note 1) to Saudi FAS Holding Company and accordingly these have been deconsolidated from the date of disposal, 14 August 2022. There were no operations in these subsidiaries.

	As at date of disposal
Investment properties – Project under construction and Right-of-use asset (note 8)	**557,480,304**
Due from related party	**2,293,125**
Accruals	**(78,100)**
Lease liability (note 9)	**(558,955,429)**
Net assets	**739,900**

The subsidiaries were disposed of for a net consideration of **SR 750,000**. Gain on disposal of subsidiary of **SR 10,100** has been recorded under other income in the consolidated statement of profit or loss.

b) During the year ended 31 December 2022, the Group transferred certain subsidiaries to one of its shareholders. The transfer was made without any consideration and accordingly the net book value of the disposed subsidiaries of SR 18,194,017 has been recognised as loss on transfer (Note 27D). Further, the amount due to these subsidiaries of SR 18,129,016 has been waived off the by the shareholder of the transferred subsidiaries. Consequently, the gain on waiver of liabilities has been recognized in the consolidated statement of profit and loss (Note 27A).

Arabian Centres Company (a Saudi joint stock company)
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34. Summarized financial information of material subsidiaries

The following are the summarized financial statements of material subsidiaries consolidated within the Group financial statements:

	Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin AlHokair and Company	**Riyadh Real Estate Development Funds Jawharat Jeddah**	**Riyadh Real Estate Development Funds Jawharat Riyadh**	**Derayah Destination Arabia Diversified Fund**
31 December 2023				
Assets				
Investment properties	**160,141,662**	**1,701,842,319**	**2,784,022,624**	**--**
Cash and cash equivalents	**--**	**7,686,796**	**39,106,855**	**11,693,456**
Other assets	**16,290,634**	**6,337,855**	**341,634,976**	**--**
	176,432,296	**1,715,866,970**	**3,164,764,455**	**11,693,456**
Liabilities				
Loans and borrowings	**--**	**124,750,490**	**433,307,586**	**--**
Lease liabilities	**65,979,516**	**--**	**--**	**--**
Other liabilities	**8,007,260**	**6,898,538**	**14,139,402**	**10,335,250**
	73,986,776	**131,649,028**	**447,446,988**	**10,335,250**
Net assets	**102,445,520**	**1,584,217,942**	**2,717,317,467**	**1,358,206**
Non-controlling interest	**35,489,746**	**--**	**--**	**--**
31 December 2022				
Assets				
Investment properties	206,622,266	1,413,734,581	2,454,020,995	--
Cash and cash equivalents	--	7,536,666	--	40,488,162
Other assets	24,211,347	272,652	200,000	--
	230,833,613	1,421,543,899	2,454,220,995	40,488,162
Liabilities				
Loans and borrowings	--	58,828,677	--	--
Lease liabilities	77,301,026	--	--	--
Other liabilities	52,908,921	8,059,529	12,997,219	4,823,075
	130,209,947	66,888,206	12,997,219	4,823,075
Net assets	100,623,666	1,354,655,693	2,441,223,776	35,665,087
Non-controlling interest	49,482,783	--	--	49,482,783
Year ended 31 December 2023				
Statement of profit or loss				
Revenue	**45,831,281**	**--**	**--**	**--**
Gross profit	**32,483,529**	**--**	**--**	**--**
(Loss) / profit for the year	**(27,986,073)**	**(9,329,301)**	**254,297,389**	**(5,656,881)**
Loss allocated to NCI	**(13,993,037)**	**--**	**--**	**--**
Nine-month period ended 31 December 2022				
Statement of profit or loss				
Revenue	32,188,958	--	--	--
Gross profit	25,373,815	--	--	--
Profit / (loss) for the period	10,171,051	96,425,777	178,573,923	(36,146,910)
Profit allocated to NCI	5,085,525	--	--	--

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34. Summarized financial information of material subsidiaries (continued)

	Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin AlHokair and Company	Riyadh Real Estate Development Funds Jawharat Jeddah	Riyadh Real Estate Development Funds Jawharat Riyadh	Derayah Destination Arabia Diversified Fund
Year ended 31 December 2022				
Statement of profit or loss				
Revenue	40,952,077	--	--	--
Gross profit	31,838,223	--	--	--
Profit / (loss) for the period	3,527,940	96,425,777	178,573,923	(36,146,910)
Profit allocated to NCI	1,763,969	--	--	--

35. Subsequent events

- On 1 February 2024, the Company signed an agreement to sell Sahara Plaza to Alistithmar for Financial Securities and Brokerage Company (Alistithmar Capital) at an agreed consideration of SR 200 million. The legal title of the property will transferred to the Alistithmar Capital within 45 days from the agreement date.
- On 5 February 2024, the Group resolved to liquidate one of its subsidiaries 'Derayah Destination Arabia Diversified Fund'. The liquidation is currently under progress.
- On 13 February 2024, after negotiation that between the Group and its lenders that concluded , the entire long-term Islamic facility was restructured. The company secured SAR 5.25 billion in Shariah-compliant facilities with improved terms from a syndicate of banks. The funds have been applied to repay existing facilities as at December 31, 2023. The facilities include a revolving Murabaha facility and two term Murabaha tranches, all linked to sustainability targets. These targets focus on reducing carbon emissions, increasing grid connectivity, and enhancing female representation in leadership roles.
- On 6 March 2024, the Company completed the offering of its Shari'ah compliant Sukuk amounting to USD 500 million. The proceeds from the issuance shall be used to refinance the Company's 2019 Sukuk which are due to mature in November 2024. On 12 March, the Company concluded an additional private placement offering of supplementary Sukuk valued at $100 million. This additional issuance is part of the $500 million Sukuk launched on March 6, 2024, set to mature in 2029.
- On 25 March 2024, the Board of Directors resolved to distribute dividends for the second half of the period ended 31 December 2023 amounting to SR 0.75 per share aggregating to SR 356,250,000. The dividends will be paid on 16 April 2024.

36. Comparative financial information

i) Comparative figure of SR 9,792,498 in the consolidated statement of profit or loss for the nine-month period ended 31 December 2022 has been reclassified from General and administrative expenses to Cost of revenue - Direct costs.
ii) Comparative figure of SR 78,194,086 in the consolidated statement of financial position as at 31 December 2022 has been reclassified from Prepayments and other assets to Account receivables.
iii) Comparative figure of SR 5,000,000 in the consolidated statement of financial position as at 31 December 2022 has been reclassified from Accounts payable and other liabilities to Provisions.

These has been reclassified to conform to current period's presentation and no impact on equity.

37. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors for issuance on 15 Ramadan 1445H (corresponding to 25 March 2024).

All amounts are presented in Saudi Riyals unless otherwise stated.

Cenomi Centers
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