Arabian Centres Company
(A Saudi Joint Stock Company)
Consolidated financial statements
For the year ended 31 December 2023
together with the
Independent Auditor's Report

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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.

<table>
<tr><th colspan="2">Revenue recognition</th></tr>
<tr><td colspan="2">See Notes 7(c) and 25 to the consolidated financial statements.</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>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.</td><td>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.</td></tr>
</table>

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

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

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

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

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

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

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

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

KPMG Professional Services

Hani Hamzah A. Bedairi
License No: 460

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

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

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

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

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

All amounts are presented in Saudi Riyals unless otherwise stated.

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

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

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

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
Chief Financial Officer

Alison Rehill-Erguven
Chief Executive Officer

Fawaz Al-Hokair
Chairman

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of changes in equity
For the year ended 31 December 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**	146,848,717
- Finance costs over lease liabilities	*9A*	**110,436,822**	102,262,967
- Advances to suppliers written-off	*27D*	--	3,000,000
- Gain on disposal of derivatives	*30B*	**(7,124,755)**	--
- Share of loss from equity-accounted investee and other	*12A*	**10,870,750**	7,159,334
- (Gain)/loss on disposal of investment property	*27A&D*	**(238,668,127)**	23,283,650
- Gain on termination of lease	*27A*	**(16,286,468)**	--
- Fair value gain of other investments	*12B&C*	**(6,640,195)**	(381,442)
- Gain on disposal of investments	*12B&C*	**(403,678)**	(180,000)
- Lease rental concession	*9A*	**(3,750,000)**	(2,812,500)
- Gain on disposal of subsidiary	*33*	--	(10,100)
- Net fair value gain on investment properties	*8*	**(369,929,259)**	(60,760,555)
		1,489,313,198	1,199,981,266
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	*12 A*	**(25,228,845)**	(7,790,731)
Acquisition of property and equipment	*10*	**(10,013,952)**	(4,369,527)
Proceeds from disposal of investment property	*8A*	**644,548,184**	230,528,350
Acquisition of other investments	*12 C*	**(322,274,093)**	--
Proceeds from disposal of investments	*12B&C*	**27,369,782**	6,000,000
Net cash used in investing activities		**(681,118,473)**	(283,770,154)

All amounts are presented in Saudi Riyals unless otherwise stated.

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

	Notes	**Year ended 31 December 2023**	Nine-month period ended 31 December 2022
Cash flows from financing activities:			
Proceeds from loans and borrowings	*20B*	**708,350,701**	638,308,994
Repayments of loans and borrowings	*20B*	**(68,380,208)**	(102,563,584)
Transaction costs paid	*20B*	**(10,500,000)**	(5,118,750)
Payment of commission expense over loans and borrowings	*22 & 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
Chief Financial Officer

Alison Rehill-Erguven
Chief Executive Officer

Fawaz Al-Hokair
Chairman

All amounts are presented in Saudi Riyals unless otherwise stated.

1. REPORTING ENTITY

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

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

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

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

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.

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.

2. Statement of compliance

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

3. Basis of measurement

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

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

4. Functional and presentation currency

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

5. Significant accounting estimates, assumptions and judgements

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

A. Estimates and assumptions

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

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

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

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

A. Estimates and assumptions (continued)

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

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

B. Critical judgements in applying accounting standards

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

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

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

B. Critical judgements in applying accounting standards (continued)

Determination of the incremental borrowing rate of lease liabilities

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds 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.

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.

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.

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.

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)

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.

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.

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.

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.

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.

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.

8. Investment properties

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

A. Investment properties

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

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

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

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

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

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

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

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

All amounts are presented in Saudi Riyals unless otherwise stated.

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.

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.

All amounts are presented in Saudi Riyals unless otherwise stated.

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.

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.

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.

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.

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.

14. Related party transactions and balances

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

A. Key management personnel compensation

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

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

B. Related party transactions and balances

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

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

All amounts are presented in Saudi Riyals unless otherwise stated.

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.

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.

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.

17. Share capital

A) Share capital

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

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

B) Treasury shares reserve

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

18. Reserves

Statutory reserve

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

Other reserves

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

19. Dividends and distribution

a. December 2023

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

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

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

31 December 2022

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

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

All amounts are presented in Saudi Riyals unless otherwise stated.

20. Loans and borrowings

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

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

A. Terms and repayment

(i) *Facility 1*

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

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

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

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

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

(ii) *Facility 2*

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

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

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

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

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

All amounts are presented in Saudi Riyals unless otherwise stated.

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**

All amounts are presented in Saudi Riyals unless otherwise stated.

20. Loans and borrowings (continued)

B. Reconciliation of carrying amount (continued)

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

		Islamic facilities with banks			
	Notes	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.

21. Employee benefits (continued)

A. Movement in employee benefits liability

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

B. Significant actuarial assumptions

The significant actuarial assumptions used were as follows:

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

C. Sensitivity analysis

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

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

22. Accounts payable and other liabilities

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

All amounts are presented in Saudi Riyals unless otherwise stated.

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

All amounts are presented in Saudi Riyals unless otherwise stated.

24. Zakat (continued)

B. Reconciliation of carrying amount

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

C. Status of assessment

Status of zakat assessments is as follows:

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

25. Revenue

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

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

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

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

All amounts are presented in Saudi Riyals unless otherwise stated.

26. Direct costs

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

27. Income and expenses

A. Other operating income

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

B. Advertisement and promotion expenses

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

C. General and administrative expenses

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

All amounts are presented in Saudi Riyals unless otherwise stated.

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.

30. Financial instruments – fair values and risk management

A. Accounting classification and fair values

Financial instruments have been categorized as follows:

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

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

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

	31 December 2023				
	Carrying amount	**Fair value**			
		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.

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

B. Derivatives designated as hedging instruments.

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

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

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

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

C. Financial risk management

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

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

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

i. Credit risk

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

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

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

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

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

All amounts are presented in Saudi Riyals unless otherwise stated.

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

C. Financial risk management(continued)

i. Credit risk (continued)

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

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

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

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

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

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

All amounts are presented in Saudi Riyals unless otherwise stated.

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.

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

C. Financial risk management (continued)

ii. Liquidity risk

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

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

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

All amounts are presented in Saudi Riyals unless otherwise stated.

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

C. Financial risk management (continued)

iii. Market risk

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

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

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

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

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

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

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

All amounts are presented in Saudi Riyals unless otherwise stated.

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

C. Financial risk management (continued)

iv. Capital management risk

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

The Group's objectives when managing capital are:

i. to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
ii. to provide an adequate return to shareholders

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

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

31. Commitments and contingencies

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

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

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

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

New Standards, Amendment to Standards and Interpretations:

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

All amounts are presented in Saudi Riyals unless otherwise stated.

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).

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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	--	--	--

All amounts are presented in Saudi Riyals unless otherwise stated.

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).

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