Arabian Centres Company

(A Saudi Joint Stock Company)

Consolidated financial statements
For the year ended 31 March 2022

together with the **Independent Auditor's Report**

Contents **Pages**

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Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

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

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Arabian Centres Company

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Arabian Centres Company** ("the Company") (and its subsidiaries) (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at **31 March 2022**, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

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

Key Audit Matters

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

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

<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><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>During the year ended 31 March 2022, the Group recognized total revenue of SAR 2.04 billion (31 March 2021: SAR 1.86 billion).

The Group revenue mainly consists of rental income from lease contracts.

Revenue recognition is considered a key audit matter since revenue is a key measure of the Group's performance and there is a risk that revenue may be overstated resulting from the pressure management may feel to achieve performance targets, especially in the current pandemic situation, and may recognize revenue through unauthorized amendments to key terms of lease contracts, ignore discounts offered to customers or accelerate recognition of revenue through accrual in the incorrect period by adjusting the system configuration.</td><td>Our audit procedures, included among others:

– Assessing the Group accounting policies by considering the requirements of the relevant accounting standards;
– Assessing the design and implementation, and testing the operating effectiveness of both manual and automated controls over:
o The accuracy and validity of the input of key terms of the contract,
o Tenant's acknowledgement to the amendments of lease contracts; and
o Recognition of revenue accurately over the term of the lease contracts.

– Evaluating key contractual arrangements including rental discounts by considering relevant documentation and agreements with the customers;
– Testing revenue recognized during the year in respect of a sample of lease contracts to assess whether revenue recognized under these contracts complies with Group's revenue recognition and terms of the lease contracts;
– Obtaining, on a sample basis, accounts receivable balance confirmations from the Group's tenants and investigating any discrepancies;
– Testing manual journal entries posted to the revenue accounts to identify any unusual items;
– Performing cut off procedures to assess that revenue was recognised in the correct period; and
– Evaluating the disclosures included in the consolidated financial statements.</td></tr>
</table>

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Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Impairment of investment properties	
See Note 7 and 8 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
As at 31 March 2022, the Group owned investment properties with a carrying value of SR 12.67 billion (31 March 2021: SR 11.97 billion) which are used for earning rentals and capital appreciation. Considering the fluctuation in real estate prices and the possible impact on rentals, the Group assesses at each reporting date whether there is an indication that investment property may be impaired. If any impairment indicators exist, the Group estimates the recoverable amount of investment properties using external real estate valuation experts who consider expected future rentals, discount rates and other assumptions in determining the value of these investment properties. We considered this as the key audit matter due to the significant judgment involved and the key assumptions used in determining the recoverable amount of the investment properties.	Our audit procedures, included among others: – Evaluating the experience and qualification of the real estate valuation experts appointed by management and considering the experts suitability for the valuation of investment properties; – Involving our valuation specialist to assess the key assumptions used by the real estate valuation experts in determining the value of the investment properties; – Verifying the accuracy of the underlying data by agreeing the specific details (area, location etc.) of the investment properties as per the valuation reports with the Group records and title deeds of the investment properties; – Comparing the recoverable amount of the investment properties as per the Valuation Report to their carrying values to determine whether the recognition of any impairment loss is required; and – Evaluating the adequacy of the disclosures included in the consolidated financial statements.

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Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

The Company has not complied with the requirements prescribed by the applicable requirements of the Regulations for Companies, as the Company has an outstanding receivable balance of SR 47.2 million from a shareholder as at 31 March 2022.

KPMG Professional Services

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ترخيص رقم ٤٦
س.ت: ١٠١٠٤٢٥٤٩٤
Lic No. 46
C.R. 1010425494
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KPMG Professional Services

Hani Hamzah A. Bedairi
License No: 460

Al Riyadh, 6 Dhu'l Hijjah 1443H
Corresponding to: 5 July 2022

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of financial position
As at 31 March 2022

	Notes	31 March 2022	31 March 2021
Assets			
Investment properties	*8*	**12,671,172,262**	11,967,476,773
Right-of-use assets	*9A*	**2,900,541,380**	3,121,596,866
Property and equipment	*10*	**72,511,679**	75,546,196
Advances to a contractor	*14C*	**595,352,020**	582,469,359
Accrued revenue – non-current portion	*23(ii)*	**239,873,160**	341,395,259
Investment in equity accounted investee and others	*12*	**70,381,798**	5,975,840
Other non-current assets	*15*	**17,500,000**	22,500,000
Non-current assets		**16,567,332,299**	16,116,960,293
Development properties	*11*	**292,853,450**	--
Accrued revenue	*23(ii)*	**119,936,580**	170,697,630
Accounts receivable	*13*	**238,986,246**	247,870,806
Amounts due from related parties	*14B*	**325,270,527**	379,445,963
Prepayments and other assets	*15*	**180,655,736**	99,459,039
Cash and cash equivalents	*16*	**556,127,750**	635,669,921
		1,713,830,289	1,533,143,359
Assets held for sale	*10(i)*	--	4,674,647
Current assets		**1,713,830,289**	1,537,818,006
Total assets		**18,281,162,588**	17,654,778,299
Equity			
Share capital	*17*	**4,750,000,000**	4,750,000,000
Share premium	*17*	**411,725,703**	411,725,703
Statutory reserve	*18*	**605,442,463**	561,758,636
Other reserves	*18*	**13,998,340**	7,184,631
Retained earnings		**1,084,412**	320,429,968
Equity attributable to the shareholders of the Company		**5,782,250,918**	6,051,098,938
Non-controlling interest		**(1,669,853)**	1,319,575
Total equity		**5,780,581,065**	6,052,418,513
Liabilities			
Loans and borrowings	*20*	**7,513,603,269**	6,861,285,252
Lease liabilities	*9B*	**3,397,752,809**	3,523,411,045
Employee benefits	*21*	**25,437,575**	21,673,040
Other non-current liabilities	*22*	**53,583,832**	69,448,668
Non-current liabilities		**10,990,377,485**	10,475,818,005
Loans and borrowings – current portion	*20*	**277,570,313**	119,375,000
Lease liabilities – current portion	*9B*	**406,454,763**	337,122,007
Accounts payable and other liabilities	*22*	**515,760,837**	405,102,129
Amount due to related parties	*14B*	--	162,319
Unearned revenue	*23(i)*	**269,230,403**	240,501,793
Zakat liabilities	*24*	**41,187,722**	24,278,533
Current liabilities		**1,510,204,038**	1,126,541,781
Total liabilities		**12,500,581,523**	11,602,359,786
Total equity and liabilities		**18,281,162,588**	17,654,778,299

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.
These consolidated financial statements were authorized for issue by the Board of Directors, on behalf of the Shareholders, on 29 Dhul Qi'dah 1443H (28 June 2022) and signed on its behalf by:

Waleed Al-Rebdi	Mohamad Mourad	Fawaz Al-Hokair
Chief Financial Officer	*Managing Director*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of profit or loss
For the year ended 31 March 2022

	Notes	31 March 2022	31 March 2021
Revenue	25	**2,037,485,632**	1,856,358,833
Cost of revenue			
- Direct costs	26	**(342,775,845)**	(315,243,141)
- Depreciation of right-of-use assets	9C	**(199,014,634)**	(206,324,134)
- Depreciation of investment properties	8	**(343,048,949)**	(311,653,382)
Gross profit		**1,152,646,204**	1,023,138,176
Other operating income	27A	**27,425,335**	145,616,338
Advertisement and promotion expenses	27B	**(25,440,649)**	(20,275,126)
General and administrative expenses	27C	**(248,316,660)**	(191,488,397)
Impairment loss on accounts receivable and accrued revenue rentals	13	**(56,348,376)**	(138,363,175)
Other operating expense	27D	**(32,106,705)**	(2,070,338)
Operating profit		**817,859,149**	816,557,478
Finance costs over loans and borrowings	27E	**(166,856,736)**	(172,892,445)
Finance costs over lease liabilities	9B	**(162,339,246)**	(172,238,307)
Net finance costs		**(329,195,982)**	(345,130,752)
Share from (loss) / profit of equity-accounted investee	12	**(15,044,401)**	1,652,443
Profit before zakat		**473,618,766**	473,079,169
Zakat (charge)/ reversal	24A	**(39,769,923)**	13,641,266
Profit for the year		**433,848,843**	486,720,435
Profit for the year is attributable to:			
- Shareholders of the Company		**436,838,271**	486,659,016
- Non-controlling interest		**(2,989,428)**	61,419
		433,848,843	486,720,435
Earnings per share			
Basic and diluted earnings per share	28	**0.92**	1.02

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

Waleed Al-Rebdi	**Mohamad Mourad**	**Fawaz Al-Hokair**
Chief Financial Officer	*Managing Director*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

	Notes	31 March 2022	31 March 2021
Profit for the year		**433,848,843**	486,720,435
Other comprehensive income/ (loss)			
Items that are or may be reclassified subsequently to consolidated statement of profit or loss:			
- Cash flow hedges – effective portion of change in fair value	30B	**6,163,824**	(1,082,698)
Items that will not be reclassified to consolidated statement of profit or loss:			
- Re-measurements of defined benefit liability	21A	**649,885**	3,069,871
- Other investments at FVOCI – net change in fair value	12	--	54,455,273
Total comprehensive income for the year		**440,662,552**	543,162,881
Total comprehensive income for the year attributable to:			
- Shareholders of the Company		**443,651,980**	543,101,462
- Non-controlling interests		**(2,989,428)**	61,419
		440,662,552	543,162,881

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

Waleed Al-Rebdi	**Mohamad Mourad**	**Fawaz Al-Hokair**
Chief Financial Officer	*Managing Director*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of changes in equity
For the year ended 31 March 2022

	Notes	Share capital	Share premium	Statutory reserve	Other reserves	Retained earnings	Total	Non-Controlling interest	Total equity
		Attributable to shareholders of the Company							
Balance at 1 April 2020		4,750,000,000	411,725,703	513,092,734	(18,103,542)	326,282,581	5,982,997,476	1,258,156	5,984,255,632
Total comprehensive income for the year									
Profit for the year		--	--	--	--	486,659,016	486,659,016	61,419	486,720,435
Other comprehensive income		--	--	--	56,442,446	--	56,442,446	--	56,442,446
Total comprehensive income for the year		--	--	--	56,442,446	486,659,016	543,101,462	61,419	543,162,881
Transfers to retained earnings		--	--	--	(31,154,273)	31,154,273	--	--	--
Transfers to statutory reserve		--	--	48,665,902	--	(48,665,902)	--	--	--
Transactions with shareholders of the company									
Dividends	19	--	--	--	--	(475,000,000)	(475,000,000)	--	(475,000,000)
Balance at 31 March 2021		4,750,000,000	411,725,703	561,758,636	7,184,631	320,429,968	6,051,098,938	1,319,575	6,052,418,513
Balance at 1 April 2021		4,750,000,000	411,725,703	561,758,636	7,184,631	320,429,968	6,051,098,938	1,319,575	6,052,418,513
Total comprehensive income for the year									
Profit for the year		--	--	--	--	436,838,271	436,838,271	(2,989,428)	433,848,843
Other comprehensive income		--	--	--	6,813,709	--	6,813,709	--	6,813,709
Total comprehensive income for the year		--	--	--	6,813,709	436,838,271	443,651,980	(2,989,428)	440,662,552
Transfers to statutory reserve		--	--	43,683,827	--	(43,683,827)	--	--	--
Transactions with shareholders of the company									
Dividends	19	--	--	--	--	(712,500,000)	(712,500,000)	--	(712,500,000)
Balance at 31 March 2022		4,750,000,000	411,725,703	605,442,463	13,998,340	1,084,412	5,782,250,918	(1,669,853)	5,780,581,065

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

Waleed Al-Rebdi
Chief Financial Officer

Mohamad Mourad
Managing Director

Fawaz Al-Hokair
Chairman

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Consolidated statement of cash flows
For the year ended 31 March 2022

	Notes	31 March 2022	31 March 2021
Cash flows from operating activities:			
Profit before Zakat		**473,618,766**	473,079,169
Adjustments for:			
- Depreciation on investment properties	*8*	**343,048,949**	311,653,382
- Depreciation on property and equipment	*10*	**19,716,626**	26,816,191
- Depreciation on right-of-use assets	*9A*	**200,273,758**	210,091,177
- Impairment loss on accounts receivable and accrued revenue rentals	*13*	**56,348,376**	138,363,175
- Provision for employee benefits	*21*	**6,951,195**	7,248,891
- Finance cost over loans and borrowings	*27E*	**166,856,736**	172,892,445
- Finance cost over lease liabilities	*9B*	**162,339,246**	172,238,307
- Lease rental concession	*9B*	--	(76,703,029)
- Share of loss / (gain) from equity-accounted investee and other	*12A*	**15,044,401**	(1,652,443)
- Gain from disposal of equity-accounted investee	*27A*	--	(42,767,629)
- Gain from disposal of Assets held for sale		**(429,474)**	--
- Impairment on advances to suppliers	*27D*	**1,267,387**	--
- Change in fair value of other investments	*12B*	**(622,132)**	288,535
		1,444,413,834	1,391,548,171
Changes in:			
- Accounts receivable		**(22,273,463)**	(151,979,856)
- Amounts due from related parties, net		**(31,025,983)**	75,108,333
- Prepayments and other current assets		**(72,382,959)**	(19,681,191)
- Accounts payable and other liabilities		**25,196,659**	51,809,077
- Accrued revenue		**127,092,796**	(342,894,566)
- Unearned revenue		**28,728,610**	63,276,561
Cash generated from operating activities		**1,499,749,494**	1,067,186,529
Employee benefits paid	*21*	**(2,536,775)**	(12,876,694)
Zakat paid	*24*	**(22,860,734)**	(20,285,625)
Net cash from operating activities		**1,474,351,985**	1,034,024,210
Cash flows from investing activities:			
Development properties		**(23,450,443)**	--
Additions to investment properties, net	*8*	**(238,421,066)**	(220,381,610)
Acquisition of equity-accounted investee and other		**(78,828,227)**	--
Acquisition of property and equipment	*10*	**(16,682,109)**	(15,562,223)
Proceeds from disposal of assets held for sale		**5,104,121**	--
Proceeds from disposal of equity accounted investee and other		--	97,500,000
Proceeds from disposal of other investments	*12*	--	152,654,273
Advances to a contractor, related party		**(724,803,263)**	(357,034,885)
Net cash used in investing activities		**(1,077,080,987)**	(342,824,445)

All amounts are presented in Saudi Riyals unless otherwise stated.

	Notes	31 March 2022	31 March 2021
Cash flows from financing activities:			
Proceeds from loans and borrowings	*20B*	**3,456,250,000**	--
Repayments of loans and borrowings	*20*	**(2,656,577,603)**	(45,000,000)
Transaction costs paid during the year	*20*	**(48,857,946)**	(8,659,934)
Proceeds from Sukuk II Payable Deferred Premium	*20*	**40,078,125**	--
Payment of finance costs over loans and borrowings	*22*	**(298,551,362)**	(292,694,175)
Repayments of lease liabilities	*9B*	**(256,654,383)**	(279,855,928)
Dividends paid	*19*	**(712,500,000)**	(475,000,000)
Net cash used in financing activities		**(476,813,169)**	(1,101,210,037)
Net decrease in cash and cash equivalents		**(79,542,171)**	(410,010,272)
Cash and cash equivalents at beginning of the year		**635,669,921**	1,045,680,193
Cash and cash equivalents at end of the year	*16*	**556,127,750**	635,669,921
Significant non-cash transactions:			
- Investment properties transferred from Saudi FAS Hotels to Arabian Centres Company	*8A*	**85,039,100**	131,340,000
- Capitalized finance cost for project under construction	*22*	**217,567,081**	123,428,143
- Capitalized arrangement fees for project under construction	*20*	**4,428,211**	2,348,324
- Capitalized finance cost over lease liabilities for project under construction	*9B*	**37,989,657**	47,692,692
- Capitalized depreciation of right-of-use assets for project under construction	*9A*	**20,781,728**	26,732,930
-Capitalized advances to contractors for project under construction	*14C*	**711,920,602**	370,293,611
-Advance to landlord classified to lease liabilities	*9B*	--	36,513,006
- Advance to lessor reclassified to other finance receivables		--	22,500,000
- Zakat payable transferred to the Ultimate Parent Company	*24*	--	20,319,528
-Transfer of land to development property from investment property	*11*	**269,403,007**	--

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

Waleed Al-Rebdi	**Mohamad Mourad**	**Fawaz Al-Hokair**
Chief Financial Officer	*Managing Director*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

1. Reporting entity

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

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

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

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

1. Reporting entity (continued)

Following is the list of subsidiaries included in these consolidated financial statements as at 31 March 2022 and 31 March 2021:

No	Subsidiaries	Country of incorporation	Direct ownership interest held by the Group as at: 31 March 2022	Direct ownership interest held by the Group as at: 31 March 2021	Indirect ownership interest held by the Group as at: 31 March 2022	Indirect ownership interest held by the Group as at: 31 March 2021	Share Capital (SR)	Number of shares issued
1	Riyadh Centres Company Limited	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	500,000	500
2	Al Bawarij International for Development & Real Estate Investment Company	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	500,000	500
3	Al Makarem International for Real Estate Development Company	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	500,000	500
4	Oyoun Al Raed Mall Trading	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	100,000	100
5	Oyoun Al Basateen Company for Trading	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	100,000	100
6	Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin AlHokair and Company	Kingdom of Saudi Arabia	**50%**	50%	--	--	500,000	500
7	Yarmouk Mall Company Limited	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	500,000	500
8	Al Erth Al Matin Trading Company (Note 34)	Kingdom of Saudi Arabia	--	95%	--	5%	100,000	100
9	Arkan Salam for Real Estate and Contracting Company Limited (Note 34)	Kingdom of Saudi Arabia	--	95%	--	5%	1,000,000	1,000
10	Mall of Arabia Company Limited	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	500,000	500
11	Aziz Mall Trading Company Limited (Note 34)	Kingdom of Saudi Arabia	--	95%	--	5%	500,000	500
12	Dhahran Mall Trading Company Limited	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	500,000	500
13	Al Noor Mall Trading Company Limited	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	500,000	500
14	Al Yasmeen Mall Trading Company Limited	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	100,000	100
15	Al Dammam Mall Trading Company Limited	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	100,000	100
16	Al Malaz Mall Trading Company Limited (Note 34)	Kingdom of Saudi Arabia	--	95%	--	5%	100,000	100
17	Al Hamra Mall Trading Company Limited	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	100,000	100
18	Al Erth Al Rasekh Trading Company Limited	Kingdom of Saudi Arabia	**95%**	95%	**5%**	5%	100,000	100
19	Derayah Destination Arabia Diversified Fund *(i)*	Kingdom of Saudi Arabia	**100%**	--	--	--	--	--

i) During the year ended 31 March 2022, the Group invested in a newly established private real estate fund named Derayah Destination Arabia Diversified Fund. The Group signed an agreement with Derayah Financial Company to manage the fund. The units were subscribed by transfer of a parcel of land to the fund with a carrying value of SAR 150.5 Million.

All amounts are presented in Saudi Riyals unless otherwise stated.

2. Statement of compliance

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

3. Basis of measurement

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

- Other investments at fair value
- Derivative financial instruments at fair value
- Employees end of service benefits using the projected unit credit method

4. Functional and presentation currency

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

5. Significant accounting estimates, assumptions and judgements

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

A. Estimates and assumptions

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

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

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

A. Estimates and assumptions (continued)

Provisions
By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgement in estimating the expected cash outflows for other exit costs.

Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

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

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

Economic useful lives of investment properties and property and equipment
The Group's management determines the estimated useful lives of its investment properties and property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The Group periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits derived from these assets.

B. Critical judgements in applying accounting standards

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

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

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

B. Critical judgements in applying accounting standards (continued)

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

Component parts of investment properties and property and equipment
The Group's assets, classified within investment properties and property and equipment, are depreciated on a straight-line basis over their economic useful lives. When determining the economic useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately.

Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to related asset, its pattern of consumption and its replacement cycle/maintenance schedule.

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

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

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

In certain cases where the Group owns 50% or less of voting rights, it may still be the single largest shareholder with presence on the governing body giving it power to direct relevant activities of the investees, whereby the other shareholders individually do not hold sufficient voting rights and power to overrule the Group's directions. There is no prior instance of other shareholders collaborating to exercise their votes collectively or to out-vote the Group.

The management has considered the integration of all such investees (where the Group has equal or less than a majority of the voting rights) within the Group structure and located in cities in KSA, the ability of the Group to impact variable returns of the investees through the provision of various key services to such investees, the relationship of the Group with other entities which may impact returns of investees, appointment of certain key management personnel and various other such factors.

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

B. Critical judgements in applying accounting standards (continued)

Determination of control and significant influence (continued)
Based on above considerations, management of the Group believes:

- there is a pattern of past and existing practice of the Group's involvement in the relevant activities of these investees resulting in an impact on their returns and also indicating a more than passive interest of the Group in such investees; and
- the Group has created an environment in which the set-up and function of these investees and their interrelationship with the Group leads towards a judgement of 'control'.

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

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

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

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

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

6. Changes in significant accounting policies

The Group has adopted Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (the Phase 2 amendments) from 1 April 2021. The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate the prior period to reflect the application of these amendments, including not providing additional disclosures for 31 March 2021. There is no impact on opening equity balances as a result of retrospective application.

The Phase 2 amendments provide practical relief from certain requirements in IFRS Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate. If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Group applies the policies on accounting for modifications set out above to the additional changes.

Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permit the hedge relationship to be continued without interruption. The Group applies the following reliefs as and when uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

6. Changes in significant accounting policies (continued)

- the Group amends the designation of a hedging relationship to reflect changes that are required by the reform without discontinuing the hedging relationship; and
- when a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

While uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Group continues to apply the existing accounting policies

7. Summary of significant accounting policies

A. Basis of consolidation

i. Subsidiaries

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

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to the elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit / loss and each component of OCI are attributed to the Shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group asset and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A list of subsidiaries is provided in *note 1* which also discloses the percentage of ownership.

ii. Change in ownership interest

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests;
- derecognizes the cumulative translation differences recorded in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in the consolidated statement of profit or loss; and
- reclassifies the shareholders' share of components previously recognized in OCI to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

When the Group ceases to consolidate for an investment in subsidiary because of a loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognized in the consolidated statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in OCI in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in OCI are reclassified to the consolidated statement of profit or loss.

iii. Non-controlling interests

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of changes in equity.

7. Summary of significant accounting policies (continued)

A. Basis of consolidation (continued)

iv. Associate

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in an associate is accounted for using the equity method of accounting, after initially being recognized at cost.

Equity method of accounting is used for the investment in an associate. Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in the consolidated statement of profit or loss, and the Group's share of movements in OCI of the investee in consolidated statement of comprehensive income, if any.

Dividends received or receivable from an associate are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions, if any, between the Group and its associate are eliminated to the extent of the Group's interest in its associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Goodwill, if any, relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss, outside operating income.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in an associate. At each reporting date, the Group determines whether there is objective evidence that the investment in an associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss as 'share in earnings' of an associate in the consolidated statement of profit or loss.

Upon loss of significant influence over an associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in OCI are reclassified to the consolidated statement of profit or loss where appropriate.

v. Joint Venture

A Joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint venture are accounted for using the equity method. They are initially recognized at costs, which includes transaction costs. Subsequent to the initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investee, until the date on which joint control ceases.

7. Summary of significant accounting policies (continued)

B. Foreign currencies

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

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

C. Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding any levies or duty.

Rental income

The Group is the lessor for various operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature, except for contingent rental income which is recognized when it arises. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, management are reasonably certain that the tenant will exercise that option. Accrued revenue is recognized to the extent that the revenue has been earned but not yet billed.

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

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

Turnover rent

The Group recognizes income from turnover rent on the basis of turnover reports submitted by the tenants. In the absence of reports, management makes its own assessment about the tenants achieving or exceeding the stipulated turnover in the lease contracts based on their historical performance.

Service charges, management charges and other expenses recoverable from tenants

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

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

7. Summary of significant accounting policies (continued)

C. Revenue recognition (continued)

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

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

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

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

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

D. Investment properties

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

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

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

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

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

7. Summary of significant accounting policies (continued)

D. Investment properties (continued)

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

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

E. Property and equipment

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

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

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

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

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

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

F. Development properties

Development properties are properties that are being developed with a view to sell. The Group's development properties arise when Group purchase properties with an intention to sale or when there is a change in use of investment properties evidenced by the commencement of development with a view to sale. The investment properties are reclassified as development properties at their carrying amount at the date of their reclassification. They are subsequently carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less costs to complete development and selling expenses.
The operating cycle of development properties is such that the majority of development properties are held for longer period and will not be realized within twelve months.

7. Summary of significant accounting policies (continued)

G. Cash and cash equivalents

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

H. Financial instruments

i. Recognition and initial measurement

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant finance component) or finance liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets – initial measurement

On initial measurement, a financial asset is classified as measured at: amortized cost, FVOCI – debt instrument; FVOCI – equity instrument or fair value through profit and loss (FVTPL).

Financial assets are not reclassified subsequent to initial measurement unless the Group changes the business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

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

7. Summary of significant accounting policies (continued)

H. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets: Business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.
- Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose,
- consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

7. Summary of significant accounting policies (continued)

H. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets: Subsequent measurement and gains and losses
The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at Amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment loss, if any. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments At FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss as well.

Financial liabilities: Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iii. Derecognition

Financial assets
The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognized.

Financial liabilities
The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

7. Summary of significant accounting policies (continued)

I. Financial instruments (continued)

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

J. Impairment of financial instruments

The Group applies IFRS 9 simplified approach for measuring ECL, which uses a lifetime expected loss allowance. The method is applied for assessing an allowance against:

- financial assets measured at amortized cost; and
- contract assets

Loss allowances for accounts receivable with or without significant financing component are measured at an amount equal to lifetime ECL.

Bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12-month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECL Model
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets
A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 720 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

7. Summary of significant accounting policies (continued)

J. Impairment of financial instruments (Continued)

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

K. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its commission rate risk exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in consolidated statement of profit or loss. The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in consolidated statement of comprehensive income and accumulated in the hedging reserve under other reserves. The effective portion of changes in the fair value of the derivative that is recognized in statement of comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in consolidated statement of profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized. For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect consolidated statement of profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to consolidated statement of profit or loss in the same period or periods as the hedged expected future cash flows affect consolidated statement of profit or loss.

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

7. Summary of significant accounting policies (continued)

J. Derivative financial instruments and hedge accounting (continued)

Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
The Group has adopted the Phase 2 amendments and retrospecticely applied form 1 April 2021 (see Note 6).

When the basis for determining the contractual cash flows of the hedged item or heding instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the heding instrument, the Group amends the hedge documentation of that hedging relationship to reflect the changes required by IBOR reform.

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

K. Impairment of non-financial assets and liabilities

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

The Group's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU's to which the individual asset is allocated. These budgets and forecast calculations generally cover a five-year period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the budget period.

Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset.

For assets other than above, an assessment is made at each financial year-end as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

7. Summary of significant accounting policies (continued)

L. Fair value measurement

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

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

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

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

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

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

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

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

M. Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- The Group classifies all other liabilities as non-current.

7. Summary of significant accounting policies (continued)

N. Expenses

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

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

O. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of finance and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized as from the commencement of the development work until the date of practical completion, when substantially all of the development work is completed. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Borrowing costs is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

P. Provisions

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

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

Q. Employee benefits and post-employment benefits

i. Short-term obligations

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

ii. End-of-services benefits obligation

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

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

7. Summary of significant accounting policies (continued)

Q. Employee benefits and post-employment benefits (Continued)

ii. End-of-services benefits obligation (Continued)

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

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

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

R. Zakat

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

S. Dividends

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

T. Leases

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

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

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

7. Summary of significant accounting policies (continued)

T. Leases (Continued)

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

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

COVID-19-related rent concessions
During the financial year 2021, the Group has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

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

U. Segment reporting

An operating segment is a component of the Group:

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

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

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

8. Investment properties

A. Reconciliation of carrying amount

		Buildings on freehold land						Buildings on leasehold land				
	Land	**Building component**	**Electrical components**	**Mechanical components**	**Firefighting system**	**Conveying system**	**Total Buildings**	**Building component**	**Mechanical components**	**Total Buildings on leasehold**	**Projects Under construction** *(i)*	**Total**
Cost:												
Balance at 1 April 2020	4,771,814,409	2,444,815,757	404,497,407	288,816,086	65,758,729	58,403,529	3,262,291,508	3,416,790,598	185,916,101	3,602,706,699	1,938,264,349	13,575,076,965
Additions	14,468,583	28,991,328	199,235	3,748,138	250,140	693,500	33,882,341	72,907,329	2,794,545	75,701,874	666,824,512	790,877,310
Transfer from related party *(ii)*	81,165,000	50,175,000	--	--	--	--	50,175,000	--	--	--	--	131,340,000
Transfers	--	50,924,672	2,779,302	13,346,350	402,282	--	67,452,606	375,107,944	17,915,702	393,023,646	(460,476,252)	--
Balance at 31 March 2021	**4,867,447,992**	**2,574,906,757**	**407,475,944**	**305,910,574**	**66,411,151**	**59,097,029**	**3,413,801,455**	**3,864,805,871**	**206,626,348**	**4,071,432,219**	**2,144,612,609**	**14,497,294,275**
Additions	**173,847,285**	**29,316,347**	--	**1,479,151**	--	--	**30,795,498**	**31,775,586**	**3,208,197**	**34,983,783**	**991,481,779**	**1,231,108,345**
Transfer from related party *(ii)*	**85,039,100**	--	--	--	--	--	--	--	--	--	--	**85,039,100**
Transferred to development properties *(Note 11)*	**(269,403,007)**	--	--	--	--	--	--	--	--	--	--	**(269,403,007)**
Transfers	--	**444,854,608**	**164,493,918**	**132,092,713**	**12,744,253**	**13,673,715**	**767,859,207**	**(17,861,715)**	**24,718,678**	**6,856,963**	**(774,716,170)**	--
Balance at 31 March 2022	**4,856,931,370**	**3,049,077,712**	**571,969,862**	**439,482,438**	**79,155,404**	**72,770,744**	**4,212,456,160**	**3,878,719,742**	**234,553,223**	**4,113,272,965**	**2,361,378,218**	**15,544,038,713**
Accumulated depreciation and impairment losses:												
Balance at 1 April 2020	--	404,112,911	147,288,657	188,908,630	25,227,632	31,251,661	796,789,491	1,312,212,613	109,162,016	1,421,374,629	--	2,218,164,120
Charge for the year	--	49,489,015	20,590,426	23,671,054	2,719,634	3,355,004	99,825,133	198,093,998	13,734,251	211,828,249	--	311,653,382
Balance at 31 March 2021	--	**453,601,926**	**167,879,083**	**212,579,684**	**27,947,266**	**34,606,665**	**896,614,624**	**1,510,306,611**	**122,896,267**	**1,633,202,878**	--	**2,529,817,502**
Charge for the year	--	**65,407,844**	**20,653,070**	**23,841,379**	**2,610,072**	**3,381,400**	**115,893,765**	**214,571,100**	**12,584,084**	**227,155,184**	--	**343,048,949**
Balance at 31 March 2022	--	**519,009,770**	**188,532,153**	**236,421,063**	**30,557,338**	**37,988,065**	**1,012,508,389**	**1,724,877,711**	**135,480,351**	**1,860,358,062**	--	**2,872,866,451**
Carrying amounts:												
At 1 April 2020	4,771,814,409	2,040,702,846	257,208,750	99,907,456	40,531,097	27,151,868	2,465,502,017	2,104,577,985	76,754,085	2,181,332,070	1,938,264,349	11,356,912,845
At 31 March 2021	**4,867,447,992**	**2,121,304,831**	**239,596,861**	**93,330,890**	**38,463,885**	**24,490,364**	**2,517,186,831**	**2,354,499,260**	**83,730,081**	**2,438,229,341**	**2,144,612,609**	**11,967,476,773**
At 31 March 2022	**4,856,931,370**	**2,530,067,942**	**383,437,709**	**203,061,375**	**48,598,066**	**34,782,679**	**3,199,947,771**	**2,153,842,031**	**99,072,872**	**2,252,914,903**	**2,361,378,218**	**12,671,172,262**

i. Projects under construction pertains to expenditure relating to 7 malls (31 March 2021: 8 malls) which are in the course of construction as at the end of the reporting period and these are expected to be completed within 2 to 5 years. During the year ended 31 March 2022, the Group capitalized finance costs amounting to SR 259.9 million (31 March 2021: SR 173.5 million).

ii. During the year ended 31 March 2022, Saudi FAS Holding Company transferred lands and buildings worth SR 85 million (31 March 2021: SR 131.3 million) to settle the outstanding receivables from FAS Holding Company for Hotels.

8. Investment properties(Continued)

A. Reconciliation of carrying amount (continued)

iii. This amount includes a piece of land in Riyadh which was acquired by the Group in 2013 from a private real estate investment fund with a carrying value of SR 1,770 million (31 March 2021: SR 1,770 million). The land is under development under an approved scheme issued by the Riyadh Development Authority. The carrying amount of the development is SR 715 million (31 March 2021: SR 519 million).

The Supreme Court through its decision dated 23 Rajab 1442H (7 March 2021), cancelled certain land title deeds citing the violation of applicable legal procedures for the transfer of title deeds and subsequent deeds. Consequently, the title deed of the land owned by the Group was cancelled.

The Group submitted a letter to the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud on 20 September 2021 requesting the cancellation of the Supreme Court decision. During February 2022, decision was issued by the Judicial Authority to reinstate the land title deed in the name of the Company.

iv. The amounts recognized in the consolidated statement of profit or loss for investment properties during the years are as follows:

	Notes	**31 March 2022**	**31 March 2021**
Revenue	*25*	**2,037,485,632**	1,856,358,833
Direct costs	*26*	**(342,775,845)**	(315,243,141)
Depreciation of investment properties	*8A*	**(343,048,949)**	(311,653,382)
		1,351,660,838	**1,229,462,310**

B. Fair value of investment properties

Management appointed independent valuers to determine the fair value of the investment properties as at 31 March 2022. According to the valuers, the fair value of the investment properties as at 31 March 2022 was SR 23,078 million. The valuers have appropriate qualifications and experience in the valuation of properties at the relevant locations. The effective date of the valuation was 31 March 2022 and prepared in accordance with Royal Institution of Chartered Surveyors ("RICS") Global Standards 2017 which comply with the international valuation standards.

The fair value hierarchy for the investment properties for disclosure purposes is grouped in level 3, with significant unobservable inputs adopted by the Valuer which are transparency of retail rental growth; occupancy rates; discount rates; and capitalization rate (yields). The valuation is based on

(i) Discounted cash flow model for operating malls and and considers the present value of net cash flows to be generated from the property; and
(ii) Market value valuation for vacant lands which considers market comparable values.

The estimated fair value is mainly sensitive to market rental growth, occupancy rate and risk adjusted discount rate.

8. Investment properties (Continued)

B. Fair value of investment properties (Continued)

Net book values of the Group's lands as at the end of the reporting years are as follows:

	Notes	Owned by the company or its subsidiaries	Title deeds registered with the company or its subsidiaries	31 March 2022	31 March 2021
Shopping malls - land					
- Al Noor		Yes	Yes	**68,120,000**	68,120,000
- Jubail Mall		Yes	Yes	**32,500,000**	32,500,000
- Mall of Arabia – Jeddah	*(i)*	Yes	No	**141,115,102**	141,115,102
- Sahara Plaza – Riyadh	*(i)*	Yes	No	**75,240,000**	75,240,000
- Al Ehsa Mall	*(i)*	Yes	No	**20,700,145**	20,700,145
- Hamra Mall	*(i)*	Yes	No	**256,100,000**	256,100,000
- Nakheel Dammam Mall	*(i)*	Yes	No	**210,000,000**	210,000,000
- Salam Mall	*(iv)*	Yes	No	**250,000,000**	250,000,000
- Aziziah Mall – Makkah	*(ii)*	Yes	No	**207,696,248**	192,696,248
- Khaleej Mall	*(i)*	Yes	No	**290,209,050**	290,209,050
				1,551,680,545	1,536,680,545
Land					
- Oyoun Al Raed		Yes	Yes	**1,770,439,947**	1,770,439,947
- Oyoun Al Basateen		Yes	Yes	**1,067,162,500**	1,067,162,500
- Al Qasseem	*(v)*	Yes	Yes	**80,596,990**	350,000,000
- Abha		Yes	Yes	**62,000,000**	62,000,000
- Al Ahsa Mall Extention Land		Yes	Yes	**21,735,145**	20,700,000
- Jeddah Land	*(iii)*	Yes	No	**63,488,250**	60,465,000
- Al Kharj Land		Yes	Yes	**89,291,058**	--
- Olaya Land		Yes	Yes	**150,536,935**	--
				3,305,250,825	3,330,767,447
Total land value				**4,856,931,370**	**4,867,447,992**

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

ii. The title deed of this land is registered in the name of a local bank against facilities which were repaid during the year ended 31 March 2020. The transfer of the title deed to the Company is in progress.

iii. Transfer of the title deed for this land is under progress (please refer to note *14B(ii)*).

iv. During the financial year 2022, title deed of this plot is registered under the name of one of the affiliates who has assigned the beneficial ownership to the Company.

v. During the year, **SR 269.4 million** has been transferred to development property during the year due to change in management's plan of use.

9. Right-of-use assets and lease liabilities

A. Right-of-use assets

	Notes	31 March 2022	31 March 2021
Balance at beginning of the year		**3,121,596,866**	3,561,974,788
Additions during the year		-	66,987,624
Remeasurement of ROU assets	*9F*	-	(270,541,439)
Depreciation charge for the year	*9C*	**(200,273,758)**	(210,091,177)
Depreciation capitalized for projects under construction		**(20,781,728)**	(26,732,930)
Balance at end of the year		**2,900,541,380**	**3,121,596,866**

9. Right-of-use assets and lease liabilities (Continued)

B. Lease liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	Notes	31 March 2022	31 March 2021
Balance at beginning of the year		**3,860,533,052**	4,237,227,831
Additions during the year		-	66,987,624
Lease payments during the year		**(256,654,383)**	(279,855,928)
Rent concessions during the year	*9E*	-	(76,703,029)
Remeasurement of lease liabilities	*9F*	-	(270,541,439)
Transfer from prepayments and other assets		-	(36,513,006)
Interest expense during the year	*9C*	**162,339,246**	172,238,307
Interest capitalized for projects under construction		**37,989,657**	47,692,692
Balance at end of the year		**3,804,207,572**	**3,860,533,052**

	31 March 2022	31 March 2021
Non-current portion of lease liabilities	**3,397,752,809**	3,523,411,045
Current portion of lease liabilities	**406,454,763**	337,122,007
Balance at end of the year	**3,804,207,572**	**3,860,533,052**

C. Amounts recognized in profit or loss

	Notes	31 March 2022	31 March 2021
Depreciation of right-of-use assets			
- Cost of revenue		**(199,014,634)**	(206,324,134)
- General and administrative expenses	*27C*	**(1,259,124)**	(3,767,043)
		(200,273,758)	**(210,091,177)**
Interest on lease liabilities	*9B*	**(162,339,246)**	**172,238,307**

D. Group Commitment to lease contracts

	Notes	31 March 2022	31 March 2021
Within one year		**601,281,362**	521,870,380
After one year but not more than five years		**1,338,522,449**	1,338,010,402
More than five years		**4,139,897,349**	4,453,033,818
		6,079,701,160	**6,312,914,600**

E. Rent concessions

During the year ended 31 March 2021, the Group negotiated rent concessions with its landlords for the majority of its leased malls as a result of the severe impact of the COVID-19 pandemic during the year. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its leased lands/ malls. The amount recognized in consolidated profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions is SR 76.70 million (Refer to Note 27A).

F. Lease remeasurements

During the year ended 31 March 2021, the Group negotiated lease amendments for the Company's lease contract for the U-walk Jeddah Centre (formerly named Zahra Mall). The lease amendments mainly included reduction of lease commitments over the term of the contract and corresponding change in lease term.

10. Property and equipment

Reconciliation of carrying amount

	Tools and equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Capital work in progress	Total
Cost:						
Balance at 1 April 2020	146,973,321	95,884,693	3,633,902	34,158,478	97,075	280,747,469
Additions during the year	317,016	288,826	--	480,424	14,475,957	15,562,223
Transfers to assets held for sale(i)	(1,986,125)	(5,133,015)	--	(9,414,279)	--	(16,533,419)
Balance at 31 March 2021	**145,304,212**	**91,040,504**	**3,633,902**	**25,224,623**	**14,573,032**	**279,776,273**
Additions during the year	**1,099,063**	**5,101,070**	--	**5,479,540**	**5,002,436**	**16,682,109**
Transfers during the year	--	--	--	**19,575,468**	**(19,575,468)**	--
Balance at 31 March 2022	**146,403,275**	**96,141,574**	**3,633,902**	**50,279,631**	--	**296,458,382**
Accumulated depreciation						
Balance at 1 April 2020	96,198,283	66,792,980	3,633,902	22,647,493	--	189,272,658
Charge for the year	10,825,396	7,451,260	--	8,539,535		26,816,191
Transfer to assets held for sale(i)	(1,264,793)	(2,740,524)	--	(7,853,455)	--	(11,858,772)
Balance at 31 March 2021	**105,758,886**	**71,503,716**	**3,633,902**	**23,333,573**	--	**204,230,077**
Charge for the year	9,121,977	**7,696,242**	--	**2,898,407**	--	**19,716,626**
Balance at 31 March 2022	**114,880,863**	**79,199,958**	**3,633,902**	**26,231,980**	--	**223,946,703**
Carrying amounts:						
At 31 March 2021	**39,545,326**	**19,536,788**	--	**1,891,050**	**14,573,032**	**75,546,196**
At 31 March 2022	**31,522,412**	**16,941,616**	--	**24,047,651**	--	**72,511,679**

(i) During the year ended 31 March 2021, the Group entered into a sale agreement to sell certain equipment, furniture and leasehold improvements with effect from 15 May 2021 and with a carrying value of SR 4.67 million at a consideration of SR 5.01 million. Accordingly, these assets have been classified as held for sale in the statement of financial position as at 31 March 2021.

11. Development properties

	Notes	31 March 2022	31 March 2021
Cost			
Balance at the beginning of the period / year		--	--
Transferred from investment properties	*8, (A)*	269,403,007	--
Additions during the year		23,450,443	--
Balance at the end of the year		292,853,450	--
Net book value		292,853,450	--

i. This represents the carrying value of piece of land transferred from investment properties due to a change in the intended use of the land to development and sale in normal course of business. The Group does not expect to complete and sell the development property in the next twelve months.

12. Investment in equity accounted investee and others

	Note	31 March 2022	31 March 2021
Investment in a Joint venture	*12A*	63,783,826	--
Investment in a real estate fund at FVTPL (ii)	*12B*	6,597,972	5,975,840
		70,381,798	**5,975,840**

A. Investment in a Joint venture

Name of an entity	31 March 2022	31 March 2021
FAS Lab Holding Company	63,783,826	--
	63,783,826	--

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

i. Reconciliation of carrying amount

	Opening balance	Additions	Share in losses	Dividends	Ending balance
31 March 2022	--	78,828,227	(15,044,401)	--	63,783,826

ii. Summarized financial statements

	31 March 2022
Assets	267,709,353
Liabilities	(133,385,334)
Net Assets	134,324,019
Revenue	133,145,330
Loss from continuing operations	(38,339,655)
Total comprehensive loss	(37,851,576)
Loss For the year attributable to shareholders of the company	(30,088,802)

12. Investment in equity accounted investee and Others (Continued)

B. Investment in a real estate fund at FVTPL

Name of the real estate fund	31 March 2022	31 March 2021
Al Jawhara Real Estate Fund *(i)*	6,597,972	5,975,840
Balance at 31 March 2022	**6,597,972**	**5,975,840**

(i) This represents 0.25% equity investment in Al Jawhara Real Estate Fund (formerly known as Digital City Fund) (68 units each for SR 100,000) purchased for SR 6.8 million. As at 31 March 2022, the net asset value (NAV) of the investment amounted to SR 6.5 million (31 March 2021: SR 5.9 million). An unrealized gain amounting to SR 0.62 million has been recognized in the consolidated statement of profit or loss (31 March 2021: loss of SR 0.28 million).

Reconciliation of carrying amount

	Investments at FVTPL	Investments at FVOCI	Total
Balance at 1 April 2020	6,264,375	98,199,000	104,463,375
Revaluation adjustments			
Unrealized loss to consolidated Profit or loss	(288,535)	--	(288,535)
Unrealized loss to consolidated OCI	--	54,455,273	54,455,273
Movement			
Disposals	--	(152,654,273)	(152,654,273)
Balance at 31 March 2021	**5,975,840**	**--**	**5,975,840**
Balance at 1 April 2021	**5,975,840**	**--**	**5,975,840**
Revaluation adjustments			
Unrealized gain to consolidated Profit or loss	**622,132**	**--**	**622,132**
Balance at 31 March 2022	**6,597,972**	**--**	**6,597,972**

13. Accounts receivable

Accounts receivables comprise interest free net receivables due from tenants with no credit rating. Before accepting any new customer, management of the Group assesses the potential customer's credit quality and defines credit limits. Unimpaired accounts receivable are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and vast majority are, therefore, unsecured.

Reconciliation of carrying amount

	Note	31 March 2022	31 March 2021
Gross accounts receivable		**419,644,140**	431,919,019
Less: Impairment loss on accounts receivable	*(i)*	**(180,657,894)**	(184,048,213)
		238,986,246	**247,870,806**

13. Accounts receivable (continued)

i. Movement in the impairment loss allowance was as follows:

	31 March 2022	31 March 2021
Balance at 1 April	**184,048,213**	165,547,299
Impairment charge for the year	**31,158,023**	104,964,101
Write-off	**(34,548,342)**	(86,463,187)
Balance at 31 March	**180,657,894**	184,048,213
Amounts directly charged to consolidated profit and loss *(a) - Impairment of accrued revenue*	**25,190,353**	**33,399,074**

Please refer to Note *30C* for ageing of unimpaired accounts receivable.

a) It represents release of unamortized portion of rent free period / lease straight lining to profit or loss on account of termination of lease.

14. Related party transactions and balances

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

A. Key management personnel compensation

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

	31 March 2022	31 March 2021
End of service benefits	**2,524,989**	3,189,786
Salaries and short-term benefits	**14,681,500**	15,841,304
Other remuneration and benefits	**26,102,213**	9,319,621
Total key management compensation	**43,308,702**	**28,350,711**

B. Related party transactions and balances

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

	31 March 2022	31 March 2021
Amount due from related parties	**325,270,527**	379,445,963
Amount due to related parties	**--**	(162,319)
	325,270,527	**379,283,644**

14. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

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

			Transactions					
Name of related party	***Notes***	**Business status**	**Renting of retail and office space services rendered**	**Security services rendered**	**Transfer of Zakat payable**	**Others**	**Total**	**Due from related parties**
31 March 2022								
Transactions with ultimate shareholder								
Saudi FAS Holding Company	*(i)*	Closed Joint Stock Company	**1,980,812**	--		**36,229,922**	**38,210,734**	**47,146,009**
Transactions with fellow subsidiaries (subsidiaries of shareholder)								
FAS Holding Company for Hotels and its subsidiaries	*(ii)*	Limited Liability Company	--	--	--	**218,982,570**	**218,982,570**	--
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	*(iii)*	Joint Stock Company	**375,391,063**	--	--	--	**375,391,063**	**129,377,038**
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	*(iv)*	Joint Stock Company	**27,758,647**	--	--	--	**27,758,647**	**3,026,229**
Salman & Sons Holding Co and its associates	*(v)*	Limited Liability Company	**52,646,187**	--	--	--	**52,646,187**	**38,847,672**
Majd Al Amal Co. Limited and its associates	*(vi)*	Limited Liability Company	**22,887,263**	--	--	--	**22,887,263**	**33,248,863**
Tadaris Alnajd Security Company	*(vii)*	Limited Liability Company	--	**51,093,917**	--	--	**51,093,917**	**20,840,813**
Ezdihar Holding Co and its subsidiaries	*(viii)*	Limited Liability Company	**44,856,125**	--	--	--	**44,856,125**	**43,892,560**
Others, net	*(ix)*	Limited Liability Company	**5,196,892**	--	--	--	**5,196,892**	**8,891,343**
			530,716,989	**51,093,917**	--	**255,212,492**	**837,023,398**	**325,270,527**
31 March 2021								
Transactions with ultimate shareholder								
Saudi FAS Holding Company	*(i)*	Closed Joint Stock Company	3,449,751	--	(20,319,528)	--	(16,869,777)	--
Transactions with fellow subsidiaries (subsidiaries of shareholder)								
FAS Holding Company for Hotels and its subsidiaries	*(ii)*	Limited Liability Company	--	--	--	131,340,000	131,340,000	218,982,570
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	*(iii)*	Joint Stock Company	359,963,174	--	--	--	359,963,174	81,369,641
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	*(v)*	Limited Liability Company	21,395,241	--	--	--	21,395,241	28,947,242
Salman & Sons Holding Co and its associates	*(viii)*	Limited Liability Company	33,433,898	--	--	--	33,433,898	23,588,248
Majd Al Amal Co. Limited and its associates	*(iv)*	Joint Stock Company	23,842,530	--	--		23,842,530	8,855,548
Tadaris Alnajd Security Company	*(vii)*	Limited Liability Company	--	67,766,094	--	--	67,766,094	8,825,690
Ezdihar Holding Co and its subsidiaries	*(vi)*	Limited Liability Company	36,845,540	--	--	--	36,845,540	6,741,667
Others, net	*(ix)*	Limited Liability Company	5,834,529	--	--	--	5,834,529	1,973,038
			484,764,663	**67,766,094**	**(20,319,528)**	**131,340,000**	**663,551,229**	**379,283,644**

14. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

III - Information about the fellow subsidiaries and their relationship

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

II. FAS Holding Company for Hotels is a subsidiary of the Company's ultimate parent Saudi FAS Holding Company. During the year, as per mutual agreement between Saudi FAS Holding Company (Ultimate Parent Company), FAS holding Company for Hotels and Arabian Centres Company, FAS Hotels settled the amount by transferring lands of SR 85 million to the Group (Refer note 8) and cash received of SR 133 million. The title of these lands are in the name of Saudi FAS Holding Company (Ultimate Parent Company) and transfer of title deeds are in the process.

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

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

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

- Sala Entertainment Company leases space for an indoor soft play entertainment venue in the Company's shopping malls. The leases are for a term of 10 years.

- Kids Space Company leases space in the Mall of Arabia (Jeddah) for 'Kidzania', a children's interactive play centre. The term of the lease is ten years, with renewal unless one party gives notice. The lease contains turnover rent provisions and rent escalation mechanics.

- Via Media, Vida first for beverages Est., Vida Trading Est. and Fashion District Co. leases spaces in several of the Group's shopping malls. The term of the leases range from 1 to 3 years.

- Skills Innovative Games leases space for entertainment venues in Yasmeen Mall Jeddah. The term of the lease is approximately 10 years.

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

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

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

14. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

These are as follows:

- Next Generation Company Limited currently leases cinemas and space planned for cinemas in the Company's shopping malls.

- Ezdihar Sports Co. leases space for a fitness centres in U-Walk. The term of the lease range is approximately 10 years.

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

C. Advances to a contractor

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

			Construction work services received		Balances	
Name of related party	**Business status**	**Relationship**	**2022**	**2021**	**31 Mar 2022**	**31 Mar 2021**
Lynx Contracting Company	Limited Liability	Affiliate	**711,920,602**	**370,293,611**	**595,352,020**	**582,469,359**

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

15. Prepayments and other assets

	31 March 2022	**31 March 2021**
Advances to suppliers	**57,632,815**	92,991,316
Prepaid expenses	**26,741,864**	21,845,811
Employees' receivables	**3,370,748**	3,495,328
Profit rate swaps used for hedging	**5,081,126**	--
Others	**105,329,183**	3,626,584
	198,155,736	121,959,039
Less: Non-current advances	**(17,500,000)**	(22,500,000)
	180,655,736	**99,459,039**

16. Cash and cash equivalents

	Note	**31 March 2022**	**31 March 2021**
Bank balances – current accounts		**423,520,640**	548,856,924
Cheques under collection		**131,434,993**	--
Cash in hand		**1,172,117**	1,122,083
Bank balances – time deposits	*(i)*	**--**	85,690,914
		556,127,750	**635,669,921**

i. The average rate on bank time deposits during the year ranges from 0.2% to 0.6% (2021: 0.43% to 0.71%) per annum with an average maturity of 30 to 106 days.

All amounts are presented in Saudi Riyals unless otherwise stated.

17. Share capital

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

	No. of shares	Share capital	Share premium
Balance at 31 March 2021	475,000,000	4,750,000,000	411,725,703
Balance at 31 March 2022	475,000,000	4,750,000,000	411,725,703

18. Reserves

Statutory reserve

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

Other reserves

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

19. Dividends distribution

31 March 2022

i. During the year, the Board of Directors resolved to distribute an interim dividend for the second half of the year ended 31 March 2021 amounting to SR 0.75 per share, aggregating to SR 356,250,000 as per resolution dated 15th Ramadan 1442H (corresponding to 27 April 2021). The Company has paid the dividends during the year.

ii. During the year, the Board of Directors have resolved to distribute interim dividends for the year ending 31 March 2022 amounting to SR 0.75 per share aggregating to SR 356,250,000 as per resolution dated 20th Jumada Al-Thani 1443H (corresponding to 23 January 2022). The Company has paid the dividends during the year.

31 March 2021

i. During the year ended 2021, the Board of Directors resolved to distribute final dividends amounting to SR 0.50 per share aggregating to SR 237,500,000 as per resolution dated 22 Dhul Qadah 1441H (corresponding to 13 July 2020) and was approved by shareholders on 30 September 2020. The Company paid the dividends during the year.

ii. During the year ended 2021, the Board of Directors resolved to distribute interim dividends amounting to SR 0.50 per share aggregating to SR 237,500,000 as per resolution dated 14th Jumada Al-Awwal 1442H (corresponding to 29 December 2020). The Company paid the dividends during the year.

All amounts are presented in Saudi Riyals unless otherwise stated.

20. Loans and borrowings

	Note	31 March 2022	31 March 2021
Islamic facility with banks *(i)*		**2,669,952,315**	5,143,177,982
Sukuk *(ii)*		**5,121,221,267**	1,837,482,270
	20 B	**7,791,173,582**	**6,980,660,252**
Loans and Borrowings - Current liabilities		**277,570,313**	119,375,000
Loans and Borrowings - Non current liabilities		**7,513,603,269**	6,861,285,252
		7,791,173,582	**6,980,660,252**

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

A. Terms and repayment

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

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

The facilities are secured by insurance policies, proceeds of rental income, and land and buildings of several malls. However, formalities relating to registration of security documents are under process.

The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained. These facilities were fully utilized by the company during the financial year ended 31 March 2021.

During the year ended 31 March 2022, in addition to the scheduled semi-annual repayment of SR 45 million, the Company made voluntary repayments of SR 202 million against the Murabaha facility, SR 1,617 million against the Ijara facility, and SR 750 million to fully repay the Revolving Murabaha facility.

ii. Sukuks

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

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

All amounts are presented in Saudi Riyals unless otherwise stated.

20. Loans and borrowings (continued)

B. Reconciliation of carrying amount

	Notes	Islamic facility with banks	Sukuk	Total
Balance at 1 April 2020		5,249,993,272	1,874,950,000	7,124,943,272
Repayments made during the year		(45,000,000)	--	(45,000,000)
	(i)	5,204,993,272	1,874,950,000	7,079,943,272
Un-amortized transaction costs	*(ii)*	(61,815,290)	(37,467,730)	(99,283,020)
Balance at 31 March 2021		**5,143,177,982**	**1,837,482,270**	**6,980,660,252**
Balance at 1 April 2021		**5,204,993,272**	**1,874,950,000**	**7,079,943,272**
Proceeds received during the year		**175,000,000**	**3,281,250,000**	**3,456,250,000**
Repayments made during the year		**(2,656,577,603)**	**--**	**(2,656,577,603)**
	(i)	**2,723,415,669**	**5,156,200,000**	**7,879,615,669**
Un-amortized transaction costs	*(ii)*	**(53,463,354)**	**(67,890,041)**	**(121,353,395)**
Deferred Sukuk premium	*(iii)*	**--**	**32,911,308**	**32,911,308**
Balance at 31 March 2022		**2,669,952,315**	**5,121,221,267**	**7,791,173,582**

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

	Islamic facility with banks	Sukuk	Total
31 March 2021			
Within one year	119,375,000	--	119,375,000
Between two to five years	1,944,376,272	--	1,944,376,272
More than five years	3,141,242,000	1,874,950,000	5,016,192,000
	5,204,993,272	1,874,950,000	**7,079,943,272**
31 March 2022			
Within one year	**277,570,313**	**--**	**277,570,313**
Between two to five years	**585,190,625**	**1,874,950,000**	**2,460,140,625**
More than five years	**1,860,654,731**	**3,281,250,000**	**5,141,904,731**
	2,723,415,669	**5,156,200,000**	**7,879,615,669**

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

	Notes	Islamic facility with banks	Sukuk	Total
Balance at 1 April 2020		61,490,717	47,709,478	109,200,195
Arrangement fees paid		8,659,934	--	8,659,934
Amortization for the year	*27E*	(7,265,298)	(8,963,487)	(16,228,785)
Capitalized arrangement fees		(1,070,063)	(1,278,261)	(2,348,324)
Balance at 31 March 2021		**61,815,290**	**37,467,730**	**99,283,020**
Balance at 1 April 2021		**61,815,290**	**37,467,730**	**99,283,020**
Arrangement fees paid		**--**	**48,857,946**	**48,857,946**
Amortization for the year	*27E*	**(6,931,111)**	**(15,428,249)**	**(22,359,360)**
Capitalized arrangement fees		**(1,420,825)**	**(3,007,386)**	**(4,428,211)**
Balance at 31 March 2022		**53,463,354**	**67,890,041**	**121,353,395**

All amounts are presented in Saudi Riyals unless otherwise stated.

20. Loans and borrowings (continued)

iii. Deferred Sukuk premium

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

	Islamic facility with banks	Sukuks	Total
Balance at 1 April 2021	--	--	--
Addition during the year	--	40,078,125	40,078,125
Amortization for the year	--	(7,166,817)	(7,166,817)
Balance at 31 March 2022	--	32,911,308	32,911,308

21. Employee benefits

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

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

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

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

A. Movement in employee benefits liability

	31 March 2022	31 March 2021
Balance at 1 April	21,673,040	30,370,714
Total amount recognized in the consolidated statement of profit or loss		
Past service cost	101,099	--
Current service cost	6,185,415	6,334,716
Interest cost	664,681	914,175
	6,951,195	7,248,891
Amount recognized in the consolidated statement of comprehensive income		
Actuarial gain arising from		
– other assumptions and experience adjustments	(649,885)	(3,069,871)
Benefits paid	(2,536,775)	(12,876,694)
Balance at 31 March	25,437,575	**21,673,040**

All amounts are presented in Saudi Riyals unless otherwise stated.

21. Employee benefits (continued)

B. Significant actuarial assumptions

The significant actuarial assumptions used were as follows:

	31 March 2022	31 March 2021
Economic assumptions		
Gross discount rate	3.45%	3.2%
Withdrawal rate	10%	10%
Salary growth rate	3%	3%
Retirement age	60	60

C. Sensitivity analysis

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

	31 March 2022		31 March 2021	
	Increase	Decrease	Increase	Decrease
Salary inflation (1% movement)	28,038,392	23,164,657	23,889,878	19,736,467
Discount rate (1% movement)	23,194,195	28,053,339	19,757,337	23,908,461
Withdrawal rate (20% movement)	24,542,751	26,345,043	20,903,100	22,473,896

22. Accounts payable and other liabilities

	Notes	31 March 2022	31 March 2021
Accounts payable			
Accounts payable	*(i)*	135,545,542	164,525,699
		135,545,542	164,525,699
Other liabilities			
Accrued finance cost	*(iii)*	152,188,605	87,356,027
Tenants' security deposits	*(ii)*	93,374,649	57,964,566
Accrued expenses		76,003,556	60,976,225
Employees' salaries and benefits		35,073,462	24,241,134
Government duties & taxes		23,575,023	8,955,780
Profit rate swaps used for hedging	*30*	--	1,082,698
		380,215,295	240,576,430
Accounts payable and other liabilities		515,760,837	405,102,129

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

ii. Non-current portion of tenants' security deposits aggregating to SR 53.58 million (31 March 2021: SR 69.45 million) are disclosed as other non-current liabilities.

iii. Movement in accrued finance cost is as follows:

	Note	31 March 2022	31 March 2021
Balance at beginning of the year		87,356,027	101,061,998
Commission expense	*27E*	145,816,859	155,560,061
Reimbursement of commission on Sukuk II		14,633,787	--
Payment of finance costs		(313,185,149)	(292,694,175)
Capitalized finance costs		217,567,081	123,428,143
Balance at end of the year		152,188,605	87,356,027

All amounts are presented in Saudi Riyals unless otherwise stated.

23. Contract balances

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

ii) Accrued revenue represents the following:

	31 March 2022	31 March 2021
Unamortized portion of lease incentives		
- discounts	131,886,263	312,592,014
- rent free period and straight-lining	227,923,477	199,500,875
	359,809,740	**512,092,889**
Presented in statement of financial position as follows:		
Accrued revenue – non-current portion	239,873,160	341,395,259
Accrued revenue – current portion	119,936,580	170,697,630
	359,809,740	**512,092,889**

24. Zakat

A. Amounts recognized in consolidated statement of profit or loss

	Note	31 March 2022	31 March 2021
Zakat charge / (reversal)			
- Current year		41,992,138	25,000,000
- Prior year		(2,222,215)	--
Prior years reversal	*24C(ii)*	--	(38,641,266)
		39,769,923	**(13,641,266)**

Computation of zakat charge is as follows:

	31 March 2022	31 March 2021
Shareholders' equity and other payables	17,494,036,375	16,270,216,874
Adjusted net income	523,501,872	583,639,718
Deductions	(16,337,852,731)	(15,860,696,524)
Zakat base	1,679,685,516	993,160,068
Zakat at 2.5% (higher of adjusted net income or Zakat base)	**41,992,138**	**25,000,000**

B. Reconciliation of carrying amount

	Note	31 March 2022	31 March 2021
Balance at beginning of the year		24,278,533	78,524,952
Current year zakat charge	*24A*	41,992,138	25,000,000
Prior years reversal	*24C(ii)*	(2,222,215)	(38,641,266)
Transferred to ultimate parent company		--	(20,319,528)
Payments		(22,860,734)	(20,285,625)
Balance at end of the year		**41,187,722**	**24,278,533**

All amounts are presented in Saudi Riyals unless otherwise stated.

24. Zakat (Continued)

C. Status of assessment

i. Status of zakat assessments is as follows:

- The Group has submitted the zakat return up to the year ended 31 March 2021 and obtained the provisional zakat certificate. The zakat certificate is valid until 31 July 2022.

- Until the year ended 31 March 2019, the Ultimate Parent Company prepared and submitted combined zakat returns for the Ultimate Parent Company and its wholly owned subsidiaries, including Arabian Centres Company, to Zakat, Tax and Customs Authority as per Zakat, Tax and Customs Authority letter. The ultimate parent Company has received final assessment order for zakat until the year 31 March 2016.

ii. The Ultimate parent company has allocated SR 38.66 million as Group's share of Zakat liability for the years 2017 to 2019. The group has Zakat provision of SR 77.3 million for the years 2017 to 2019. Accordingly, the Group has recorded the reversal of excess provisions in the consolidated statement of profit or loss for year ended 31 March 2021. Any additional settlements with Zakat, Tax and Customs Authority until the years 2019 will be borne by ultimate parent company.

25. Revenue

	Note	**31 March 2022**	**31 March 2021**
Rental income	*(i)*	**1,881,682,954**	1,736,243,466
Service and management charges income		**96,922,520**	89,577,726
Commission income on provisions for utilities for heavy users, net		**4,278,194**	2,771,570
Turnover rent		**54,601,964**	27,766,071
		2,037,485,632	**1,856,358,833**

i. Rental income includes related maintenance and insurance costs of Malls' premises included as a part of rent for each of the tenants.

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

	31 March 2022	**31 March 2021**
Within one year	**1,711,178,874**	1,918,964,222
After one year but not more than five years	**1,914,060,983**	2,438,912,279
More than five years	**410,990,333**	600,834,616
	4,036,230,190	**4,958,711,117**

All amounts are presented in Saudi Riyals unless otherwise stated.

26. Direct costs

	31 March 2022	31 March 2021
Utilities expense	121,704,409	103,718,959
Security expense	50,501,782	67,429,816
Cleaning expense	70,477,757	63,158,628
Repairs and maintenance	55,536,300	46,562,118
Employees' salaries and other benefits	35,817,540	34,233,843
Others	8,738,057	139,777
	342,775,845	**315,243,141**

27. Income and expenses

A. Other operating income

	Note	31 March 2022	31 March 2021
Waiver of amount payable to disposed subsidiaries	*34*	18,129,016	--
Compensation received from landlord		3,750,000	10,750,000
Commission income on bank deposits		2,042,165	4,698,264
Gain on lease termination		999,000	--
Change in fair value of other investments	*12*	622,132	--
Foreign exchange gain		722,619	256,610
Gain on assets held for sale		429,474	--
Rental concession on leases	*9B*	--	76,703,029
Income from sale of equity accounted investment		--	42,767,629
Reversal of liability no longer payable	*(i)*	--	6,840,105
Dividend income		--	2,857,500
Other income		730,929	743,201
		27,425,335	**145,616,338**

i. Represents long aged deposits which are no longer payable.

B. Advertisement and promotion expenses

	31 March 2022	31 March 2021
Sponsorship	10,068,901	9,472,295
Advertisement	5,126,665	7,616,849
Promotions	10,245,083	3,185,982
	25,440,649	**20,275,126**

C. General and administrative expenses

	Note	31 March 2022	31 March 2021
Employees' salaries and other benefits		156,263,775	109,652,095
Depreciation on property and equipment	*10*	19,716,626	26,816,191
Professional fees		22,897,256	20,021,346
Communication and internet expense		12,953,273	8,931,642
Insurance expense		10,964,722	7,477,619
Government expenses		10,231,037	4,406,172
Depreciation of right-of-use assets	*9C*	1,259,124	3,767,043
Board expenses		5,539,343	4,095,000
Maintenance		964,599	1,609,008
Others		7,526,905	4,712,281
		248,316,660	191,488,397

D. Other operating expense

	Note	31 March 2022	31 March 2021
Loss on transfer of subsidiaries	*34*	18,194,017	--
Real estate tax on purchase of investment property		12,645,300	--
Impairment loss on advances to suppliers		1,267,388	--
Change in fair value of other investments	*12*	--	288,535
Others		--	1,781,803
		32,106,705	**2,070,338**

All amounts are presented in Saudi Riyals unless otherwise stated.

27. Income and expenses (continued)

E. Finance costs over loans and borrowings

	Note	31 March 2022	31 March 2021
Commission expense,net	*22*	**145,816,859**	155,560,061
Amortization of upfront fees	*20B(ii)*	**22,359,360**	16,228,785
Deferred Sukuk premium	*20B(iii)*	**(7,166,817)**	--
Bank charges		**5,847,334**	1,103,599
		166,856,736	**172,892,445**

28. Earnings per share

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

	Note	31 March 2022	31 March 2021
Profit attributable to ordinary shareholders		**436,838,271**	486,659,016
Weighted average number of ordinary shares	*17*	**475,000,000**	475,000,000
Basic and diluted earnings per share		**0.92**	**1.02**

29. Operating segments

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

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

All of the Group's operations are conducted in KSA. Hence, geographical information is not applicable in this case.

30. Financial instruments - fair values and risk management

A. Accounting classification and fair values

Financial instruments have been categorized as follows:

Financial Assets	Notes	31 March 2022	31 March 2021
Other investments	*12*	**6,597,972**	5,975,840
Other financial receivables		**17,500,000**	22,500,000
Amounts due from related parties	*14B*	**325,270,527**	379,445,963
Accounts receivable	*13*	**238,986,246**	247,870,806
Cash and cash equivalents	*16*	**556,127,750**	635,669,921
Profit rate swaps used for hedging	*15*	**5,081,126**	--
		1,149,563,621	**1,291,462,530**
Financial Liabilities			
Loans and borrowings	*20*	**7,791,173,582**	6,980,660,252
Lease liabilities	*9B*	**3,804,207,572**	3,860,533,052
Accounts payable	*22*	**135,545,542**	164,525,699
Tenants' security deposits	*22*	**146,958,481**	127,413,234
Amount due to related parties	*14B*	--	162,319
Profit rate swaps used for hedging	*22*	--	1,082,698
		11,877,885,177	**11,134,377,254**

All amounts are presented in Saudi Riyals unless otherwise stated.

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

A. Accounting classification and fair values (continued)

The following table presents the Group's financial instruments measured at fair value at 31 March 2022 and 31 March 2021:

	31 March 2022				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets					
FVTPL – equity instruments					
Al Jawhara Real Estate Fund	**6,597,972**	**--**	**--**	**6,597,972**	**6,597,972**

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

B. Derivatives designated as hedging instruments

As at 31 March 2022, the Group held Islamic Profit/commission Rate Swaps ("IRS") of a notional value of USD 80 million (equivalent to SR 300 million) in order to reduce its exposure to commission rate risks against long term financing. The table below shows the fair values of derivatives financial instruments, recorded as negative fair value. The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor the credit risk.

Description of the hedged items	Hedging instrument	Fair Value	31 March 2022	31 March 2021
Commission payments on floating rate loan	IRS	Positive	**5,081,126**	**(1,082,698)**

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

Fair values of cash flow hedge represent the mark to market values of the Islamic Profit rate swaps as at 31 March 2022. The cash flow hedge reserve included under other reserves represents the effective portion of cash flow hedge.

All amounts are presented in Saudi Riyals unless otherwise stated.

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

C. Financial risk management

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

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

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

i. Credit risk

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

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

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

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

Each entity within the group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the entity's standard payment and delivery terms and conditions are offered. The review includes financial statements, industry information and in some cases bank references. Credits to each customer are reviewed periodically. The Group limits its exposure to credit risk by offering credit terms which are typically not longer than three months on average.

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

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

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

C. Financial risk management (continued)

i. Credit risk (continued)

Accounts Receivable (continued)
The following table provides information about the exposure to credit risk and ECLs for accounts receivable from customers as at 31 March 2022 and 31 March 2021:

	31 March 2022		
	Gross carrying amount	Weighted-average loss	Loss allowance (%)
0–90 days	57,043,842	9,781,339	17.1%
91–180 days	59,102,274	11,242,546	19.0%
181–270 days	54,157,620	11,215,120	20.7%
271–360 days	45,801,646	12,742,090	27.8%
361 –450 days	37,627,522	13,228,561	35.2%
451 -540 days	22,959,442	9,266,082	40.4%
541 –630 days	24,675,270	12,051,280	48.8%
631 -720 days	18,665,285	11,070,752	59.3%
More than 720 days	99,611,239	90,060,124	90.4%
	419,644,140	180,657,894	

	31 March 2021		
	Gross carrying amount	Weighted-average loss	Loss allowance (%)
0–90 days	64,458,039	11,979,514	18.6%
91–180 days	64,170,804	13,583,431	21.2%
181–270 days	65,728,423	15,447,076	23.5%
271–360 days	46,139,512	15,462,182	33.5%
361 –450 days	45,558,472	20,135,619	44.2%
451 -540 days	37,876,023	20,073,473	53.0%
541 –630 days	31,807,854	19,005,528	59.8%
631 -720 days	24,792,400	16,973,898	68.5%
More than 720 days	51,387,492	51,387,492	100.0%
	431,919,019	**184,048,213**	

Due from related parties
An impairment analysis is performed at each reporting date on an individual basis for the major related parties. The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from related parties (please refer to note *14B*). The Group does not hold collateral as a security. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operates. The Group evaluates the risk with respect to due from related parties as low, as majority of the related parties are owned by the same shareholders.

Financial instruments and cash deposit
Credit risk from balances with banks and financial institutions is managed by Ultimate Parent Company's treasury in accordance with the Group's policy. Cash is substantially placed with national banks with sound credit ratings. The Group does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

All amounts are presented in Saudi Riyals unless otherwise stated.

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

C. Financial risk management (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The management believes that the Group is not exposed to significant risks in relation to liquidity and maintains different lines of credit. Upon careful comparison of the financial liabilities included within the current liabilities (excluding amounts due to related parties as these could be deferred during liquidity crunch situation) with the financial assets forming part of the current assets, there seems to be a reasonably hedging position between the two categories.

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

Contractual maturities of financial liabilities:	Carrying amount	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
31 March 2022							
Accounts payable	**135,545,542**	**135,545,542**	**--**	**--**	**--**	**--**	**135,545,542**
Tenants' security deposits	**146,958,481**	**66,561,240**	**26,813,409**	**30,839,499**	**22,438,502**	**305,831**	**146,958,481**
Other liabilities	**263,265,623**	**263,265,623**	**--**	**--**	**--**	**--**	**263,265,623**
Lease liabilities	**3,804,207,572**	**433,492,347**	**167,789,014**	**355,693,657**	**982,828,792**	**4,139,897,350**	**6,079,701,160**
Loans and borrowings	**7,791,173,582**	**225,187,421**	**415,872,179**	**513,832,523**	**6,736,832,663**	**1,686,251,429**	**9,577,976,215**
	12,141,150,800	**1,124,052,173**	**610,474,602**	**900,365,679**	**7,742,099,957**	**5,826,454,610**	**16,203,447,021**
31 March 2021							
Accounts payable	164,525,699	164,525,699	--	--	--	--	164,525,699
Amount due to related parties	162,319	162,319	--	--	--	--	162,319
Tenants' security deposits	127,413,234	40,293,459	17,671,107	38,219,100	30,650,403	579,165	127,413,234
Other liabilities	172,573,386	172,573,386	--	--	--	--	172,573,386
Lease liabilities	3,860,533,052	364,037,743	157,833,637	326,538,899	1,011,471,503	4,453,033,818	6,312,915,600
Loans and borrowings	6,980,660,252	171,452,233	202,685,196	430,030,285	4,204,876,875	3,449,478,272	8,458,522,861
	11,305,867,942	**913,044,839**	**378,189,940**	**794,788,284**	**5,246,998,781**	**7,903,091,255**	**15,236,113,099**

All amounts are presented in Saudi Riyals unless otherwise stated.

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

C. Financial risk management (continued)

iii. Market risk

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

Commission rate risk
Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group has no significant commission bearing long-term assets, but has commission bearing liabilities at 31 March 2022 and 31 March 2021. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

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

Gain/(loss) through the consolidated statement of profit or loss	**31 March 2022**	**31 March 2021**
Floating rate debt:		
SIBOR +100bps	**(77,917,358)**	(70,799,433)
SIBOR -100bps	**77,917,358**	70,799,433

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

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

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

All amounts are presented in Saudi Riyals unless otherwise stated.

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

C. Financial risk management (continued)

iv. Capital management risk

The Board's policy is to maintain an efficient capital base as to maintain investor, creditor and market confidence and to sustain future development of its business. The Board of Directors monitor the return on capital employed and the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

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

31. Commitments and contingencies

During the year 2020, the Group received a value added tax (VAT) assessment from the Zakat, Tax and Customs Authority (ZATCA) claiming additional VAT of SR 24.6 million and penalties of SR 40.8 million for the period from February 2018 till 31 December 2019. The penalties were waived by ZATCA based on the Royal decree No. (45089) dated 23/7/1441 (corresponding 17/3/2020).

The Group objected to the VAT assessment and has deposited SR 24.6 million under appeal. The ruling has been issued in favor of the Group by the General Secretariat of the Tax Committees (GSTC) on December 2021 and the amount paid will be refunded / adjusted against future VAT liability of the Group.

At 31 March 2021, the Group has outstanding bank guarantees of SR 91,076,025 (2021: SR 304,233) issued by a local bank.

	Note	31 March 2022	31 March 2021
Commitments			
Commitments for projects under construction	*(i)*	**3,513,755,880**	3,622,612,328
Commitments for acquisition of investment		**--**	68,856,933
Outstanding bank guarantees		**91,076,025**	304,233

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

32. Standards issued but not yet effective

There are no new standards issued that were effective from 1 April 2021, however, there are number of amendments to the existing standards but they do not have a material effect on the consolidated financial statements of the Group except as detailed in note 6.

A number of new pronouncements are effective for annual years beginning on or after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements:

- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)
- COVID-19 Related rent concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of accounting estimate (Amendments to IAS 8)

These amended standards and interpretations are not expected to have a significant impact on the consolidated financial statements.

All amounts are presented in Saudi Riyals unless otherwise stated.

33. Impact of covid-19

The COVID-19 pandemic, which commenced at the beginning of 2020 caused significant disruption in the economic and commercial sectors in general at both the global and local levels. The government of the Kingdom of Saudi Arabia undertook stimulus measures and launched initiatives to support the economy to reduce the adverse effects of this pandemic. On May 21, 2020, the Company announced rent relief and support packages, offered waiver of contractual base rent and service charge for all tenants from 16 March 2020 for a period of six weeks (45 days). For tenants whose stores were mandatorily closed by government decision they benefited also from the rent relief program starting the date of government closure until the earlier of (i) date of closure was lifted or (ii) 30 June 2020. Further, all escalations on the contracts was paused for two years 2020 and 2021.

Accordingly, as at 31 March 2021 management approved a total discount of **SR 579 million** which will be amortized over the remaining period of lease. The impact of rent relief for the year ended 31 March 2022 is **SR 174 million** (31 March 2021: SR 241 million).

The Group's management continues to study and follow up all the variables that affect the Group’s activities, however, due to the inability to determine the time period of this pandemic and the precautionary measures and procedures as to what will emerge in the future, it is currently difficult to determine the size and extent of any financial impact accurately on the results of the Group up to the date of issuance of these consolidated financial statements. However, the Group does not anticipate any significant adverse implication in future related to the Group remaining as a going concern.

34. Disposal of subsidiaries

i) The Group transferred certain subsidiaries during the year **(Refer note 1)** to one of its shareholders. The transfer was made without any consideration and accordingly the net book value of the disposed subsidiaries of **SR 18,194,017** has been recognised as loss on transfer **(Note 27D)**.

ii) Further, the amount due to these subsidiaries of **SR 18,129,016** has been waived off the by the shareholder of the transferred subsidiaries. Consequently, the gain on waiver of liabilities has been recognized in the consolidated statement of profit and loss **(Note 27A)**.

35. Subsequent events

i) On 15 May 2022, there was partial fire outbreak at the Mall of Dahran in the Eastern Province of Saudi Arabia. The mall was closed for a short period and reopened its doors on 7 June 2022, with an exception to some damaged area that is currently under restoration. The financial impact of the incident on the Group’s consolidated financial statements is not expected to exceed SAR 25 million taking into consideration the full insurance coverage policy, where the assessment of damage is under discussion with the insurance company.

ii) On 14 June 2022, the Group established two closed-end real estate funds for the purpose of developing the Jawarahat Riyadh and the Jawarahat Jeddah projects, two major projects in the Group’s investment pipeline. The funds have acquired the land plots previously registered with the Company. The Company owns 100% of the unit funds and retains full rights of ownership and related control.

iii) On 29 June 2022, the Board of Directors of the Company resolved to adopt the fair value model to measure the investment properties starting from period ending 31 December 2022.

iv) On 2 July 2022, the Board of Directors have resolved to distribute dividends for second half of year ended 31 March 2022 amounting to SR 0.75 per share aggregating to SR 356,250,000. The expected date of payment will be 26 July 2022.

36. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors for issuance on 29 Dhul Qi’dah 1443H (corresponding to 28 June 2022).